



Interreg Italia-Malta

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List of Acronyms

AA	Audit Authority
CA	Certifying Authority
MA	Managing Authority
AF	Application Form
MNCA	Malta National Coordination Authority
ExC	Executive Committee
MC	Monitoring Committee
FLC	First Level Control
ETC	European Territorial Cooperation
ENI	European Neighbourhood Instrument
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
FPD	Funds and Programmes Division
ESF	European Social Fund
ICT	Information and Communication Technologies
LP	Lead Partner
IMCC	Inter-Ministerial Coordination Committee
IPA	Instrument for Pre-Accession Assistance
KET	Key Enabling Technologies
NSTU	Nomenclature of Statistical Territorial Units
TO	Thematic objective
CP	Cooperation programme
IP	Investment priority
SMEs	Small and medium-sized enterprises
PPCD	Planning and Priorities Coordination Division
JS	Joint Secretariat
SEA	Strategic Environmental Assessment
IS	Information System
SFEI	Structural Funds and European Investments
SWOT	Strength, Weaknesses, Opportunities and Threats
TF	Task Force
ICT	Information and Communication Technologies
UE	European Union

SECTION 1. STRATEGY FOR THE COOPERATION PROGRAMME'S CONTRIBUTION TO THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH AND THE ACHIEVEMENT OF ECONOMIC, SOCIAL AND TERRITORIAL COHESION

Reference: Article 27 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council and point (a) of Article 8(2) of Regulation (EU) No 1299/2013 of the European Parliament and of the Council

1.1.Strategy for the cooperation programme's contribution to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion

1.1.1. Description of the strategy of the cooperation programme for contributing to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion

1.1.1.1. Context of the programme in the ESI Funds

The strategic orientation of the Italia-Malta 2014-2020 programme builds on the Regulation 1303/2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (furthermore referred to as CPR), which defines the thematic objectives that are in line with the Europe 2020 Strategy.

Italia-Malta 2014-2020 is an operational programme of the European Territorial Cooperation goal, part of the cross-border cooperation component (as foreseen by Article 2(1) of Regulation (EU) No 1299/2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal, furthermore referred to as ETC Regulation) and it is set up to promote cross-border cooperation between cross-border regions to integrate regional development between neighbouring land and maritime border regions in two or more Member States or between neighbouring border regions in at least one Member State and one third country on external borders of the Union other than those covered by programmes under the external financial instruments of the Union.

The Italia-Malta CP is bilingual Italian and English. As one of the instruments for the implementation of the EU cohesion policy at cross border level between Sicily and Malta islands that aims to contribute for a smart and sustainable growth at cross-border level aiding the specialization in R&I sectors, fostering the competitiveness of small and medium-sized enterprises, protecting the environment and enhancing the actions to mitigate the climate change effects and the natural and anthropic risks of the area.

The actions that will be developed by the programme will be oriented towards the cross-border maritime character of the entire cooperation area. Such actions identify certain themes of the EUSAIR macro-regional strategy, although Malta will not fall under this. For more details refer to

paragraph 4.4. This overall objective is in line with the three priorities settled by the Union strategy for smart, sustainable and inclusive growth:

- Smart growth: developing an economy based on knowledge and innovation.
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy.
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

1.1.1.2. Lessons learnt and guidelines for the implementation of the Italia-Malta 2014-2020 programme

During the previous programming period 2007-2013, it was observed that there was a difficulty to generate projects in specific intervention fields, such as accessibility and transport. This was due to the existence of unequal conditions in the cross-border areas which were not catered for by the financial capacity of a maritime cooperation programme for such themes, which are sufficiently addressed within the context of mainstream Programmes. For this reason the programme authorities concluded that in order to better focus on tangible results, paying attention on the principle of thematic concentration, the accessibility and transport themes were removed from the priority of interventions of the Programme Italia-Malta 2014-2020. In fact, these themes will be addressed by the regional and national ERDF programmes for Sicily and Malta.

Further difficulties which arose during implementation were:

- the presence of some beneficiaries whose institutional competences weren't high enough to guarantee at project level a real added value for cross-border partnership;
- the need to better concentrate the specific objects at project level;
- the harmonisation of the first level control methodologies at cross-border level;
- the decision taken by some beneficiaries to pull back from the project implementation after the signature of the subsidy contract;

For this reason the Italia-Malta 2014-2020 programme will propose certain important changes, in line with the cohesion policy orientations, that are hereunder listed:

- Concentrating funding on a smaller number of priorities better linked to the Europe 2020 Strategy (smart, sustainable and inclusive growth)
- Focusing on results (result oriented, fewer and higher quality projects)
- Better clarification in the content of the targeted call about who can apply as beneficiaries in order to carry out the expected results
- Bearing in mind the territorial dimension of development (urban development, coastal areas, little islands, remote and low density areas)
- Monitoring progress towards agreed objectives (definition of targeted and measurable objectives)

- Simplification of the procedures and reducing of administrative burdens

1.1.1.3. Analysis of the situation of the programme area

In order to better highlight the overall needs of the cooperation area, in the present paragraph are identified the main socio-economic needs. The analysis conducted at cross-border level should take into account the real difficulty to compare the situation under the economic and social aspect of the two islands looking at the territorial and population dimensions that are not homogeneous.

a) Geographic, natural and physical characteristics

The area concerned by the 2014-2020 Italia-Malta CP (Figure 1), which is wider than the one for the 2007-2013 programme period, includes the core areas as per the European Commission Implementing Decision of 16 June 2014. In particular the territory concerned by the programme is:

For Italy

Sicily – NUTS 3 areas: Palermo, Trapani, Caltanissetta, Agrigento, Ragusa, Syracuse, Enna, Catania and Messina.

For Malta

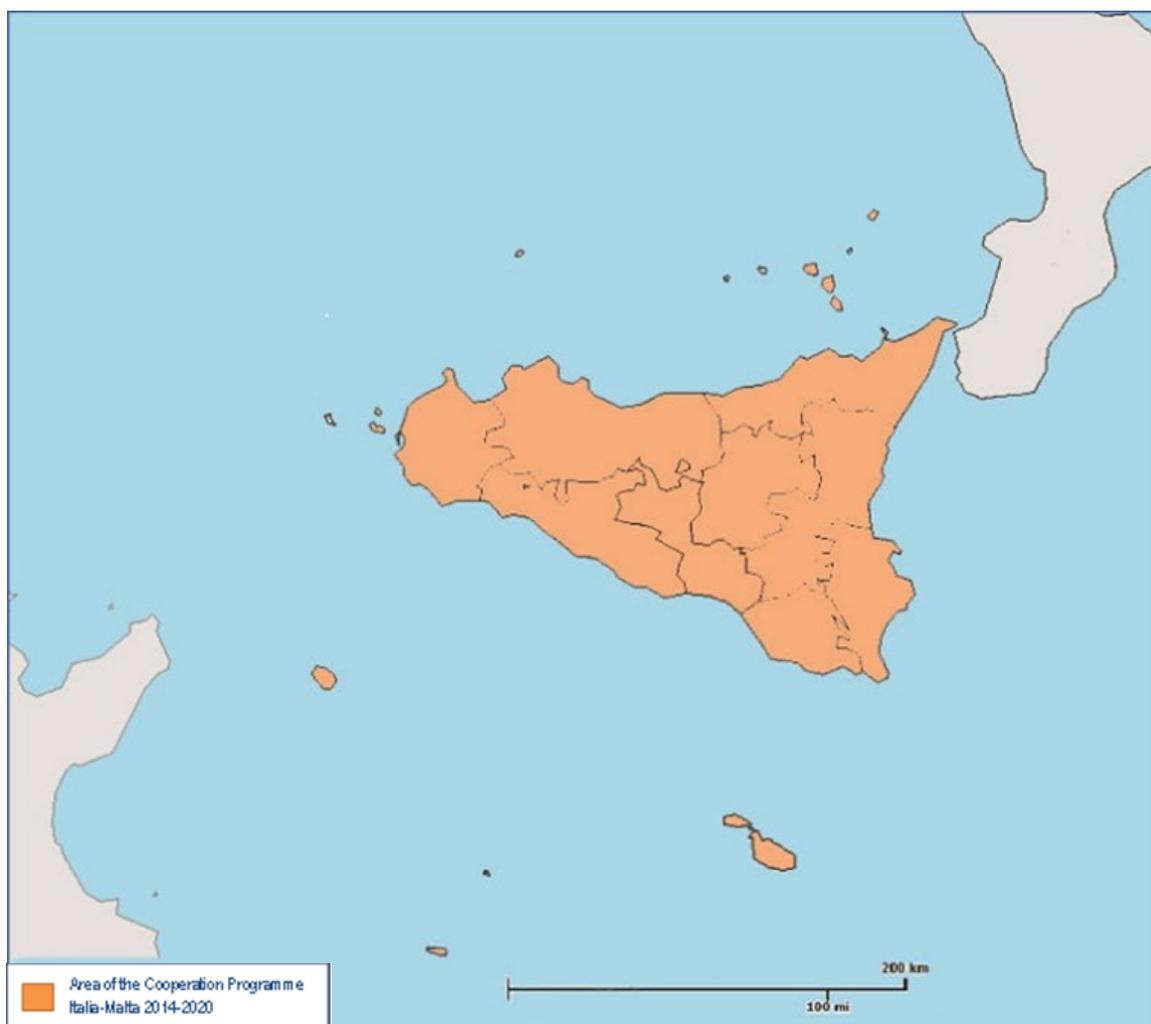
The entire Maltese territory.

The total surface of the area concerned by the Programme amounts to 26,148 Sq. Km., of which 25,832 Sq. Km., correspond to the entire territory of Sicily, while 316 Sq. Km. correspond to the entire Maltese territory.

From a strictly morphological point of view, the cooperation area has a variety of altimetric areas, with a prevalently hilly territory in Sicily (both inland and on the coast), while Malta is characterised by plains and rocky coasts.

The area concerned by the Programme, which is characterized by a marked rurality and by the widespread presence of small and medium sized urban centres, suffers from a state of physical marginality accentuated by its insular nature and its peripheral position in relation to the European Union nucleus. Furthermore, the existence of double insularity on both sides of the area and the limited connection of transportation systems conditions the socio-economic growth routes. This is caused by the difficulty for the area's economic systems to integrate with international markets, both at the upstream phase of procurement of production inputs as well as the downstream phase of access to destination markets for the final products.

Figure 1 - Area of the cooperation programme Italy-Malta 2014-2020



Source: Eurostat - GISCO 2013

b) Demographic data

The population residing in the eligible area amounts to 5.4 million inhabitants, of which about 5 million in Sicily and 417,546 in Malta (Table 1).

In terms of demographic density, the cross-border area is characterized by a different housing density in the Sicilian territory compared to the one in the Maltese territory. In comparison to the average density equal of the Sicilian provinces concerned by the Programme, which is equivalent to circa 193 inhabitants per Sq. Km. Malta has a higher concentration, equivalent to 1,323 inhabitants per Sq. Km.

Table 1 – Distribution of population in the eligible area

Member State	NUTS 2	NUTS 3	Residing population	Surface km ²	Housing density /km ²
Italia			4.999.932,00	25.832,38	193,55
		AG	446.081	3.052,59	146
		TP	430.478	2.469,62	174
		CL	272.458	2.138,37	127
		SR	399.469	2.124,13	188

		RG	310.220	1.623,89	191
		PA	1.243.638	5.009,28	248
		CT	1.077.113	3.573,68	301
		ME	648.062	3.266,12	198
		EN	172.413	2.574,70	67
Malta			417.546	315,60	1.323,02
	Malta, Gozo e Comino				
Totale area eleggibile			5.417.478,00	26.147,98	-

Sources: ISTAT and NSO 2013

The consistent tourist flows in the entire Maltese territory (as well as in the minor Sicilian islands included in the eligible area), that are concentrated in the summer months, further contribute to increase the levels of population pressure.

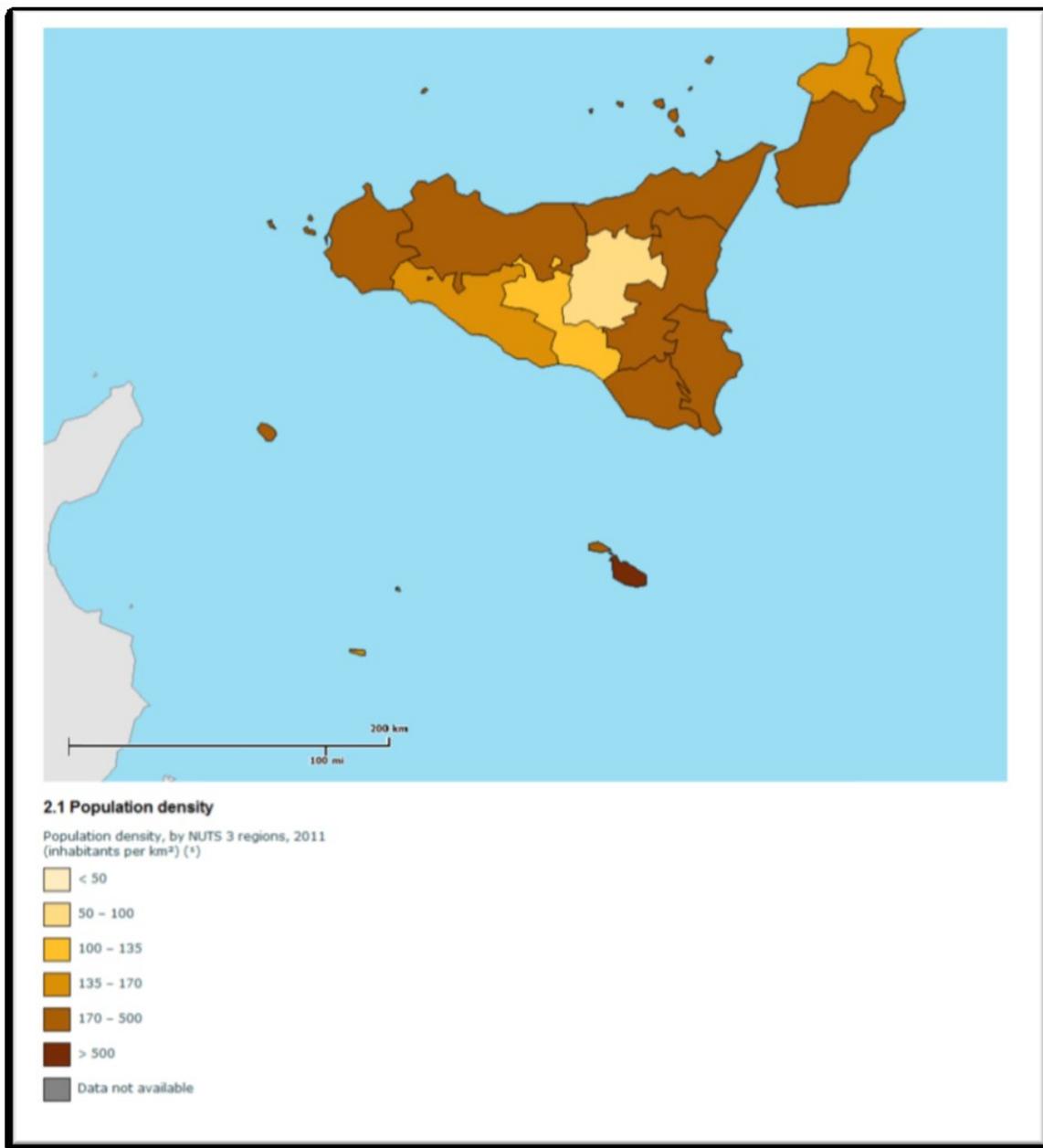
Over the years the demographic balance on the Italian side manifests a certain stability, due to the contribution of foreign migration which compensates for low regional reproductivity and migration especially of the youngest and most educated to other regions.

Concerning the Maltese side of the cooperation area, slight increases are detected in the overall resident population, linked mainly to the increase in the birth rate. As regards the distribution of residents, the situation appears to be very different on the two sides of the cooperation area (Figure 2): in Malta there is a strong concentration of the population on the main island (92%), while on the Italian side the territorial distribution of the residents in Sicily appear much more balanced, except for the NUTS III territories of Caltanissetta and Agrigento.

In general, in the last years, the eligible area has been characterized by the progressive and sustained phenomenon of population ageing, with a decline in the percentage of young people and a corresponding increase of percentage of elderly people, leading to an increase in the average age of the population. In particular, the birth rates are decreasing and the ageing index is increasing. Furthermore, a shrink in the young population has been recorded, caused by a brain drain towards foreign countries in search of better working conditions.

The cross border territory is subject to the phenomenon of illegal immigration. Both Sicily and Malta represent, in fact, an access door and a transit place for non-EU citizens, most of them from Africa, heading towards the most affluent European regions.

Figure 2 - Density of population in the cooperation area



Source: Eurostat - GISCO 2013

c) The Economy

The cooperation area reflects the effects of the crisis that, since 2008, has had an impact on the real economy at European and international level. In a markedly negative climate, with a top peak recorded in the years 2012 and 2013, the scenario of the Sicilian and Maltese economy, already characterized by serious structural problems, was characterised by a drop in domestic demand, both on the side of household consumption as well as investments. Besides, the adverse effects of the economic recession have led to deteriorating conditions on the job market, which has very low occupational rates for the Sicilian territory. The impact of higher unemployment rates on family income has given rise to poverty and social inequality indicators, brain drain (especially young University graduates and/or researchers) as well as further deterioration of productive forces (micro and small enterprises) and their competitiveness.

Economic data resulting from the analysis shows that the cyclical recession phase has proven to be more serious for Sicily, where the “cyclical” impact has been very strong. The available indicators show a deteriorating regional economic situation above the national average value, both from the aspect of economic activity and employment.

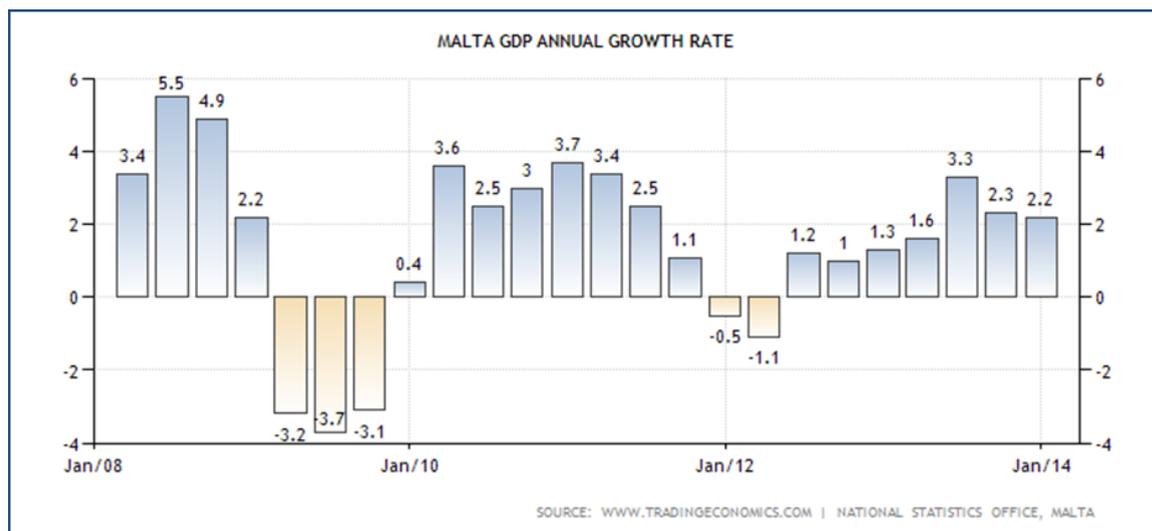
According to ISTAT [Italian Statistical Office] data processed by Svimez [Association for Industrial Development in Southern Italy], in Sicily in 2012 the GDP dropped by -4.3%, about two percentage points higher than the national average; in the 2008-2012 five-year period, the drop in the cumulative GDP was equivalent to -11%, the highest among the big Italian regions.

The decrease of the aggregate regional product, even greater than in the rest of Southern Italy, is due to a negative trend by sector of the island economy. In particular, both the manufacturing sector and the building sector have shown, during the 2008-2012 five-year period, a drop that is decidedly more severe than the rest of Southern Italy and, above all, of Central and Northern Italy.

Household consumption at regional level registered an average drop of 2.0% during 2008-2012. The flow of fixed gross investments in the period between 2008-2012 was equivalent to -5.4%. The increase in the balance of net imports, which measures the quota of regional demand not satisfied by the local supply of goods and services, affected the GDP by 23.3% in 2012. Sicily’s production *per capita* in relation to the Italian one was around 65.6% for the year 2011, showing an upward trend attributable to the decrease in residents.

In Malta the impact of the international economic recession has been less significant than in Sicily. Between 2008 and 2011, the Maltese state recorded an increase in GDP equivalent to 2.2% in 2013. In 2012 Maltese imports increased by 4.5% and exports by 6%. Statistical data shows an increase in industrial production equivalent to 6.6%, determined by the increase in domestic demand (+6.8%) and external demand (+6%). In particular the highest performing sectors are those relative energy and water supply and manufacturing (Table 2).

Table 2 – Annual growth rate of GDP in Malta



Source: NSO Malta 2013

The **job market** manifests very different characteristics between Sicily and Malta.

In 2013 employment in Sicily suffered a -3.4% decrease. On the other side the Sicilian unemployment rate increased by 1.2%, reaching 20.7%.

The decline in job demand observed in 2012 has caused a further slight decrease in the regional employment rate of the population aged between 15 and 64, equivalent to 41.2%. The analysis by gender of the above indicator shows that in Sicily 54.2% of the male population of working age (a decrease by 2.2 percentage points from 2011) has a job against 28.6% of the female population which remains more or less stable compared to 2011.

On the Maltese side, during the 2007/2013 programme period, the job market recorded a positive performance, which in 2012 there was an increase in employment by 10.5% compared to 2007 while the unemployment rate remained stable.

The increase in employment rate concerned full-time workers more than part-time workers, who remain largely women. The increase in employment rates in Malta has been caused by a major expansion of the private sector and in particular the commercial sector, followed by the manufacturing, health and social sectors.

In the cross-border area, the volume of job-seekers recorded in 2013 saw a strong increase from 2011. **The increase in job-seekers** is to be ascribed to objective and subjective mechanisms which have pushed inactive people to **seek jobs** as a **new household strategy to face the economic hardships induced by the crisis, and therefore is not due to the usual effects of an expansion phase.**

If from the analysis by gender, it is inferred that the employment situation of women has undergone a smaller deterioration since the crisis, it is also true that this segment of labour supply remains the broadest and most underutilized, with percentages that are much lower than the EU average, and concentrated in the service sector. Besides, Malta has recorded a rather critical employment situation for young people aged between 15 and 29. Nor should we neglect the worrying signals emanating from young people excluded from the training-work circuit, the so-called NEET (Not in Education, Employment or Training), whose percentage reached 35.7% in 2012.

Because of the recession situation, the cooperation area has had very grave social consequences, among which **the increase in poverty areas** and social inequalities. From a sample survey carried out by ISTAT concerning consumption by Italian families, it emerges that in 2012 the families in relative poverty, calculated on the basis of the average monthly expense for consumption, amounted to more than 600,000 in Sicily, equivalent to an incidence of 29.6%. In 2011 the Maltese national average of individuals at risk of poverty increased by 4.6 percentage points. Overall the poverty rate, which is equivalent to 15.8%, seems to affect mostly the female population. The percentage of male population is not much different, since their poverty rate is equivalent to 15%.

According to the survey carried out by the ESPON TerreVi project, from an analysis of the employment indicators it emerges that the Malta-Italy cooperation area shows long-term unemployment rates which are significantly higher and a greater number of individuals at risk of poverty compared to the EU27+4. Besides, the number of people aged between 20 and 64 with a level of high secondary education is less than the average of EU27+4 countries (Figure 3).

Figure 3 - Indicators of inclusive growth in the cooperation area

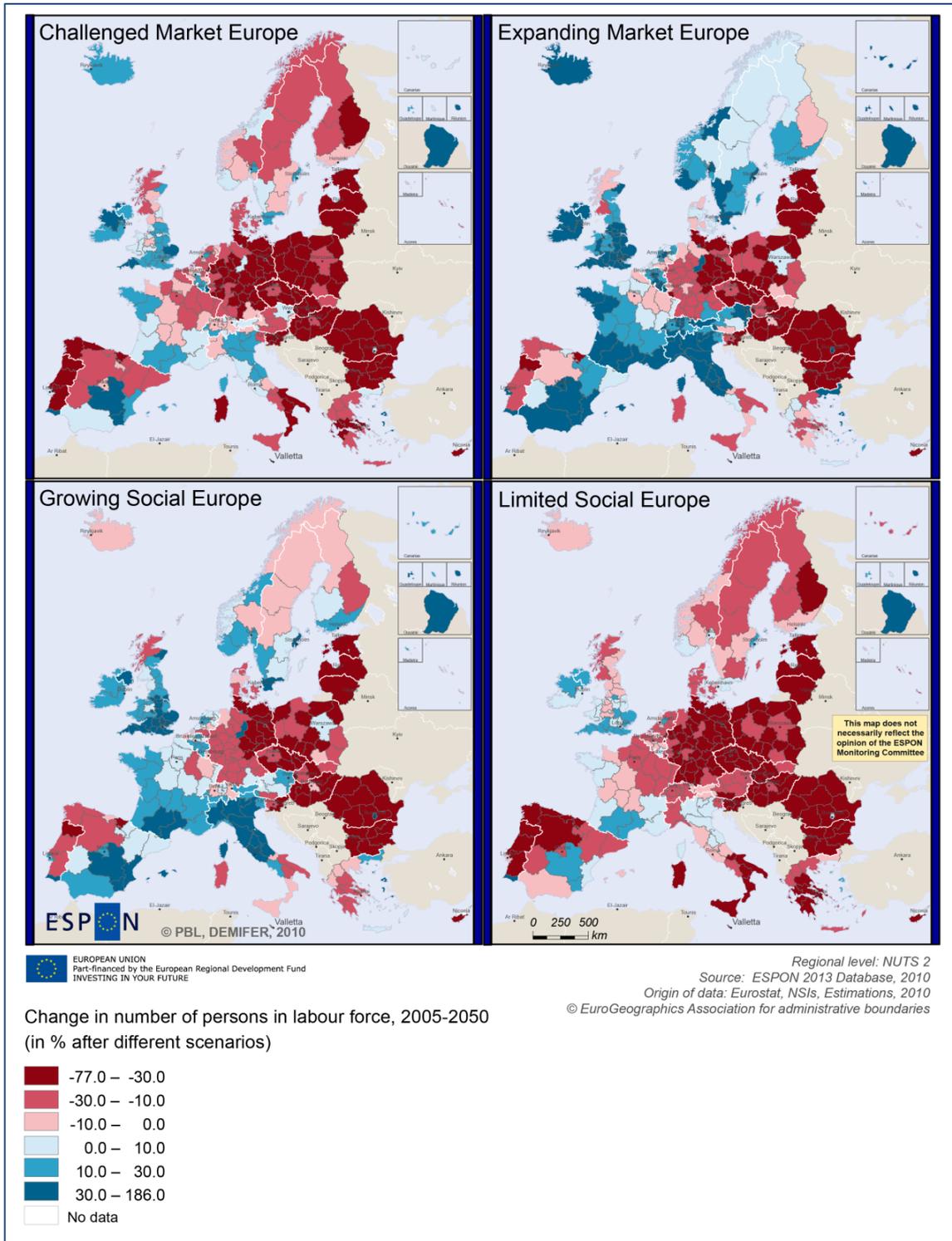
Indicator	disparities in the CBC Area	median value of the CBC Area	EU-27+4	All CBC Areas	Italy	Malta
Long-term unemployment rate (12 months and more) - 2011	high	5.5	3.0	2.7	3.0	3.0
At-risk-of-poverty rate - 2011	high	26.7	15.7	14.8	12.1	15.0
Persons aged 25-64 and 20-24 with upper secondary or tertiary education attainment (%) - 2011	medium	39.3	76.4	77.7	57.5	31.5

The value in front of each traffic-light represents the median value of the EU-27+4 space, of All CBC Areas, etc.
 Thresholds for detecting disparities using the variation coefficient: low < 15%, medium 15 - 30%, high > 30%
 Regional level of analysis: NUTS 2
 Origin of data: EUROSTAT 2012

Source: ESPON – TerreVi 2013

According to investigations carried out within the **DEMIFER ESPON project**, with reference to job market trends, negative variations are expected in the workforce until 2050 for the cooperation area. In particular, with reference to the challenges and the expansion of the job market, **the area of interest of the programme envisages a decrease in the number of the workforce which will be between 30% and 10%.** (Figure 4)

Figure 4 - Range in the workforce for the 2005-2050 in the cooperation area



Source: ESPON - DEMIFER

In conclusion, on the basis of some valuations about the population and job market aspects, it would be necessary to ensure, through timely actions, mobility plans within the territory to contribute to a progressive absorption of the human capital existing inside the area (mostly young University graduates and/or researchers) in order to avoid brain drain. Besides, in order to fight the progressive increase of "new poverties", it is necessary to utilize the cross-border dimension so as to allow job seekers to access a wider job market.

In relation to the data relative to the **manufacturing sector** we observe that the business fabric of the cooperation area shows common elements, both for the prevalence of small-medium and micro enterprises and for the driving economic sectors such as the agricultural, food and tourism sectors.

With reference to the business fabric, the percentage of enterprises active in the cooperation area is very heterogeneous between the Italian side and the Maltese side. Sicily, with 73% of “family-owned enterprises” (13% “corporation” and 10% “partnerships”) shows a greater inclination to the activity of micro-corporations compared to Malta where the same data is equivalent to 47% (49% are “corporations”). (Table 3)

Table 3 – Distribution of active enterprises by legal status in the cooperation area

NUTS AREAS	Total active enterprises	Società di Capitale	Società di Capitale/NUTS	Società di Persone	Società di Persone/NUTS	Imprese individuali	Imprese individuali/NUTS	Altre Forme	Altre Forme/NUTS
AG	35.482	3.222	9%	3.282	9%	27.528	78%	1.450	4%
CL	20.692	2.488	12%	1.704	8%	15.455	75%	1.045	5%
CT	80.747	12.415	15%	7.855	10%	56.851	70%	3.626	4%
ME	46.178	5.896	13%	4.655	10%	33.530	73%	2.097	5%
PA	77.584	10.236	13%	8.443	11%	55.138	71%	3.767	5%
RG	30.121	3.711	12%	3.788	13%	21.476	71%	1.146	4%
SR	29.615	4.325	15%	2.407	8%	21.549	73%	1.334	5%
TP	39.804	4.215	11%	4.113	10%	30.007	75%	1.469	4%
EN	15.154	1.026	7%	957	6%	11.092	73%	505	3%
Tot Sicilia	375.377	47.534	13%	37.204	10%	272.626	73%	16.439	4%
	Total active enterprises	Limited Liability/ Plc	Limited Liability/ Plc/NUTS			Sole Ownership- Partnership	Sole Ownership- Partnership/NUTS	Altre Forme	Altre Forme/NUTS
Malta	71.629	35.267	49%			34.014	47%	2.348	3%
Tot eligible area	447.006	82.801	19%			306.640	69%	18.787	4%

Sources: Infocamere 2013 and NSO Malta 2013

An analysis of NACE data on active enterprises [classification by activity] (Figure 5) shows a rather varied situation.

In Sicily the density of enterprises in relation to the population is always low, gravitating in the region of 75.8 active enterprises per every 1,000 inhabitants, against a national average of 87.1 and an average in Southern Italy of 82.4 active enterprises per every 1,000 inhabitants. As an absolute value, there are about 357,000 active enterprises for which the incidence of low added value activities and scarce competitiveness appear particularly significant. More than half the enterprises, in fact, operate in the agricultural and commercial sectors: in the first case the enterprises are more than 78,000, in the second case about 120,000. With reference to mortality of enterprises, the percentage of those that have ceased operations affects the commercial sector with a value equivalent to 35%, followed by the agricultural sector with 22% and by the building sector with 13%. Disaggregating the data at provincial level, Catania and Palermo have the highest percentages for the wholesale and retail trade sector with 20% and 32% respectively, Agrigento and Trapani in the agricultural sector with values higher than 17%, and Messina and Catania in the building sector with 24% and 20%.

In the Maltese territory there is a more favourable situation both with reference to the birth of new enterprises and their tendency to survive. With reference to the building sector, the added value records a decrease of 4.14% in the period between 2007 and 2011. The wholesale and retail sales sector in terms of added value has undergone a decrease, by passing from 28% to 25% in the period between 2007 and 2011, thus representing the sector with the least number of active enterprises, equivalent to about 22% of the national total. The financial and insurance sector places second with a rate of 13.4% while the professional, scientific and technical activities sector has a 10% rate of active businesses. The mortality of enterprises on the Maltese side has affected mainly the wholesale and retail trade sector, which has seen the termination of activities for 23% of the enterprises.

When one compares data relating to new registered enterprises (births) and those that have ceased operations (Figures 6 and 7), it is possible to ascertain that Malta has a better trend than Sicily.

A significant datum for the analysis of the area is represented by the study of the sector **M - professional, scientific and technical activities** which is very heterogeneous among the Sicilian enterprises (2%) and the Maltese ones (10%). Such category includes enterprises operating in highly technical and scientific sectors and that require a very high level of preparation, making available to the users specialist knowledge and capabilities. Such category includes several enterprises operating in Sicily and in Malta in the following main NACE sectors:

- Architecture and engineering studies' activities; Technical testing and analysis
- Scientific research and development
- Advertising and market research

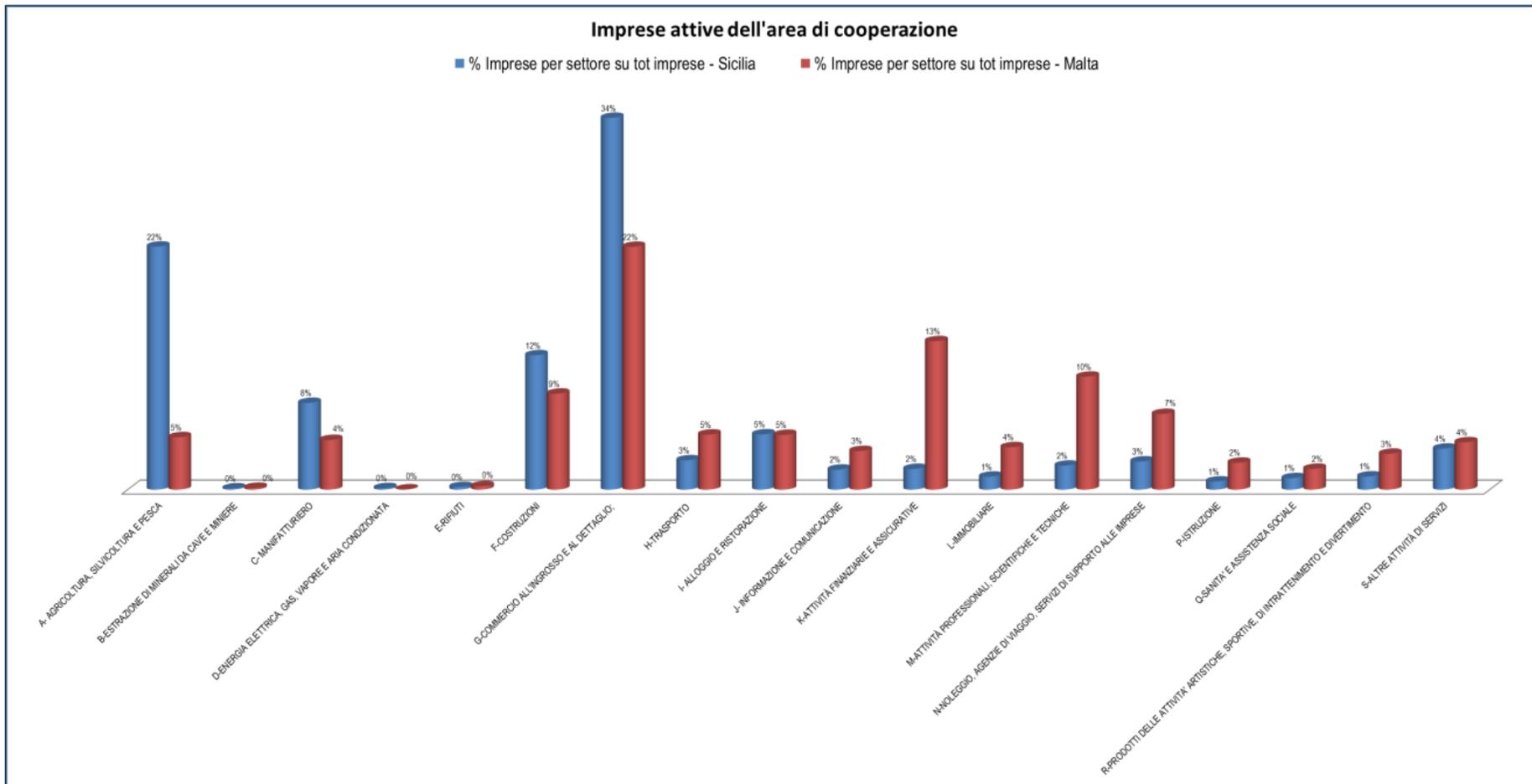
An analysis over the number of enterprises born in the same M sector, shows a positive trend in favour of the Maltese territory with a percentage equivalent to 16.57% compared to 2.81% of the enterprises in the Sicilian territory. From the data acquired and compared about the mortality rate

of the enterprises of the two areas, it can be observed that against the dynamism of the enterprises on the Maltese territory there is a high percentage, equivalent to 11%, of companies terminated in the M sector against the one of the Sicilian enterprises which reaches 2%.

Such data confirms that the business system in the Research and Innovation sectors struggles to secure long-lasting processes with the right level of expertise due to lack of adequate solid bases on which to build growth and development activities.

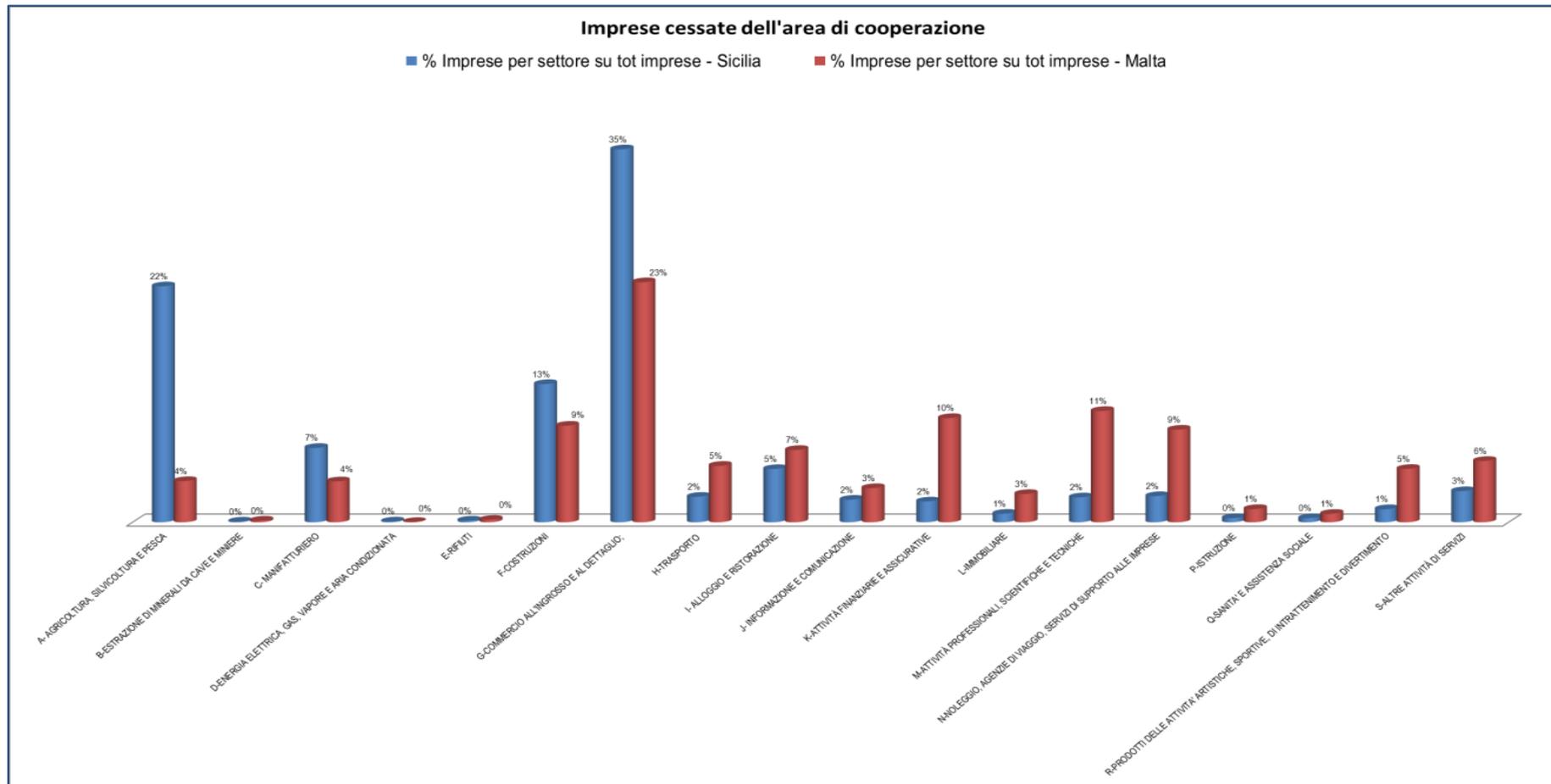
If we analyse again the Sicilian business fabric, disaggregating data at provincial level reveals some significant differences. The most “industrialized” provinces remain Catania and Palermo, with percentages that are significantly above the regional average: respectively 24% and 22%. On the other hand, the province of Caltanissetta, with 4.9%, is confirmed as the least attractive. Palermo and Catania confirm themselves, besides, as the most competitive Sicilian provinces thanks to a greater presence on the territory of high added value enterprises. The enterprises that operate in the innovative sectors, with a high technological content, show in the two provinces values that are definitively above the regional average, both in the case of information and communication services, 28% and 22% respectively, and with reference to financial and insurance activities, and finally, in the case of the professional, scientific and technological activities (28% and 23%).

Figure 5 – Active enterprises by NACE activity in the cooperation area



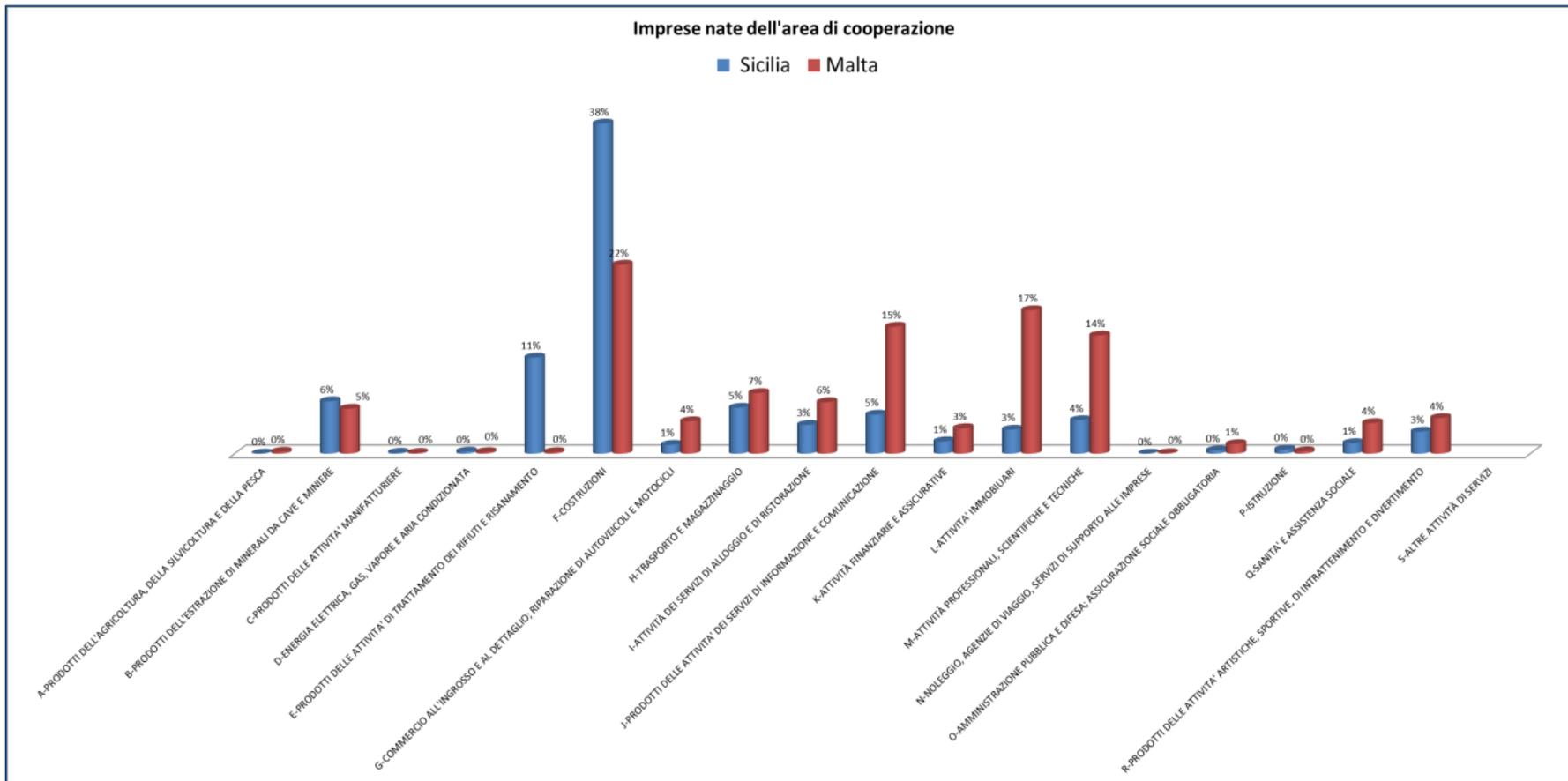
Sources: INFOCAMERE 2013 and NSO 2013

Figure 6 – Death of business units by NACE activity in the cooperation area



Sources: INFOCAMERE 2013 and NSO 2013

Fig. 7 – Birth of business units by NACE activity in the cooperation area



Sources: INFOCAMERE 2013 and NSO 2013

Regarding **trade** during the course of 2012, the drop in domestic demand in Sicily has been particularly intense, such that it could not be compensated for by external demand which was, on the other hand, particularly positive (Tables 4 and 5). The exports at current prices in Sicily have increased by 21.2%, more than the national and southern average. The dynamics of exports of non-oil products, even though they are increasingly affected by the deteriorating cyclical economic context, has shown signals of revival. In 2012 the export of such goods increased by 8.5%. The most driving sectors are the **electronics, chemical and pharmaceutical industry and agricultural and food** sectors.

Concerning trade between Sicily and Malta a strong positive balance can be observed in favour of Sicily. However, over the past few years there was a decrease in Sicilian exports to Malta while imports also dropped. Trade between the two territories in 2013 is still rather dynamic notwithstanding the cyclical crisis and the economic stagnation. Most exports to Malta consist in significant flows of oil products, both incoming and outgoing. Particularly interesting is the flow from Sicily to Malta of exports in the **chemical-pharmaceutical** sector, with 15% of total exports, as well as 5% in the **ICT** (Information and Communication Technologies) sector, 5% in the **metallurgical and siderurgical** sector, and 4% in the **micro-electronics** sector.

By observing the commercial flows disaggregated by province it can be seen that trade with Malta affects all the Sicilian provincial areas for the agricultural and manufacturing sectors, both for imports and exports. Catania, in particular, also trades in the waste sector and in the information and communications sector.

The data concerning trade between the two islands shows a rather stable relationship, especially in some sectors with a high technological and innovative content: micro-electronics, mechatronics, nanotechnologies, chemical-pharmaceutical and ICT sectors.

Concerning the above, it would be necessary to increase the competitiveness of the micro, small and medium enterprises that operate in the R&I sectors with the aim of contributing to the development of innovative systems, products and services for environmental protection, protection of the territory and of the seas, cultural heritage, quality of life and citizens' health.

Table 4 – Commercial trade in value Euro between Sicily and Malta per 'Ateco 2007' Sections - year 2013 (values in euro)

NACE	IMP2011	IMP2012	IMP2013	EXP2011	EXP2012	EXP2013
A- AGRICULTURE, FORESTRY AND FISHING	3.274.533	2.782.090	4.229.317	9.633.411	9.431.251	10.129.196
B- MINING AND QUARRYING	-	-	4.533.046	414.178	260.333	224.017
C- MANUFACTURING	7.391.520	15.624.397	5.708.864	513.063.251	507.718.394	371.248.749
D- ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	-	-	-	304	-	-
E- WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	-	110	15.671	3.385	4.312	3.385.835
J- INFORMATION AND COMMUNICATION	-	36	100	2.987	35.472	32.954
R- ARTS, ENTERTAINMENT AND RECREATION	11.746	-	-	12.841	285	604
V- GOODS DECLARED AS SUPPLIES ON BOARD, DOMESTIC AND RETURN REJECTED, ANY OTHER PRODUCTS	-	0	-	3.709	-	-
TOTAL	10.677.799	18.406.633	14.486.998	523.134.066	517.450.047	385.021.355

Source: ISTAT 2013

Table 5 - Commercial trade in value with Malta per 'Ateco 2007' Sections and Sicilian NUTS 3 eligible areas (values in euro)

NUTS 3 Areas	A- AGRICULTURE, FORESTRY AND FISHING		B- MINING AND QUARRYING		C- MANUFACTURING		E- WASTE MANAGEMENT AND REMEDIATION ACTIVITIES		J- INFORMATION AND COMMUNICATION		R- ARTS, ENTERTAINMENT AND RECREATION	
	IMP	EXP	IMP	EXP	IMP	EXP	IMP	EXP	IMP	EXP	IMP	EXP
AG	38.500	1.472.838	-	-	17.379	1.113.988	-	-	-	-	-	-
CL	-	97.072	-	-	-	1.206.693	-	-	-	28.669	-	-
CT	1.388.413	4.505.410	4.528.796	27.874	1.642.324	126.651.430	-	3.385.289	-	4.285	-	360
ME	50.646	88.151	4.250	-	102.677	20.873.684	-	-	-	-	-	-
PA	77.787	325.683	-	9.359	952.611	18.647.289	-	-	-	-	-	244
RG	1.255.534	2.702.503	-	164.017	959.408	26.006.387	15.671	546	-	-	-	-
SR	430.645	937.357	-	-	1.891.413	174.582.401	-	-	-	-	-	-
TP	987.792	182	-	22.767	143.052	2.150.514	-	-	-	-	-	-
EN	-	-	-	-	16.363	-	-	-	-	-	-	-
Totale	4.229.317	10.129.196	4.533.046	224.017	5.708.864	371.248.749	15.671	3.385.835	-	32.954	-	604

Source: ISTAT 2013

d) Research and innovation

With reference to the investments in Research & Development in terms of GDP percentage points, as shown by a survey carried out by ESPON TerreVi2013 on Italia-Malta, the cooperation area is still backwards compared to the EU27+4 area. In particular, it resulted that investments in the Sicilian territory are twice those in the Maltese territory. With reference to the employment percentage within the context of knowledge-intensive services – (KIS), the cooperation area in its entirety presents values that are not much higher than those of the EU27+4 area. Specifically, the Maltese territory with a percentage equivalent to 40.5%, which is above the EU average (39%) and that of the Italian territory (33.1%). Concerning the percentage of individuals who regularly use the Internet, the area shows values which were lower those in the EU27+4 area. The survey indicates that persons using the internet regularly in the Italian territory amount to 53%, while the equivalent figure in Malta is 66%. (Figure 8)

Figure 8 – Indicators of smart growth in the cooperation area

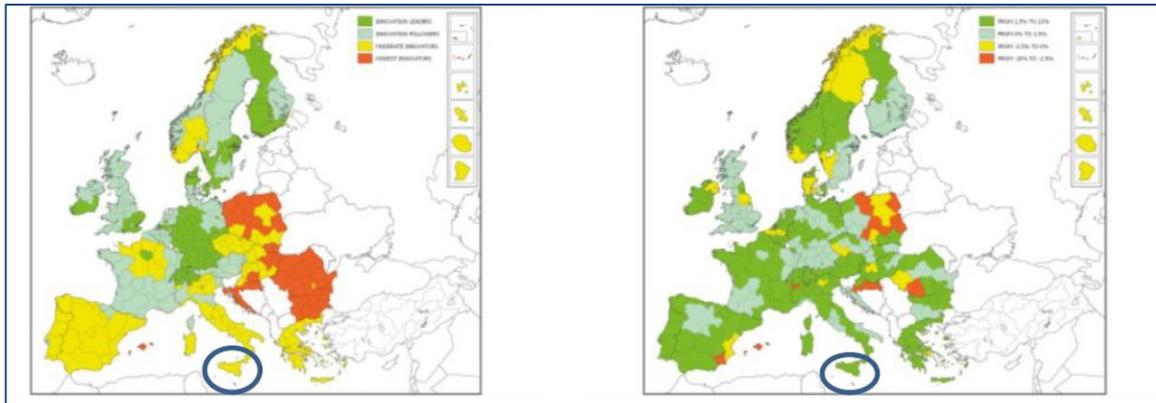
	disparities in the CBC Area	median value of the CBC Area	EU-27+4	All CBC Areas	Italy	Malta
Total Intramural R&D Expenditure (GERD). Percentage of the GDP (2009)	medium	0.7	1.2	1.2	1.0	0.5
Employment in knowledge-intensive services as percentage of total employment (2010)	low	40.4	39.0	38.2	33.1	40.5
Percentage of individuals regularly using internet (2011)	medium	53.0	71.0	71.0	53.0	66.0

The value in front of each traffic-light represents the median value of the EU-27+4 space, of All CBC Areas, etc.
 Thresholds for detecting disparities using the variation coefficient: low < 15%, medium 15 - 30%, high > 30%
 Regional level of analysis: NUTS 2
 Origin of data: EUROSTAT 2012

Source: ESPON - TerreVi 2013

The analysis of the “Regional Innovation Scoreboard 2014” Report, if the Innovation Union Scoreboard (IUS) is taken into consideration, an indicator that measures the innovative capability of a region, shows Sicily among the regions defined by the European Union as a “moderate innovator”, recording a good performance level of annual growth, between 2.5% and 15%. (Figure 9).

Fig.9 – Regional performance and growth groups RIS 2014



Source: ESPON

The amount of public funds for research and innovation in percentage terms of the GDP still stands at 0.8%, while private funds is of only make up 0.2%. These figures are insufficient to support this sector of a strategic importance through investments that should reach levels at least equivalent to the national averages (2% of GDP, of which 0.7% from the private sector).

Concerning Sicily's ability to acquire human resources qualified for innovation, a significant delay is recorded compared to the European average as well as to all the other Italian regions. The data does not show any improving trend, consolidating the scarce training effort of **qualified resources and a productive fabric that is not suitable to absorb these professional figures in the advanced technology sectors.**

On the other side Sicily, in the "Knowledge Creation" Area, gives some positive signals in the areas of public funds for research and development and in the vitality of the ICT sector, evidencing the existence of some areas of excellence in the territory. By observing the structural data of the sector, in Sicily there are about 560 businesses engaged in the manufacturing of computers and electronic devices and nearly 3,000 enterprises that perform hi-tech and ICT services, such as the production of software or audio-visual materials. According to the data processed for the preparation of the document relative to the Regional Strategy for Innovation, it can be seen that only some of the Key Enabling Technologies (KET) are currently the object at regional level of a significant activity of industrial research or of significant and spread applications in the manufacturing and commercial fields. The KET in which there is greater evidence of such elements are the micro and nanoelectronics (it is the case of ST-Microelectronics) and the biotechnologies applied to human health (it is the case of ISMETT and Rimed Foundation). On the other hand, photonics, nanotechnologies, as well as advanced materials and manufacturing systems do not give at regional level substantial evidence of the presence of a significant activity of industrial research or significant applications in the manufacturing and commercial fields. Concerning Information and Communication Technologies (ICT), Sicily, although it boasts a not negligible presence of active enterprises and research lines, does not have yet significant competitive advantages at global level. Finally it is useful to remember the presence of the so-called Etna Valley where the most significant regional component is concentrated, both from the numerical and the quality point of view. Such reality represents also a significant opportunity for the Maltese side, as it is in fact witnessed by some export data of components and microchips to Malta.

Like Sicily, Malta also belongs to the Countries defined as “moderate innovator” according to the IUS (Regional Innovation Scoreboard 2014). Since 2009 Malta has achieved significant progresses in the research and innovation sector. Recent data shows that the Research and Development sector has recorded an increase of 10 million Euros between 2007 and 2013. The disaggregated data shows that the business enterprise sector contributes 62.3% of the total R&D, followed by high training that contributes 34% by investing in equipment often purchased with European structural funds.

In the manufacturing sector, the majority of enterprises (91.69% in 2011) is characterized by medium-low level technological activities. Only 8.31% (in 2011) shows activities with a medium-high technological level. In the service sector the number of enterprises classified as “knowledge intensive” has increased from 31% in 2006 to 35% in 2011. Most of the local enterprises seem to be still reluctant to invest in cooperating activity with other enterprises in the R&I sector. **This is due to scarce internal capacity in terms of resources and human capital adequately trained for the management of such cooperations.**

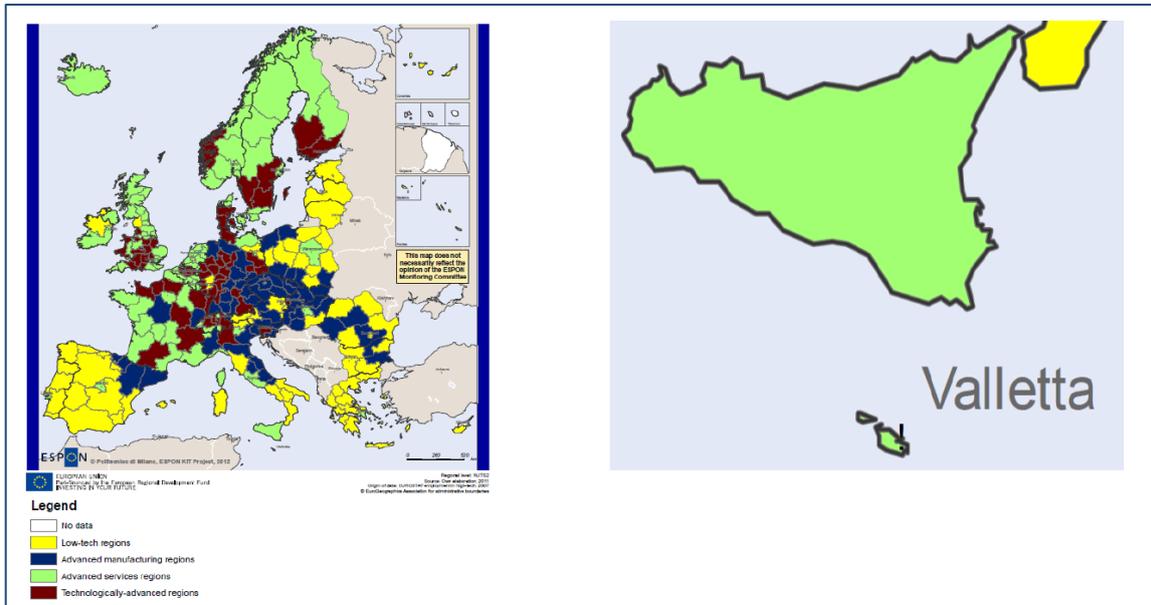
In Malta the number of micro and small enterprises engaged in the innovation field increased from 16.8% in 2006 to 30.5% in 2010, the number of the medium enterprises from 26.6% to 53% and the number of large enterprises from 48% to 72%. In the 2008-2010 two-year period, 517 (36%) Maltese enterprises, with 10 or more employees (source: NSO – news release 2012), manifested characteristics such as to be considered as innovative. In particular, disaggregated data shows that 89 enterprises, equivalent to 17.2%, were engaged in technological innovation, 192 enterprises, equivalent to 37%, in non-technological innovation while the remaining 236 enterprises, equivalent to 45.6%, were engaged in activities that are both technological and non-technological.

Since 2010 there has been significant growth in the fields of engineering and natural sciences, equal respectively to 54% and 33.6% compared to the previous years. Investments in the engineering field represent 40% of the total investments in R&D, natural sciences follow with a percentage equivalent to 28% and the medicinal field with 13%. Financial services, online gaming and pharmaceuticals also represent high added value.

Notwithstanding the growth recorded in the field of R&I, the Maltese situation remains somewhat fragmented since the **business fabric does not seem robust**. This is due to the fact that in Malta the **R&I sector is still in an embryonic phase considering that the number of researchers is too small and research is still strongly limited by the lack of adequate infrastructures and by the lack of research opportunities.**

A research performed within the programme ESPON (KIT - Knowledge, Innovation, Territory), shows that the Italia-Malta cooperation area **has advanced services** (Figure 10) but it is not classified among the technologically advanced regions (TAR), that is regions that have specializations in the manufacturing sector with a medium-high technological level and Knowledge-intensive services (KIS).

Fig. 10 – Technologically Advanced Regions in Europe



Source: ESPON – KIT

Particular emphasis must be placed on the forms of **social innovation** and relative productivity existing in the territory of the area deriving also from experimental processes within the 2007-2013 programme.

Through detailed interventions it has been possible to create hub spaces, both physical and virtual, in Syracuse, Lampedusa and Malta on the model already experimented upon in around 40 cities all over the world. Inside the created spaces, the hubbers manage laboratories linked to business, social innovation and environmentally friendly economy and organize initiatives mainly for entrepreneurs, young people that enter the business world and women. The Italian-Maltese network of social innovation, developed through the Italia-Malta 2007-2013 Operational Programme, Impact Hub – Mediterranean Change Makers, has today become member of the international network www.hub-net.com. In the years of implementation of the Operational Programme, the Impact Hub network, in addition to having assured the achievement of the objectives initially set has “spontaneously” become the reference point in Sicily for the implementation of microcredit policies. In particular, today the network participates in Sicily in the management of three different sources of financing: 1) An intervention line of the Jeremie-ESF Fund managed by Banca Etica in partnership with Microfinanza, Solco, Ape and Impact Hub, precisely, directed to supporting micro, small and medium enterprises with a strong social vocation; 2) The “Fondo di Garanzia per il Microcredito Siciliano” [Guarantee Fund for Sicilian Microcredit], managed in cooperation with Banca Etica and with the “Fondazione di Comunità di Messina” [Community Foundation of Messina] destined to enterprises and companies that cannot access traditional credit due to the lack of collaterals or due to insufficient credit history. 3) PerMicro, the most important microcredit company in Italy which operates over the entire national territory with a clear social mission and that since 2013 is active in Sicily. Such fund addresses in particular the subjects that are excluded by the traditional credit channels due to sociological problems, insufficient credit history or a temporary job and allows the Impact Hub member to enjoy a beneficial rate on the credit supplied. The Impact Hub experience has opened the way in Sicily to a series of analogous initiatives that aim at the creation of new communities and to their connection to the network to create programmes dedicated to the growth of competences and

professionalism and to innovate large and small organizations. The phenomenon of creating new business in Sicily has involved mainly the structures of Catania University which has created, precisely, a specific centre (Centre for the update of the professions, innovation and technological transfer – CAPITT) to ensure innovation and technological transfer and that through the “Liaison Offices” of the other Universities of the island has created a collaboration network to face in an insular key the theme of development of innovation and start-ups. To this purpose it is useful to remember that, following the implementation of the Italian Law 221/2012 (carrying further urgent measures for the growth of the Country) in Sicily, against 2,121 innovative start-ups created, the specific section of the Chamber of Commerce register has recorded 83 innovative start-ups (of which only 23 in the Province of Catania) while out of 23 certified incubators existing all over Italy, only one is located in Sicily.

Such data shows the strong dynamism and the sensitivity of several private organizations (associative and cooperative world) and Public Administration in the strengthening and development of social innovation and innovative start-ups as a tool to overcome the strong crisis that has impacted the area in the last few years.

In conclusion, the Research and Innovation sector within the cooperation area must be supported with the definition of more scrupulous policies that may guarantee at the same time also the necessary strengthening and specialization of some technologically advanced sectors but that to this date cannot emerge and assert themselves on the European and international markets. This scenario could lead to the expected upgrade of the manufacturing structure of the enterprises operating in the two sides of the Sicilian and Maltese coasts towards sectors with a greater competitiveness with the consequent absorption of human capital today trained inside the area and tomorrow compelled to utilize somewhere else the acquired competences. In order to ensure consistency and thematic concentration with Regional Innovation Strategies and Smart Specialisation Strategies of the respective territories (Sicily and Malta) the most advanced specialization sectors (Key Enabling Technologies - KETs) for the cooperation area are: Electronics, Mechatronics, Micro and Nano Systems, Biotechnologies and research applied to human health.

e) Environment

The entire eligible area shows a situation relatively homogeneous with reference to the main characteristics of the environmental conditions, for which, in general, results are recorded that are still too far-off from the ones obtained by the most advanced realities in the European panorama.

Concerning **climate change**, as determined by the emissions of greenhouse gases (GHG) for both Sicily and Malta, with the main pollution sources emanating from the transportation and energy sectors.

Sicily records, on average, higher concentrations of pollutants for carbon monoxide (CO). Notwithstanding the system for the evaluation and the management of the air quality does not cover the entire regional territory, some indicators show a trend towards improvement.

With reference to the production of climate-changing gases due to human activities in Sicily, a level of CO₂ emissions is detected which is significantly very high compared to the total national emissions, mainly due to the substantial presence of installations for the generation of

thermoelectrical power and of refineries with obsolete technology. Specifically, on the Sicilian side of the programme eligible area, that is in the area of Gela and in the area of Syracuse, there are two among the main sites for the power generation and for the transformation of the oil products in the region.

As regards Malta, about 60% of the CO₂ emissions are derived from power generation and from the land transportation sector, although significant reductions have been recorded for the concentrations of NO₂, SO₂ and benzene, due to the introduction of unleaded petrol.

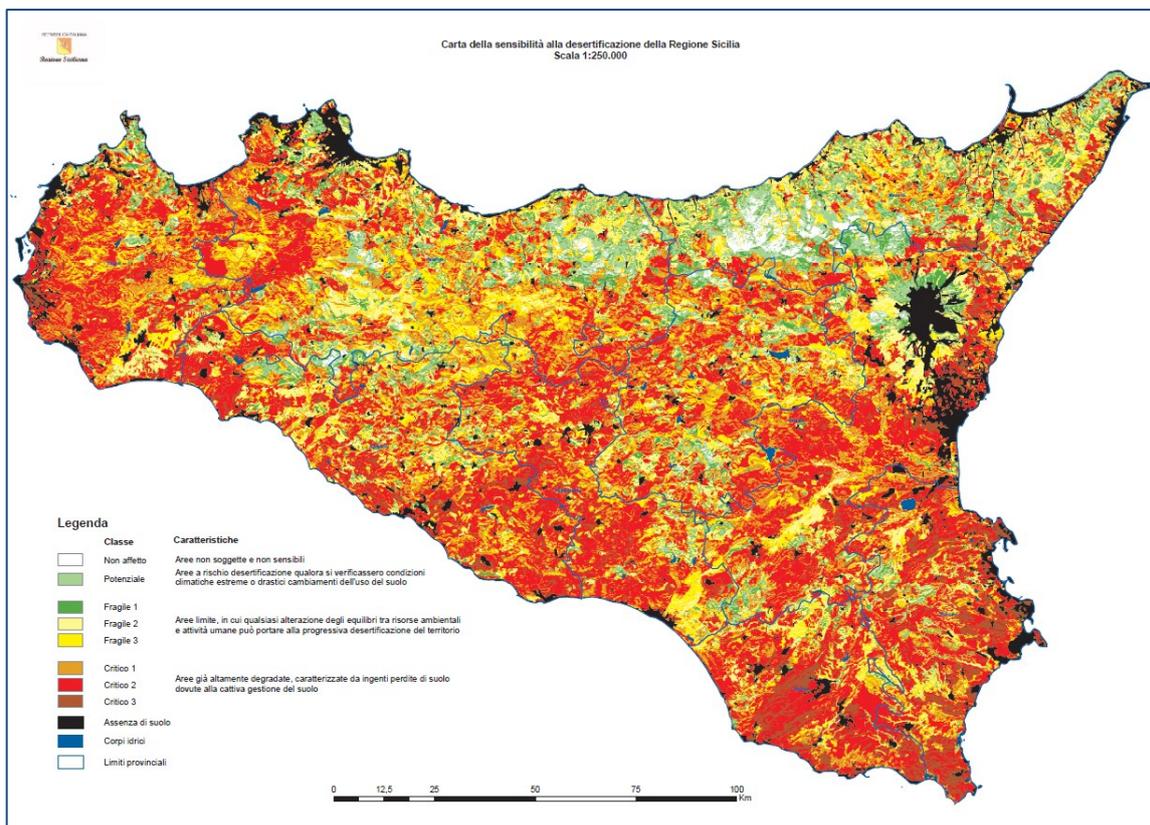
Nevertheless, the Maltese transport sector registers the highest level of pollutant emissions at European level (NO_x, NMVOCs and PM) which in recent years has been mitigated by the use of the Urban Sustainable Development Plan, as well as by pilot actions also implemented by the Italia-Malta programme 2007-2013. In the future, such plans, together with other programmes targeted more specifically towards the transport sector, will put great emphasis on the theme of sustainable mobility, and thus stimulate the use of “green” means of transport, both for commodities and for passengers. Such programmes, in conformity with the programming indications included within the Maltese partnership agreement, will put great emphasis on the measures for the reduction of air pollutant emissions (in particular PM₁₀ and NO_x), as well as greenhouse gases (GHG). The emissions of greenhouse gases (GHG), even though they remain the lowest at *per capita* level compared to the European average, have increased by 49% up to 2010. About 90% of the emissions come from the energy sector. An analysis of the environmental health status of the territories of the cooperation area shows a very high degree of **vulnerability to hydrogeological, seismic, volcanic, coastal and desertification risks, as well as to the risk of loss of biodiversity of ecosystems**.

The causes of such vulnerability have mainly natural origins, also due to the effects of climate change, but have been exacerbated by the transformation of the territory by human activities (anthropic pressure), which are not always rational and sustainable, especially along the coastal strip.

Concerning the desertification risk, the majority of the Sicilian territory shows a widespread sensitivity to degradation. According to the data mentioned in the document “Chart of sensitivity to desertification in Sicily” (published in the Official Gazette of the Sicilian Region [GURS] in the year 2012) (Figure 11) the critical areas represent in fact 56.7% of the territory, of which 17.7% is made up of less critical areas, 35% of medium critical areas and 4% of higher critical areas.

The fragile areas, those in which any alteration of the delicate equilibrium between natural factors and the human activities may lead to desertification, represent a share equivalent to 35.8%, which can further be divided into less fragile areas (7%) and medium fragile areas (12.8%). The areas that show a strong fragility reach 16% of the entire surface. Only 5.8% of the regional territory has a low sensitivity to desertification and 1.8% is not affected.

Fig.11 – *Sensitivity to desertification in Sicily*



Source: *Carta della sensibilità alla desertificazione in Sicilia*

In the Maltese territory, the high population density in some areas and the presence in the rural areas of some agricultural practices have emphasized vulnerability to water erosion and to soil salinization, which has intensified especially in the latest years thus triggering degradation processes.

The main risk factors are: hydrogeological instability (due to landslides and flooding), decline in organic content, soil pollution from point sources (quarries for minerals extraction, industrial activities and waste dumps) and from diffuse pollution (deposit of combustion powders or products, chemical products for agriculture, etc.) and finally salinization. The Maltese archipelago too is exposed to desertification risk due to a series of factors such as soil aridity, scarce vegetable cover of the soil and the topographic shape of the area.

Concerning the status of **nature and biodiversity**, the cooperation area shows very homogeneous characteristics with the relative problems and common challenges. The area in fact is characterized by a large biological diversity wealth which is continuously subject to several risks that threaten the progressive loss.

Sicily represents one of the large cradles of biological diversity of Italy and of Europe, due to its geographical, morphological and pedoclimatic conditions and its specificity as an Island with a system of minor outlying islands which are highly heterogeneous in terms of their geomorphologic structure as well as their climatic/natural conditions. The regional territory hosts a very high number of vegetable and animal species, of a very high endemic and biogeographical interest and/or threatened or in danger of extinction. In Sicily the "Natura 2000" network is made up by 238 Sites, of which 208 SCIs (Sites of Community Importance for a total of 469,055.60 hectares), 15 SPAs (Special Protection Areas for a total of 380,022 hectares) and 15 have at the same time the

characteristics of SCI and SPA (for a total of 19,479 hectares). The total surface of the “Natura 2000” sites falling in the Sicilian territory is equivalent to 865,995.55 hectares.

The entire Maltese territory is made up of the main island of Malta and of the minor islands of Gozo and Comino. The geological and topographical characteristics of the islands offer a limited variety of habitats which host a large series of species, many of which are endemic. The natural habitats of the island of Malta occupy 19% of the entire territory. The network of “Natura 2000” sites is made up of 39 Special Areas of conservation (SACs) with a surface equivalent to 5,296.64 hectares (8 of national interest and 28 of international interest) and no. 16 Special Protection Areas (SPAs) with a total surface equivalent to 4,966.20 hectares.

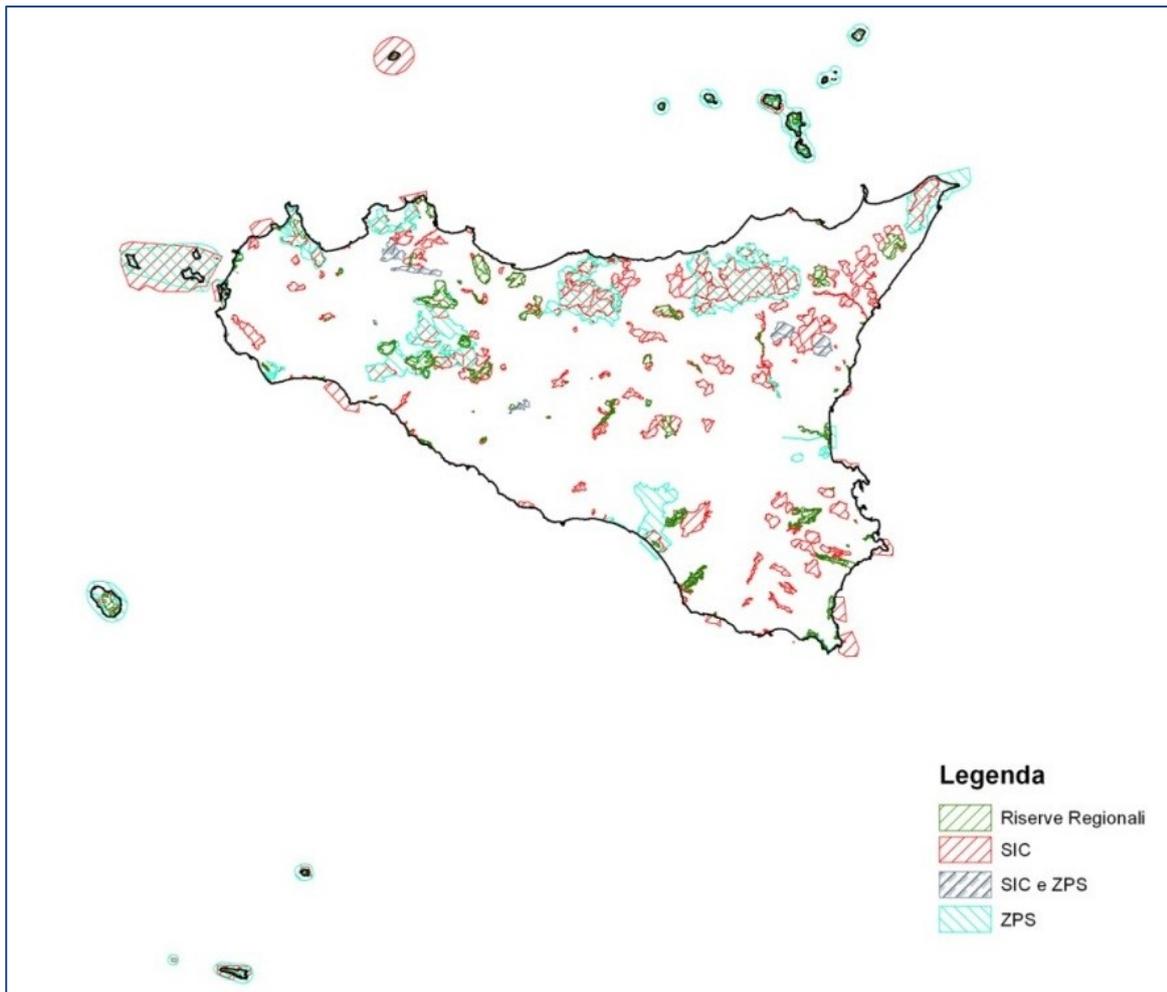
Concerning natural reserves the cross border territory has 102 sites of which 70 are located in Sicily with a total surface equivalent to 77,404.84 hectares, while 32 are located in Malta with a total surface equivalent to 17.93 hectares.

Regarding Parks, it results that Sicily has established 4 of them through specific regulatory instruments: “Parco delle Madonie”, “Parco dei Nebrodi”, “Parco dell’Alcantara” and “Parco dell’Etna”. Currently the preliminary paperwork is underway for the establishment of the “Parco dei Sicani”. It is however worth noting that in Malta there are also 26 Bird Sanctuaries with a total surface of 1,654.72 hectares, 20 Areas of Ecological Importance with a total surface of 2,940.85 hectares, and 38 Areas of Ecological Importance & Site of Scientific Importance with a total surface of 1,881.26 hectares which could become natural parks with a system of greater protection and maintenance of the habitats learning from the Sicilian experience.

Pursuant to the Ramsar convention, the cooperation area has 6 wetlands of which 4 are found in Sicily (areas of Biviere di Gela – Vendicari – Natural Integral Reserve “Saline di Trapani e Paceco” – the Natural Integral Reserves “Lago Preola e Gorghi Tondi” and “Pantano Leone” and the coastal swamps of Feto Cape located in the provinces of Caltanissetta, Syracuse and Trapani) and no. 2 in Malta (areas of Ghadira and Is-Simar).

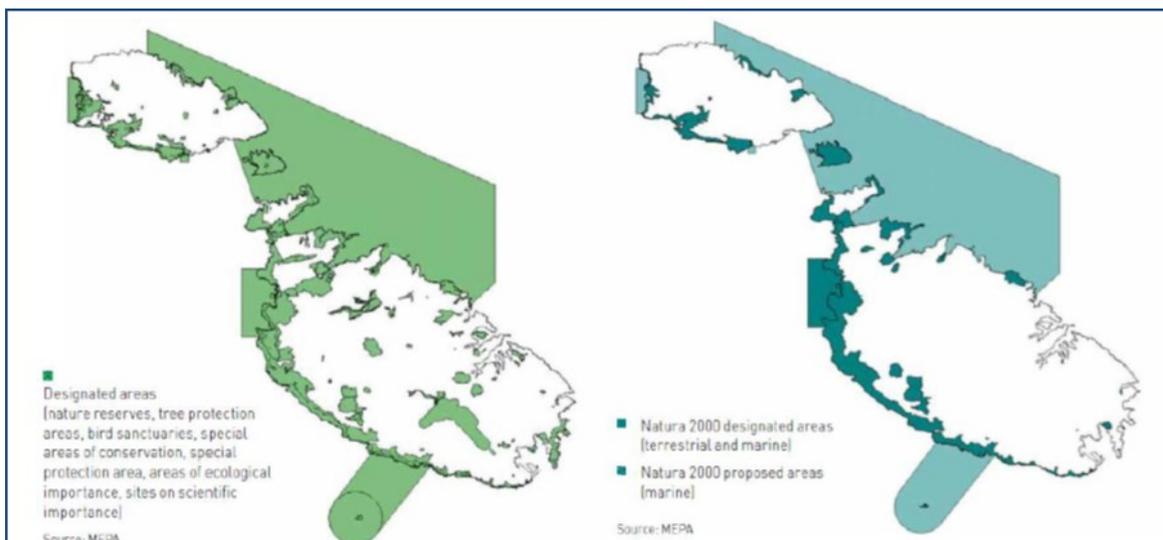
Finally it is important to signal the presence in the Sicilian side of 6 Natural Marine Protected Areas (Plemmirio, Lachea isle, Ustica, Capo Gallo, Egadi and Pelagic islands, located inside the provinces of Syracuse, Catania, Palermo, Trapani and Agrigento) which have allowed, already in the course of the Italia-Malta 2007-2013 programme, to activate important actions for the characterization of the marine ecosystems with some marine areas of interest of the Maltese territory that are not yet protected by specific national regulatory instruments. (Figures 12 and 13).

Fig. 12 – *Natura 2000 sites in Sicily*



Source: Elaboration SITR – Regione Siciliana 2012

Fig. 13 - Natura 2000 sites in Malta

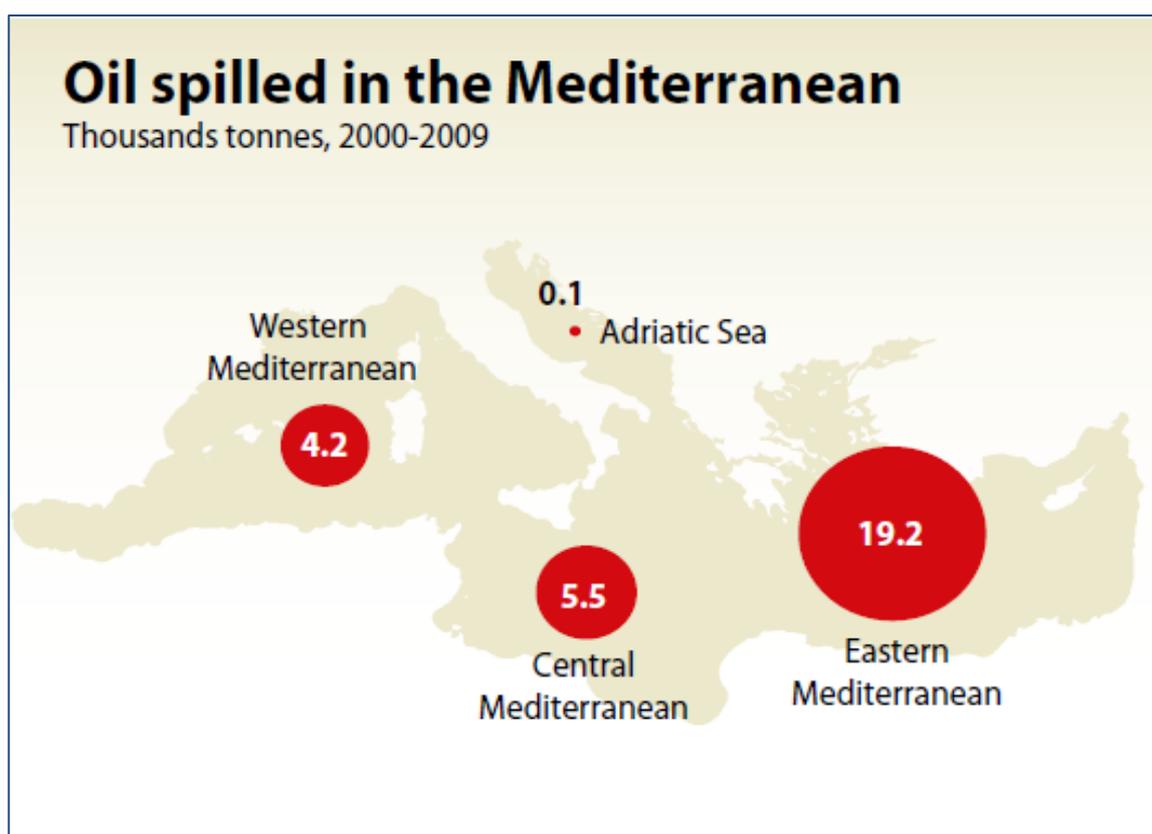


Source: MEPA 2012

Concerning the **state of health of the sea** the cooperation area shows very common characteristics in terms of the various forms of pollution as well as the effects of climate change (seawaters overheating).

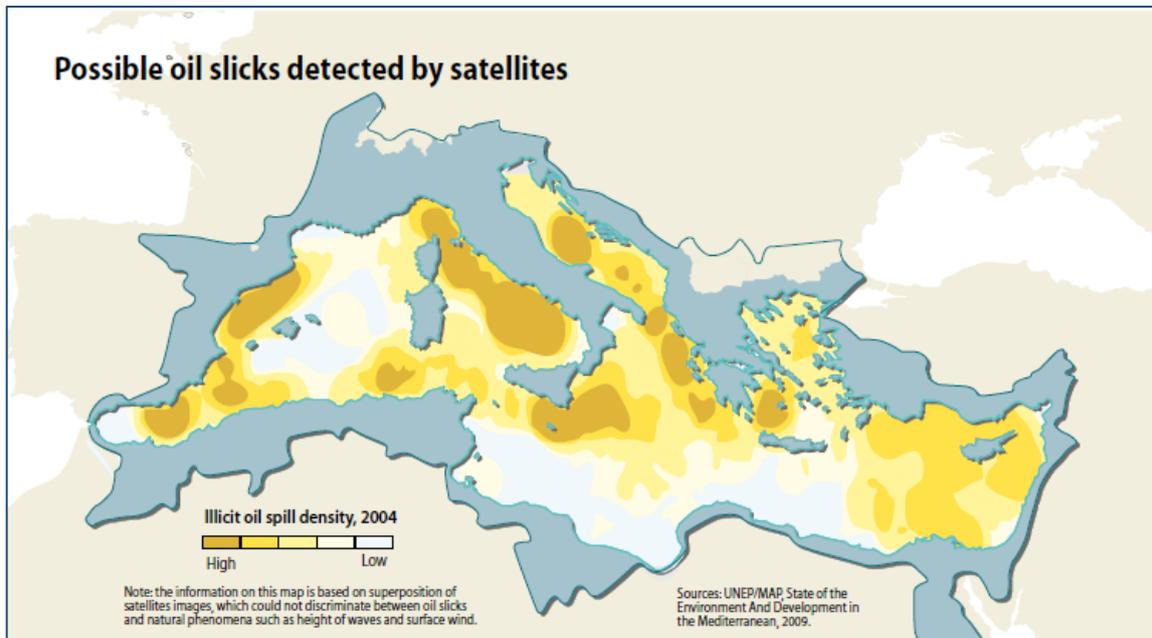
As to the form of pollution that have causes common to the territories we evidence the main data of the report “State of the Mediterranean Marine and Coastal Environment 2012 – United Nations Environment Programme/Mediterranean Action Plan (UNEP/MAP)”. The report focuses the attention on the maritime transportation which is carried out also inside the maritime space of the cooperation area since it represents one of the main sources of pollution from oil hydrocarbons. According to the UNEP / MAP 2006 report 0.1% of the crude oil transported in the Mediterranean Sea is thrown into the water as result of the illegal operations of tank washing of the oil tankers in transit, while other oil dumping is the result of bunkering operations, of the bottom cleaning and of the discharge to sea of bilge oil. The UNEP/MAP 2012 report estimates that just in the central Mediterranean sea, from 2000 to 2009, the systems utilized have recorded oil spill dumping that correspond to about a total of 5.5 million tons while the images from the satellites identify a high possibility of oil spill dumping just close to the cooperation area (Figures 14 and 15). The effects of the hydrocarbons pollution determine very grave consequences on the marine and coastal flora and fauna of the cooperation area which are strongly affected at genetic, cellular and biochemical level. These damages, which sometimes entail the destruction of ecosystems, have consequences both in the short and medium term, as well as in the long term with time frames even exceeding 10 years.

Figure 14 – Registered oil spills from 2000 to 2009 - REMPEC system



Source: UNEP/MAP 2012

Fig. 15 – Possible oil slicks detected by satellites



Source: UNEP/MAP 2012

In addition to hydrocarbon pollution, we also see a strong presence of marine litter close to the bays and some coastal territories of the two islands. To this end it is important to remember the state of coastal degradation of the South-eastern side of Sicily and of the island of Malta, the concurrent causes of which have to be looked for both in the presence of coastal water-bearing areas which are most exposed to the risk of marine intrusion in the water-bearing layers, the pollution caused by the agricultural activities, the progressive presence of non-indigenous species (flora and fauna) present in the area's coastal zones. Such causes should be investigated in multidimensional phenomena relating to both the presence of coastal water-bearing areas which are most exposed to the risk of marine intrusion in the water-bearing layers and in the effects of the pollution caused by the agricultural activities performed in such areas. And in truth, the progressive presence of non-indigenous species (flora and fauna) present in the area's coastal zones are the result of: 1) the marine environment's eutrophication processes, 2) the natural invasion of species through superheated water channels of the Suez Canal and the Strait of Gibraltar; 3) species carried by ships across "the incrustations" present on ship hulls and/or present in ballast water; and finally 4) the intentional and non-intentional introduction related to activities such as aquaculture, including commercial species, bait, and aquarium species (EEA and UNEP 1999).

Finally, to strengthen the natural capital in the area means improving the research and the data, enriching the knowledge base and promoting participation methods aimed at safeguarding the highly natural environment. The failed implementation of safety measures in the territories over the years has entailed ever higher costs and operations of extraordinary maintenance, exposure of the community and loss of habitat and species. Insofar, considering the characteristics of the area and taking into account the total appropriation of the CP, the anticipated actions will however contribute to mitigate the effects and to promote climate change adaptation as well as to improve the competences in issues of risk management. In this regard, the selected thematic objectives, and in particular OT 5, will contribute and reduce the pressure on the natural heritage caused by environmental factors, such as climate change and human activities. Also for that which regards the actions proposed within OT 3, it should be noted that these actions will contribute to

encouraging the creation and the development of the enterprises within the environmental upkeep sectors even with reference to the exploitation of commercial ideas to face the effects and to promote the adaptation to climate change. Finally, to promote and safeguard the natural environment, the CP will focus the resources for joint actions provided for within the scope of OT 6 which partly aim at the recovery of the habitats, and to the better of their knowlege (migration routes, fish species, fauna, etc.) and on the other hand at the development of a joint system for the mitigation of the (natural and anthropic) risks existing in the territory.

f) Transport

Insularity is one of the characteristics common to the cooperation area and undoubtedly represents an element that contributes to increase the difficulties of the Sicilian and Maltese manufacturing systems in increasing their competitiveness against the external context.

With reference to the degree of the infrastructure of the eligible area, there is a strongly differentiated scenario, with maritime and air accessibility that in general could be considered as satisfactory.

Concerning the availability of port and airport nodes which are more relevant to the nature of the Programme, the cooperation area has on the Sicilian side two first-level airports in Palermo and Catania and four second-level airports, two of which located in Trapani and Comiso on the main island and two located in the minor Sicilian islands of Lampedusa and Pantelleria. In particular, the airports in Catania and Trapani guarantee daily and/or weekly flights to Malta.

As regards maritime transportation, the Sicilian harbours involved in trade of goods from and to Malta are Catania, Augusta, Pozzallo and Gela. Gela and Augusta are part of the TEN Trans European Network.

In response to a small territory and to a high population density, Malta has always given high importance to its accessibility, placing emphasis on the state of the roads and the port and airport infrastructure, considering that the competitiveness of its development model depends on transportation infrastructures.

The Maltese infrastructure base consists in an airport in Malta and a heliport in Gozo. The Maltese harbours are four: Valletta, Marsaxlokk, Cirkewwa and Mgarr, which are part of the Maltese network "TEN-T".

Notwithstanding such characteristics and the recent increase in traffic, the infrastructure base of the cooperation area is still inadequate compared to EU27 countries. This is due to the fact that some of the infrastructures are obsolete, which is not taken into account by the infrastructural base indicators, which tend to focus on the quantity rather than do not take into consideration by the quality of the infrastructures.

Taking into account the actual difficulty in satisfying the needs of the cooperation area related to accessibility for the various reasons mentioned above, we repeat that such topic will be handled by the ERDF [European Regional Development Fund] priorities at regional and national level for Sicily and Malta.

g) SWOT analysis of the Italia-Malta area

The SWOT analysis of the area has been made by taking into account the following assets: Research and Innovation, Competitiveness of the micro, small and medium enterprises, Environment.

Tab. 6 – SWOT analysis of the Cooperation Programme Italy-Malta 2014-2020

		Research and Innovation	
Endogenous factors	Strengths	<ul style="list-style-type: none"> • Presence of a significant number of university and research facilities • Presence of scientific networks and consolidated partnerships between the two shores that involve the universities of the two islands and the main government research entities • Significant presence of some sectors common in the area with a high innovation potential (electronics, mechatronics, micro- and nanosystems, biotechnologies applied to life sciences) 	Weaknesses
		<ul style="list-style-type: none"> • Low investment in R&D • Significant departure from the cooperation area's values when compared with the EU area average in relation to innovation performance indicators identified by the EU (RIS 2014) • Business are inclined to invest in non-technological innovation models • Low level of interaction and exchanges of experiences among academic researchers and experts • Low level of data exchanged between the two countries • Low level of exchange of expertise and mobility of persons between the two territories • Lack of adequate research structures on the Maltese side 	
Exogenous Factors	Opportunities	<ul style="list-style-type: none"> • Increasing enlargement of the cooperation area with the countries of the southern shore of the Mediterranean • Progressive diffusion of new forms of innovation promotion based on the bottom-up promotion of demand (smart communities, smart cities, and social innovation) • Progressive diffusion of databases to be networked in order to ensure a continuous dialogue between the two islands • Strong motivation of major research institutions in the cross-border region to work together on innovation and research issues • Progressive diffusion of ICT use amongst SMEs 	Threats
			<ul style="list-style-type: none"> • Progressive exodus of the area's young researchers to areas of northern Europe • Increasing difficulty of access to innovative and technological services for the populations of small islands and hinterland areas • Lack of attention of research and innovation policies in the territories of the area's smaller islands

		Competitiveness of micro, small and medium-sized enterprises	
Endogenous factors	Strengths	<ul style="list-style-type: none"> • Increasing use of ICT by individuals and businesses enterprises • Presence of micro, small and middle-sized enterprises; • Existence of production districts that promote cooperation between the two islands (electronics, R&I, agri-food, crafts sectors etc.) • Presence of quality handicraft products and agri-food products specific to the territory (PDO, PGI) • Strong touristic-orientation for both territories 	Weaknesses
			<ul style="list-style-type: none"> • Significant presence of isolated SMEs which are poorly integrated in networks • Low level of orientation towards innovative business models • Poor level of integration of labour markets in the cross-border area • Risks of deterioration of touristic competitiveness due to lack of innovation • Loss of competitiveness in business systems • Poor level of integration between users and entrepreneurs in the hospitality sector and local authorities
Exogenous Factors	Opportunities	<ul style="list-style-type: none"> • Increasing clustering of SMEs • Developing joint strategies for smart specialization as well as the creation of co-investing tools and platforms • New forms of investments related to social innovation • Creation of smart connections between the business sector, research and higher education institutions • R&D sectors specialised in ICT (telecommunications, web marketing, e-commerce, etc.) 	Threats
			<ul style="list-style-type: none"> • International market more competitive than ever • Neighbouring territories (North Africa) that have considerable locational advantages for businesses • Increase in the cost of energy and transportation • Low level of interest amongst entrepreneurs in R&I

Environment		
Endogenous factors	Strengths	Weaknesses
	<ul style="list-style-type: none"> • Presence of natural and cultural assets, which are not adequately promoted and/or of national and international relevance, widely spread in the cross-border territory • Presence of natural areas of Community interest (SIC and SPAs) and natural parks and reserves • Presence of natural wetlands and/or artificial Areas (RAMSAR areas) related to bird migration • Presence of scientific networks and partnerships established between the two sides that have developed joint projects aiming at the protection and promotion of the environment • Presence of technology systems for monitoring the Channel between Sicily and Malta against risks (natural and anthropogenic) coming from the sea 	<ul style="list-style-type: none"> • Presence of accentuated coastal erosion phenomena • Inadequate integration between tourism policies and cultural and environmental policies • Significant contribution of industrial activities to the emission of pollutants into the atmosphere (in areas of heavy industrial concentration) • Processes of soil degradation and increased risk of desertification • Weak coordination in the implementation of policies for the management of cross-border territory • Absence of an integrated cross-border system for sea and weather forecasts • Lack of systems for the evaluation of seismic and volcanic risks in the Channel between Sicily and Malta • Lack of integrated systems between the two islands for the protection of biodiversity and ecosystems • Lack of joint actions to improve the Maritime Spatial Planning knowledge by providing an integrated maritime surveillance system • Lack of joint programs in the field of health and protection against the risks for people • Low level of preparation of land and human resources to counter the effects resulting from climate change
Exogenous Factors	Opportunities	Threats
	<ul style="list-style-type: none"> • Sustainable use for recreational and cultural purposes of protected areas and areas of great natural value • Increasing dissemination of methods of production with low environmental impact (organic and green farming) and progressive reduction of the use of chemicals • Growing social awareness for landscape-environmental aspects • Improve cross-border coordination for the environmental risk management linked to incidents and deliberate activities of sea pollution • Adoption of joint measures to adapt to climate change and for risk prevention and management, in particular with regard to the protection against floods and coastal defence • Creation of joint intervention protocols in the field of health and risks to people 	<ul style="list-style-type: none"> • Increase of populated surface (soil sealing) and progressive degradation of the landscape (risk of desertification) • Aquifer pollution (e.g., salinization and nitrates) • High probability of accidents due to the increase of the maritime traffic in the Channel between Sicily and Malta and in particular of oil tankers • Climate change, greenhouse effect and radicalisation of meteorological events • Increased risk of natural disasters due to climate change • High costs involved in repairing the damage caused by natural disasters

1.1.1.4 Strategy of the Italia-Malta OP

On the basis of the socio-economic analysis and taking into account the principle of “thematic concentration”, the Italia-Malta programme proposes to **contribute to a smart, sustainable and inclusive growth at cross-border level, aiding specialization in R&I sectors, fostering the competitiveness of micro, small and medium sized enterprises, protecting the environment and promoting actions to mitigate climate change effects and the natural and anthropic risks of the area.**

This objective will take into consideration the potentialities and the challenges of the main sectors of interest of the area linked **to environmental protection, land and sea safety, cultural heritage, to the quality of life and to citizens’ health.**

Hereunder are reported the main challenges and needs of the Italia-Malta 2014-2020.

	Summary of the analysis	Main challenges	Main needs
Smart growth	<p>The presence of a very dynamic productive fabric (micro, small and medium enterprises) that operates in some sectors of experimental and applied research and in the development of advanced technologies but that unfortunately is not able to secure long-lasting expert processes. Furthermore, there is in the area a fairly good level of trade between Sicilian and Maltese enterprises that testify to a stable and consolidated economy. The Area has several territorial excellences and moderately advanced services but it is not classified among the technologically advanced regions (TAR), that is regions that have specializations in the manufacturing sector with a medium-high technological level and Knowledge-intensive services (KIS). Besides, especially on the Maltese side we can observe that the research is strongly limited because of the lack of adequate infrastructures and the lack of research opportunities, with the consequent effect that the few qualified resources cannot be absorbed by a productive and/or academic fabric which is not robust enough.</p> <p>Notwithstanding the positive performance recorded in the last period, the cooperation area still remains far away from the levels of the Member States classified as “innovation leaders”. Compared to the EU28 Member States, Italy is in fact in 18th place in the advanced technology sectors, while Malta is in 21st place.</p>	<ul style="list-style-type: none"> ○ Increasing specialization in R&D from other areas; ○ Reaching the objectives of the EU 2020 strategy ○ Improving the R&I in the sector of the environmental protection, of security of land and sea, of the cultural heritage, of the life quality and health of citizens; ○ Strengthening and increasing the interaction among clusters, networks, economic sectors, value chains at cross-border level 	<ul style="list-style-type: none"> ○ Better focused interventions on common innovation sectors Electronics, Mechatronics, Micro and Nanosystems, Biotechnology and Research applied to human health ○ Higher investments in R&D ○ Better competitiveness of businesses ○ better connections among regional networks and clusters able to generate critical mass in terms of research and innovation ○ Closer connection and cooperation between research, innovation and businesses ○ Better capacity of micro- SMEs to use the results of research and innovation provided by large research

			<p>and innovation poles</p> <ul style="list-style-type: none"> ○ More investments in social innovation
Sustainable growth	<p>The cooperation area shows a general situation characterized by very high vulnerability, with the consequent generation of several risk scenarios: hydrogeological, seismic, desertification, volcanic, loss of biodiversity, desertion of the habitats by some endemic species and risks coming from the sea.</p> <p>The causes of such vulnerability of the environmental system of the territories in the area are mainly of a natural origin, but have been worsened, over the last years, by the irreversible effects of the climate change.</p>	<ul style="list-style-type: none"> ○ Mitigating the consequences of climate changes at cross-border level ○ Reducing coastal and urban pressure through a long term sustainable and integrated development (energy, water, building, planning, transports services, health, advanced services) ○ Reducing the pressure on coastal/see areas and natural heritage caused by economic activities 	<ul style="list-style-type: none"> ○ Higher resilience of the coastal areas, of the biodiversity, of the natural heritage to the human pressure and climate change consequences (awareness raising, change of habits, services for the ecosystem, etc.) ○ Better sustainable management of the Natura 2000 sites ○ Less vulnerability of the cross-border area to natural and anthropic risks ○ Higher reduction of marine pollution and marine litter
Inclusive growth	<p>The worsening of employment rates, with strong consequences on household revenues, has entailed the increase of values linked to poverty indicators and to social inequalities, to the flight of human capital (especially of young University graduates and/or researchers). This effect will cause an increase of the ageing phenomenon already present at cross-border level.</p>	<ul style="list-style-type: none"> ○ Enhancing the quality of life, the employment rate and the economic level of the cross-border area affected by the ageing of the population ○ Increasing the socioeconomic inclusion rate of young people, in particular PhDs and graduates 	<ul style="list-style-type: none"> ○ Better promotion of the social innovation in connection with the socio economic needs of the area ○ Easier mobility of the workers and the specialized researchers within the cross-border area

Having regards to the outputs and actions related to its strategy, the Italia-Malta programme will pay particular attention to the development of **regional innovation strategies and smart specialization strategies** of both territories involved affecting key sectors mentioned previously in the analysis. For these reasons the programme is mainly delivering concrete and tangible outputs such as Investment for research and innovative environmental services, contribute in favour of spin-off, start-up, excellent centres, clusters, value chain, new technologies for risks management at cross-border level, etc. As a consequence neither support for study, census activities, exchange of best practices between key player or experts nor dissemination and promotional oriented activities will be financed.

Looking at the thematic concentration principle, the OP strategy will remain oriented to mainly give a concrete contribution for to enhancing the economic and social development rate of the cross-border area through the promotion of the research and innovation and making a reasonable use of natural resources by protecting the environment and assuring a more sustainable management and safety of its resources.

The sets of the proposed activities are also strongly in line with the chapter 4 “priorities for European Territorial Cooperation” of the **position papers** drafted by the European Commission for Italy and Malta. In details, it is the case to be highlighted that the Maltese position paper identifies some areas of relevance for Malta such as:

- R&I: in order to increase the investments in research and innovation and promote coordination between R&I centres and universities with the involvement of the enterprises.
- Protecting the environment and promoting efficient use of resources: risk prevention and water protection (Mediterranean Sea) in the borders are of special relevance.
- Creation of borders network for preventing natural disaster such as floods, earthquakes.
- Strengthening the cross-border labour market and fostering workers' mobility.
- Enhancing the potential of the blue economy and generating sustainable growth and new jobs in maritime sectors, such as the development of maritime tourism. Cooperation to improve marine knowledge, Maritime Spatial Planning and Integrated Maritime Surveillance should be foreseen.

To achieve the general aim and to ensure the **maximum cross-border added value of the maritime cooperation programme**, in the light of the subscribed strategies in the Italian and Maltese Partnership Agreement, it is necessary to concentrate the resources on the following **cross-border development needs** to the priorities of the assets investment:

- **Environmental Protection:** concerns environmental protection, waste management and evaluation, the development of technologies for the organisation of new products, including energy, deriving from the recycling of waste materials, the promotion within the building sectors of new solutions, technologies and new high-performance materials, according to the “Zero Impact Building” principle, the control and the reduction of pollution factors.
- **Land and sea safety:** concerns the development of new systems and technologies for the safety, monitoring, cleaning and conservation of the marine and coastal environment, the development of innovative integrated systems for the management of emergencies, the protection and the implementation of land and sea safety measures.

- **Cultural heritage:** concerns the development of new technological solutions for the diagnostics, the recovery, the conservation, the digitization, the fruition of material/ non-material cultural goods, to evaluate the impact in environmental, touristic and cultural terms, and to foster the integration of innovative public and private services in cities.
- **Quality of Life and Citizens' Health:** concerns the development of innovative technological solutions, pilot installations and products which, according to a scheme of Ambient Intelligence and "Ambient Assisted Living", allow to redesign the domestic life environment in order to guarantee a better quality of life of the people, the inclusion, the safety, as well as a full autonomy of people with disabilities, the development of e-medical services at above-local level and the improvement of the interaction model between medical structures.

The tools and services delivered at the priority axis level, respond to the needs of the area's economic development of the CBC area which emerged with the analysis.

e) **Social cohesion and social innovation**

Within the new strategy EU 2020, innovation is not only technological but includes also the non-technological and in particular social innovation. The panorama of social innovation in Sicily shows a very high degree of sectorial and thematic transversality, ranging from the experiences in the socio-medical, IT, economic and cultural sectors to those of a more strictly social nature. Data analysis reveals new forms of social interaction and citizenship participation which go well beyond the traditional approach to the simple use of public and private services, innovative forms of appropriation of urban and virtual spaces, creative self-employment and a strong disposition to the creation of networking inside and outside the national boundaries.

For what above, it is confirmed that in different fields of intervention a positive attention will be paid to projects that shall involve partners or shall take measures that have positive effects on social cohesion and social innovation.

f) **Data and knowledge management**

Each project and each project beneficiary must make available for public the data used for the project or generated by the project in order to disseminate experiences and results. Projects are encouraged to deliver datasets in line with the "open data by default" principle in order to promote a large reuse of data between public institutions, partners and a wider audience. From a geographic point of view and looking at the maritime component of the CBC area in addition to urban and coastal areas, the OP will grant a special attention to the small Islands (Aeolian Islands, Egadi, Pelagic, Pantelleria and Ustica for Sicily, Gozo and Comino for Malta) and remote areas in order to fully involve these territories in the priorities of intervention such as: innovative services for citizens to better improve their life and the health quality, restoration and protection of the biodiversity, measure to face on the climate change effects (coastal area erosion), measure to promote sustainable plan for tourism, etc.

Concerning the programme's geographical area, the NUTS III areas of Messina and Enna have been included for the realisation of the intervention strategy. The necessity to include the **territories of Messina and Enna** in the Italia-Malta 2014-2020 programme is linked to the necessity to ensure territorial continuity as regards Sicily and therefore to allow the programme to carry out interventions which are aligned with the aims of the cohesion policy.

The inclusion of Messina area is an opportunity to involve specialized beneficiaries that are entitled to manage the theme of the risk preventions in the coastal area and the safety of the navigation. In fact, as it is well known, the “Messina Strait” is the main maritime entrance to the channel and to the sea space between Sicily and Malta. The inclusion of Enna is an opportunity to share methodology about the theme of the valorisation of the “internal areas” as required by the strategy 2020. In both cases, it is confirmed the added value to include within the OP the areas of Messina and Enna, for the purpose of addressing the programme’s funds to improve the citizens’ life and the health quality

1.1.2 Justification for the choice of thematic objectives and corresponding investment priorities, while taking into account the common strategic Framework, on the basis of a needs analysis of the area covered within the scope of the application of the programme in its entirety, as well as the strategy chosen accordingly, to respond, where appropriate, to the problem of the missing connections within the cross-border infrastructures and taking into account the results of the ex ante evaluation.

Table 1
Reason behind the choice of the thematic objectives and the investment priorities

Selected thematic objective	Selected investment priority	Justification for selection
Thematic Objective 1 Strengthening research, technological development and innovation (...)	1.b) Promoting business investment in innovation and research and developing links and synergies (...)	<ul style="list-style-type: none"> - Need to better specialise the high innovative potential of the cross-border area (electronics, mechatronics, micro- and nanosystems, biotechnologies applied to life sciences) - Need to improve innovation capacities, competitiveness and internationalisation of SMEs within the European and international markets - Need to support social innovations in a context of strong economic crisis and tight public budgets
Thematic Objective 3 Promoting competitiveness of small and medium-sized enterprises	3.a) Promoting entrepreneurship, in particular by facilitating the economic exploitation of new (...)	<ul style="list-style-type: none"> - Need to promote and encourage business through the bottom-up demand (smart communities, smart cities, and social innovation) - Need to increase the growth rate in the driving economic sectors of the cross-border area (environmental protection and safeguarding, life quality and health of citizens) - Need to promote the sustainable development and the ecological forms of growth ("green growth")
Thematic Objective 8 Promoting sustainable and quality employment and supporting labour mobility	8e) ex Art. 7 of the EC Reg.) Promoting sustainable and quality employment and supporting labour mobility by integrating cross-border (...)	<ul style="list-style-type: none"> - Need to enhance the number of interactions and exchanges of experience among researchers/students and micro-SMEs
Thematic Objective 6 Protecting the environment and fostering an efficient use of resources	6d) Protecting and restoring biodiversity and soils; promoting services for ecosystems, even through Natura 2000 and green infrastructure	<ul style="list-style-type: none"> - Need to protect and recover the ecological diversity of the cross-border area threatened by human activities - Need to mitigate the pressure of tourism activities and urbanisation, especially in the coastal areas of the cross-border area
Thematic Objective 5 Promoting climate change adaptation, risk prevention and management	5b) Promoting investments targeting specific risks, thereby ensuring resilience in case of natural disasters and emergency management systems	<ul style="list-style-type: none"> - Need to mitigate any possible cross-border risks (natural and anthropic) - Need to reduce the pressure on natural heritage (coastal and sea areas as well NATURA 2000 sites) caused by human activities and environmental factors (especially climate change)

1.2 Justification of the financial allocation

The overall programme budget is **51.708.438 Euros**, with an ERDF contribution of **43.952.171 Euros** as detailed in section 3 of the CP. The financial allocation for each thematic objective has been defined on the basis of the necessity to:

- Reach the objectives proposed by the strategy in line with the position papers
- Carry out the action-types foreseen in the CP
- Involving the types of beneficiaries foreseen in the CP (mobilisation capacity) also on the basis of the experience derived from OP 2007/2013

Priority axis 1: Strengthening research, technological development and innovation

The enhancement of the R&I is one of the main challenge of the cross-border area. It shall be supported through the definition of focused interventions able to assure the specialization of high technological sectors (electronics, mechatronics, micro and nanosystems, biotechnologies applied to life sciences). It deals with the sectors that today are not able to emerge and express their potentiality in the European and international market.

The related actions shall mainly consist of the creation of clusters and networks that will connect the research sectors and the business sectors of the two islands; the development of models and prototype, innovative ideas as well as related costs for pre-seed phase; the transfer of knowledge and voucher to activate cross-border traineeship.

Key target groups are SME's and structures accompanying them such as public authorities, research structures and universities. On this regard the presence of SMEs within the CP is expected to be much higher than the previous programming period so that it is necessary to increase the allocated budget for such domain of interventions that already in the 2007-2013 period had a relevant adsorption. In fact, in the previous period, the ERDF programmed in Axis 1 (R&I) was € 8.771.274 corresponding to 9 projects whose 66% of partner structures were public authorities, 20% Universities, 6% research structures, 6% accompanying structures (SME organization) and 2% enterprises.

Thus, **the financial allocation for priority axis 1 is corresponding to 30%** bearing also in mind the interest showed by the stakeholders within the public consultation for the CP priorities.

Priority axis 2: Promoting competitiveness in the cross border area

Competitiveness of small and medium-sized enterprises is a key issue for EU objectives (Smart growth) and in particular for the needs of the cross-border area. The strategy of the CP started from the need to promote and encourage business through the bottom-up demand (smart communities, smart cities and social innovation). Bearing in mind the concentration principle, the CP intends to promote both the creation of new enterprises and the enhancement of those ones that already exist.

Foreseen activities consist of aids to create innovative start-ups, open spaces where to install test or research equipment, joint actions for promoting the birth of new enterprises, joint network to offer cross-border services such as SME's incubators, co-working spaces, fab-labs, etc.

For the 07-13 programme, there were no relevant actions that allowed estimating neither the base line of potential beneficiaries nor the stakeholder mobilization for such priority axis. Nevertheless, the theme of SMEs competitiveness has been considered as one of the key domain for the new programme within the public consultation.

Thus, **the financial allocation for priority axis 2 is corresponding to 17%** and takes into account the fact that this theme represents a new issue within the cooperation policies between the two Islands. On this regard, the axis will be implemented through small-scale investments such as a few numbers of pilot projects

Priority Axis 3: Protecting the environment and fostering an efficient use of resources

At CBC level, the environmental protection is one of the most challenging issues tackled by the CP. It is due to the fact that the increasing pressure on natural heritage and the lack of integrated systems between the two islands requires focused interventions on the protection of biodiversity and ecosystems. In line with the EU strategy (sustainable growth) the CP intends also mitigate the various risks scenario caused both by the negative effects of the climate change and by the human activities.

The related actions shall mainly consist of joint actions aimed at the protection and recovery of ecological diversity (also through innovative services and advanced technologies), pilot projects to restore the marine ecosystems, actions able to mitigate any harmful effect of possible marine hazard scenario.

The stakeholder groups are several, as the Priority Axis 3 also combines several domains of activity: in particular public authorities, but also authorities entitled to manage the protected areas, research bodies and Universities. Considering the thematic concentration, the proposal for budget allocation has been confirmed in relation to 07-13 period. In fact, in the previous period, the ERDF programmed in Axis 2 (Environment and risk management) was € 19.567.862 corresponding to 16 projects whose 53% of partner structures were public authorities, 27% Universities, 12% Research Centres and Consortia, 5% agencies for local development and 4% Managing Authorities of protected areas.

The environmental priority for 2014-2020 shall be supported by various proposals that will confirm the important achievements gained with the previous OP. Thus, **the financial allocation for priority axis 3 corresponds to 46,17%**, taking into account both the necessity to address and resolve the common challenges of the area resulting from the contextual analysis of the aspects of environmental protection and the effects of climate change, as well as the interest shown by stakeholders within the context of the various processes of public consultation for the identification of CP priorities.

Table 2: Overview of the investment strategy of the cooperation programme

Priority axis	ERDF support (EUR)	Proportion of the total Union support to the cooperation programme (by Fund)			Thematic objective	Investment priorities	Specific objectives	Result indicators corresponding to the specific objective
		ERDF	ENI (where applicable)	IPA (where applicable)				
1	13.185.651	30%			1. Strengthening research, technological development and innovation	1.b) Promoting business investment in innovation and research and developing links and synergies (...)	1.1 Enhance the activities of innovation and research to improve the quality of life and the utilization of the cultural heritage	1.1 Enterprises which adopt technologies and innovative services created and/or enhanced at cross-border level
2	7.471.869	17%			3. Promoting competitiveness in the cross-border area	3.a) Promoting entrepreneurship, in particular by facilitating the economic exploitation of new (...)	2.1 To promote the creation and the enhancement of enterprises (micro, small and medium) in the intervention field of the cooperation area	2.1a Enterprises which engage in cross-border commercial activities 2.1b New employees of active enterprises in intervention fields: safeguarding the environment and the quality of life and citizens' health
					8. Promoting sustainable and quality employment and supporting labour mobility	8e) promoting sustainable and quality employment and supporting labour mobility by integrating cross-border (...)	2.2 To promote the mobility of workers in the cooperation area through collaborative networks	2.2. Workers participating in cross-border mobility initiatives

3	20.294.651	46.17%			6. Protecting the environment and fostering an efficient use of resources	6d) Protecting and restoring biodiversity and soils; promoting services for ecosystems, even through Natura 2000 and green infrastructure	3.1 To contribute towards the arrest of the loss terrestrial and marine biodiversity in the area, maintain and reactivate the ecosystem and the protected area	3.1a Protected marine sites and areas that develop joint actions for the biodiversity protection 3.1b Protected terrestrial sites and areas that develop joint actions for the biodiversity protection
					5. Promoting climate change adaptation, risk prevention and management	5b) Promoting investments targeting specific risks, thereby ensuring resilience in case of natural disasters and emergency management systems	3.2 To promote systemic actions and technologies able to mitigate the climate change effects and the natural and anthropic risks with a particular reference to the catastrophic from the maritime risks	3.2 Area monitored by cross-border technological systems
Technical Assistance	3.000.000	6.83%					4.1 To guarantee support actions aimed at the implementation of the programme, thereby improving the efficiency and effectiveness of the programme's management and surveillance system.	
ERDF TOTAL		43,952,171						
ERDF +CPN		51,708,438						

SECTION 2. PRIORITY AXES

(Reference: points (b) and (c) of Article 8(2) of Regulation (EU) No 1299/2013)

Section 2.A. Description of the priority axes other than technical assistance

(Reference: point b) of Article 8(2) of Regulation (EU) No 1299/2013)

2.A.1. Priority Axis 1

ID of the priority axis: Priority Axis 1

Title: Promoting the smart and sustainable growth through research and innovation

The entire priority axis will be implemented solely through financial instruments

The entire priority axis will be implemented solely through financial instruments set up at Union level

The entire priority axis will be implemented through community-led local development

2.A.2. Justification for the establishment of a priority axis covering more than one thematic objective

(Reference: Article 8(1) of Regulation (EC) n. 1299/2013)

Not applicable

2.A.3. Fund and calculation basis for the Union support

Fund	FESR
Calculation basis (total eligible expenditure or eligible public expenditure)	13.185.651

2.A.4. Investment priority 1.b

(Reference: point (b)(i) of Article 8(2) of Regulation (EU) n. 1299/2013)

1.b) promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies.

2.A.5. Specific objective 1.1 corresponding to the investment priority and the expected results

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	1.1
Specific objective	Enhance the activities of innovation and research to improve the quality of life and the utilization of the cultural heritage.

<p>The results that the Member States seek to achieve with Union support (3500)</p>	<p>On the basis of the analysis performed at cross-border level and as on the other hand confirmed by the report “Regional Innovation Scoreboard 2014” which includes Sicily and Malta in the list of the moderate innovators, the cooperation area is strongly characterized by a weak innovative capability. In addition to this structural situation, there is also a scarce propensity of the public and private sectors both to investing in R&I and to absorbing progressively the human capital specialized in the advanced technology sectors. The effects of such cyclical scenario have entailed in the latest years a limited capability of the business fabric of the two islands to secure long-lasting growth processes built on expertise.</p> <p>Through this specific objective the Cooperation Plan intends to improve the conditions of the innovation framework of the cross-border area, strengthening the specialization of some technologically advanced sectors identified in the following KETs: Electronics, Mechatronics, Micro and Nano Systems, Biotechnologies and research applied to human health.</p> <p>By activating the necessary cross-border networks between the research areas and the production areas of the two territories (clusters, production districts, Universities, research institutions – public and private, SMEs, incubators, individual and/or associated social innovators, etc.) the Cooperation Plan will try to ensure the creation of a demand for structured innovation within the scope of “cultural heritage” and “quality of life and citizens’ health”.</p> <p>Within this framework the Cooperation Plan will also act to strengthen the clusters and the networks between the research sectors and the entrepreneurial world of the two islands to sustain the costs linked to patenting, prototyping and the costs that are typical of the pre-seed phase.</p> <p>On the basis of the results of the experience of the 2007-2013 programme, which have ensured the activation of several forms of exchange of specialized staff for empowerment actions and the transfer of knowledge for the purpose of scientific research, the Cooperation Plan will also ensure measures aimed at guaranteeing the absorption of human capital in specialized sectors in order to contain the brain-drain phenomenon.</p> <p>In line with the orientation of Europe 2020, the Programme intends to achieve the following expected result strictly connected to the selected investment priority: Technologies, action and innovative services joint developed and/or enhanced</p>
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Table 3: Programme specific result indicators (by specific objective)

(Reference: point (b)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value ¹ (2023) 100 char. max	Source of Data 200 char. max	Frequency of reporting 100 char. max
1.1	Enterprises which adopt technologies and innovative services created and/or enhanced at cross-border level	ΔN	15	2013	+20	Programme monitoring tools	Every two years

2.A.6. Actions to be supported under the investment priority

2.A.6.1 *A description of the type and examples of actions to be supported and their expected contribution to the specific objectives including, where appropriate, the identification of operations and where appropriate, of the main target groups, and the types of beneficiaries*

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 1.b	“Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies”“(…)”
<p>TYPE OF ACTIONS</p> <p>A. Interventions aimed at financing costs related to the introduction of forms of “non-technological innovation” in order to promote the productive system;</p> <p>B. Intervention aimed at sustaining R&I activities to improve the quality of life and the utilization of the cultural heritage</p> <p>C. Interventions aimed at financing exchanges and mobility of reserchers;</p> <p>The following list of possible project initiatives that can be activated respectively for the three above mentioned categories of actions is not exhaustive and could be completed by any other initiatives in order to contribute to the achievement of the specific 1.1 objective</p>	

¹ Target values can be qualitative or quantitative.

A.1 Actions to support clusters and districts of the Programme territories to identify innovative solutions for the enterprises to develop “non-technological innovation” (eg. brands, processes, marketing and services for enterprises which operate within the cross border area);

A.2 Enabling the use of areas for open innovation such as living labs//hubs for business services and Public Administration;

B.1 Strengthening of the Research Centres through material investments for the R&I in favour of the productive system to safeguard the cultural heritage, thereby improving its utilization, and implement pilot projects to improve the quality of life and social inclusion;

B.2 Investments to promote (incubated and non-incubated) spin-offs for services with high technological and innovative value between Universities and enterprises operating within the sectors of cultural heritage, quality of life and citizens’ health;

C.1 Support of cross-border mobility of researchers through the distribution of vouchers for the development of an “innovative and/or research project”.

- **Final recipient:** Local, regional and national authorities, manufacturing districts, SMEs and business operators, research PhDs, individual and/or associated social innovators, enterprises, Universities and research centres, Civil Society.
- **Territory involved:** The actions are aimed at the entire territory of the cooperation area.
- **Beneficiaries:** Central administrations and local authorities, research institutions, Universities, Clusters/districts, SMEs, micro enterprises, newly established enterprises (including spin-offs), enterprise incubators, Chambers of Commerce, Knowledge agencies and intermediaries.

2.A.6.2. The guiding principles for the selection of operations

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 1.b	“Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies”
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The interventions relative to such objective are pursued in line with principle of sustainable development and the support of enforcement and the improvement of the environmental qualities, as defined in Article 8 of Regulation EU 1303/2013.

More specifically, such interventions answer a *diffusion-oriented* logics, or aimed at the creation of an innovative cross-border ecosystem centred on the capability of offering *smart* solutions and on the birth of a new *innovation-based* productive fabric

The actions underlying this specific objectives are finalized to the strengthening of innovation, in its various forms and applications and based on innovative activities of the incremental type, linked to the use of innovative technologies, either already existing or anyway connected to the introduction of new solutions (not only technological ones) by a wide audience of beneficiaries.

Each operation will be submitted to an eligibility check ensuring that it fulfils essential requirements regarding the objectives of the projects, their partnership, cross border dimension and characteristic and budget. At this stage, applications must fully comply with the investment priority and specific objective they refer to. Eligible applications go through a quality check going more into the detail regarding their objectives, the strategy used and the means available.

The quality criteria will especially include:

- The coherence of the project with the strategy of the programme, investment priorities and specific objectives
- The coherence of the project with national and regional policies and measures implemented to create synergies and avoid overlapping
- The cross border dimension and characteristic of the project with partners sharing common needs and common objectives;
- The innovative dimension of projects, their concrete specialization on the KETs and their consequences in the mid/long term;
- The coherence of the partnership, the relevance and competencies of partners according to the project objectives
- The relevance of the financing plan and the coherence of the budget with the objectives set

Each call for the project selection will specify additional elements, criteria and administrative procedures (1 step or 2 step with a negotiation phase)

The Executive Committee, in view of the high specialist contents of the project proposals that will bear on this specific objective, may ask the Managing Authority to draw up a list of independent sectorial experts in order to verify, together with the SC, the scientific validity of the proposals.

2.A.6.3. The planned use of financial instruments

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 1.b	“Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service
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	development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies”
The opportunity of the elaboration and implementation of financial instruments will be debated during the implementation of the Cooperation programme. In case of positive decision by the Programme Authorities the MC will approve this possibility subject to the conclusions of the mandatory ex-ante assessment as required by Art. 37(2) of the CPR.	

2.A.6.4 The planned use of major projects

Where appropriate

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 1.b	“Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies”
Not applicable	

2.A.6.5. Output indicators

(Reference: point (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 4: Common and programme specific output indicators

ID	Output Indicator	Measurement unit	Target value (2023)	Source of data 200 char. Max.	Frequency of reporting 100 char. Max.
(CO01)	Number of enterprises receiving support	enterprises	100	Programme monitoring tools	every year
(CO04)	Number of enterprises receiving non-financial support	enterprises	100	Programme monitoring tools	every year
(CO43)	Number of participants in cross-border mobility initiatives	persons	200	Programme monitoring tools	every year
1.1.3	Spin-offs generated through research activities	number	10	Programme monitoring tools	every year

2.A.7. Reference framework for performance efficiency

(Reference: Article 8(2)(b)(v) of Regulation (EU) n. 1299/2013 e allegato II del regolamento (UE) n. 1303/2013)

Table 5: Reference framework for performance efficiency of the priority axis

Priority axis	Indicator type (Key implementation step, financial, output or, where appropriate, result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance to indicator, where appropriate
Axis 1	Output indicator	CO04	number of enterprises which receive non-financial aid	Enterprises	10	100	Programme monitoring system	The indicator measures the number of enterprises which will obtain benefits stemming from the development of services (non-technological innovation, markets, proceedings, marketing, living labs etc.) implemented by the clusters and districts of the area, from the pilot actions that the research centres will implement in favour of the production system by strengthening the R&I through material investments
	Financial indicator	1.1b	expense declared to the EC	Euros	2,637,129.41	15,512,531	Payment applications of the Certifying Authority	The indicator takes into consideration the expenses submitted by the CA to the EC on the basis of the request for reimbursement presented by the operations falling under Axis 1 between 2018 and 2023

2.A.8. Categories of intervention

(Reference: point (b)(vii) of Article 8(2) of Regulation (EU) n. 1299/2013)

Tables 6-9: Categories of intervention

Table 6: Dimension 1 – Intervention field		
Priority Axis	Code	amount in Euros
1	062 – Technology transfer and university-enterprise cooperation primarily benefitting SMEs	3.400.000,00
	063 – Cluster support and business networks primarily benefitting SME	3.400.000,00
	064 – Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation)	3.400.000,00
	067 – SME business development, support to entrepreneurship and incubation (including spin off and spin out support)	2.985.651,00

Tabella 7: Dimension 2 – Form of finance		
Priority Axis	Code	amount in Euros
1	01 – Non-repayable grant	13.185.651

Table 8: Dimension 3 – Territory type		
Priority Axis	Code	amount in Euros
1	07 - Not applicable	13.185.651

Tabelle 9: Dimension 6 – Territorial delivery mechanisms		
Priority Axis	Code	amount in Euros
1	07 - Not applicable	13.185.651

2.A.1. Priority Axis 2

ID of the priority axis: Priority Axis 2

Title: PROMOTING THE COMPETITIVENESS IN THE CROSS-BORDER AREA

The entire priority axis will be implemented solely through financial instruments

The entire priority axis will be implemented solely through financial instruments set up at Union level

The entire priority axis will be implemented through community-led local development

2.A.2. Justification for the establishment of a priority axis covering more than one thematic objective (if applicable)

(Reference: Article 8(1) of Regulation (CE) n. 1299/2013)

The goal of the Axis II of the Italia-Malta Cooperation Programme, consistently with Axis I, is to increase the competitiveness of micro, small and medium enterprises through the promotion of entrepreneurship, of employment and of mobility of workers in the following sectors: environmental protection and quality of life and citizens' health.

Consistently with the strategy identified in Axis I, also the intervention of Axis II shall have to ensure their contribution to the specialization of micro enterprises and SMEs of the area in the technologically-advanced sectors identified in the following KETs: Electronics, Mechatronics, Micro and Nano Systems, Biotechnologies and research applied to human health.

On the basis of the above, the Italia-Malta Cooperation Programme integrates within Axis II the investment priority 3a (Reg. 1301/2013) and the investment priority a.i (Reg. 1299/2013) in order to increase the impact and effectiveness of the actions that will be financed to increase the competitiveness of the SMEs of the cross-border area (thematic objective 3 and thematic objective 8).

The choice of integrating the two investment priorities within the thematic objective 3 derives from the data of the socio-economic analysis which shows the link existing between the loss of competitiveness of the area, the dynamics of the job market and the performances of the entrepreneurial system within the programme area.

In particular, long-term unemployment rates significantly higher than the EU27+4 and an entrepreneurial system characterized by a high mortality rate, have generated in the last years the flight of human capital, the increasing weakening of the productive fabric and the increase of the incidence of low added value activities.

The Cooperation Programme intends therefore to fight the effects of the loss of competitiveness inside the area (flight of the human capital, weakening of the productive fabric and an increase in low added value activities) by stemming the causes that have determined them. This will occur on one side by strengthening the entrepreneurial system through the birth/strengthening of enterprises and services, and on the other side, by sustaining employment through the creation of networks/exchanges of work

mobility.

Any possible choice to increase competitiveness of the business fabric by strengthening only one of the two main weak points of the economic system, the productive fabric or human capital, would significantly reduce the performances of Axis II, covering only in part the development needs of the area.

In fact, the themes of the strengthening entrepreneurship and increasing workers' mobility mentioned in TO 8 must by necessity be treated in a joint manner inside the Cooperation Programme, in order to achieve adequately the strategy of the Axis itself. All this considering that the presence inside the area of resources qualified in the advanced technology sectors against a business fabric which is unsuitable to absorb them, would end in weakening further the competitiveness of the territories.

Finally, taking into account the need to ensure an adequate level of thematic concentration and to increase the impacts and the efficiency of the actions proposed by the Italia-Malta Cooperation Programme, it is necessary to ensure a synergy and complementariness of interventions which, on one side ensure the birth and the strengthening of new enterprises, and on the other side favour workers' mobility of the area.

2.A.3. Fund and calculation basis for the Union support

Fund	FESR
Calculation basis (total eligible expenditure or eligible public expenditure)	7.471.869

2.A.4. Investment priority 3.a

(Reference: point (b)(i) of Article 8(2) of Regulation (EU) n. 1299/2013)

3.a) promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators;

2.A.5. Specific objective 2.1 corresponding to the investment priority and the expected results

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	2.1
Specific objective (500)	To promote the creation and the enhancement of enterprises (micro, small and medium) in the intervention field of the cooperation area.

<p>The results that the Member States seek to achieve with Union support (3500)</p>	<p>The cooperation area is characterized globally by a very high percentage of SMEs with a strong presence of “micro” enterprises which show a marked tendency towards the regional and national market. The entire cooperation area shows a very heterogeneous situation and remains characterized by a strong entrepreneurial dynamism. However, the analysis of the data has shown that the survival rate after three years from birth and the turnover rate are rather weak, if compared with national data and data from other European countries. The data therefore testifies to the fragility of the bases on which the enterprise has been set up, which do not allow to start long-lasting processes built on expertise.</p> <p>On the basis of the experience accrued by some interventions of the Italia-Malta 2007-2013 programme it has been possible to detect a strong interest of the beneficiaries of the cross-border territory on the topics of the social innovation as innovative and low-cost method to answer the problems that the economic crisis has caused for the citizens of the area.</p> <p>The result that we intend to achieve by this specific objective, keeping in mind the resources available, is to support and promote the requests and the projections originating from below (smart communities and smart cities) in order to answer the needs for the creation of new enterprises (micro, small and medium) and to strengthen the ones existing in the following sectors: environmental protection and quality of life and citizens’ health.</p> <p>In a logic of thematic concentration and of complementariness between the programme’s interventions, the specific objective 2.1 will increase the enterprises’ competitiveness and favour the so called “green growth” through tools and aid towards the enterprises in promoting the double objective of sustainability and competitiveness to transform knowledge into economic value.</p> <p>In order to avoid every possible form of overlapping with analogous interventions proposed by other programmes inside the territories, the interventions of the specific objective 2.1 shall have to demonstrate the consistency between the purposes of the programme, the proposed cross-border cooperation actions and the benefit for the beneficiaries of both the territories.</p> <p>Such condition will be necessary to ensure the support of new ideas, of new subjects and to promote the creation of enterprises that might bring new zest and new perspectives to the productive fabric of the area.</p> <p>In order to promote the entrepreneurial spirit and to increase the competitiveness and productivity of the existing enterprises, it is therefore necessary to support innovation and development through animation, promotion, support and accompanying services for the economic exploitation of new ideas and to help the new enterprises to position themselves on the</p>
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	<p>markets.</p> <p>In line with the orientations of Europe 2020, the Programme intends to achieve the following expected results strictly connected to the selected investment priority:</p> <ol style="list-style-type: none"> 1. new enterprises (micro, small and medium) generated in the cross-border area 2. enterprises (micro, small and medium) strengthened in the cross-border area
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Table 3: Programme specific result indicators (by specific objective)

(Reference: point (b)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value ² (2022)	Source of Data	Frequency of reporting
2.1a	Enterprises which engage in cross-border commercial activities	ΔN	15.247	2013	+12	Programme monitoring tools	Every two years
2.1b	New employees of active enterprises in intervention fields: safeguarding the environment and the quality of life and citizens' health	ΔN	736.760	2013	+20	Programme monitoring tools	Every two years

2.A.6. Actions to be supported under the investment priority

2.A.6.1 A description of the type and examples of actions to be supported and forecasting their contribution to the specific objectives, including, where appropriate, identifying the main groups of addressees, specific target territories and types of beneficiaries

Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 3.a	3a) to promote entrepreneurship, in particular by facilitating the economic exploitation of new ideas and by promoting the creation of new businesses, even through business incubators;
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² Target values can be qualitative or quantitative.

TYPE OF ACTIONS

A. Financial support to the birth and strengthening of new enterprises (micro, small and medium) operating in the intervention sectors defined in the axis.

The following list of possible project initiatives that can be activated respectively for the two above mentioned categories of actions is not exhaustive and could be completed by any other initiatives in order to contribute to the achievement of the specific objective 2.1.

- A.1 Development/strengthening of cross-border services linked to diagnostics, the commercial positioning of products, the compilation of business plans and foresight studies, to the predisposition of instruments to strengthen the commercial area (e-invoicing, tracking, e-tendering, electronic catalogues, etc.) to be allocated to potential micro, small and medium-sized enterprises;
 - A.2 Creation and strengthening of social innovation realities (coworking spaces, fab-lab, etc) to support and promote the birth of new enterprises and to strengthen those which already exist;
 - A.3 Aids for the start of innovative start-ups in the sectors of intervention of the Axis II strategy
- **Final recipient:** Local, regional and national authorities, manufacturing districts, SMEs and business operators, research PhDs, young people, individual and/or associated social innovators, Universities and research centres, civil society.
 - **Territory involved:** The actions are aimed at the entire territory of the cooperation area.
 - **Beneficiaries:** SMEs and micro enterprises (even in partnership), newly established enterprises, clusters/districts, Universities, public and private research centres, scientific parks, innovation poles, category associations.

2.A.6.2. The guiding principles for the selection of operations

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 3.a	“to promote entrepreneurship, in particular by facilitating the economic exploitation of new ideas and by promoting the creation of new businesses, even through business incubators”
<p>The interventions relative to such objective are pursued in line with principle of sustainable development and the support of enforcement and the improvement of the environmental qualities, as defined in Article 8 of Regulation EU 1303/2013, with particular reference to climate change adaptation.</p> <p>In order to guarantee the utmost consistency with interventions that will be selected and implemented under Priority Axis I, it is necessary that the forms of financial support envisaged by the interventions, shall have to be activated after a first phase of programming and implementation of the interventions as per Priority Axis I. Such choice will also be preparatory to allow the programme Authorities to set the main rules for implementation and granting of financing in compliance with the State Aid regulations and regulations of the respective Countries to allow participation of the private sector of the cross-border area.</p>	

From a general point of view and in line with Art. 12 of the ETC Regulation, each operation may be implemented in a single country, providing that cross-border impacts and benefits are clearly identified. Finally, a certain percentage from 5 to 10% of private co-financing could be envisaged in each operation that will be approved under these specific objectives. The Manual of the CP shall properly describe the modality how to implements such projects.

Each operation will be submitted to an eligibility check ensuring that it fulfils essential requirements regarding the objectives of the projects, the respect of the State Aid requirements, the partnership, the cross border dimension and the budget. At this stage, applications must fully comply with the investment priority and specific objective they refer to.

Eligible applications go through a quality check going more into the detail regarding their objectives, the strategy used and the means available.

The quality criteria will especially include:

- The coherence of the project with the strategy of the programme, the investment priorities and specific objectives
- The coherence of the project with national and regional policies and measures implemented to create synergies and avoid overlapping
- The cross border dimension and characteristic of the project with partners sharing common needs and common objectives;
- The innovative nature and feasibility of the projects, their concrete added value and their impacts in the mid/long term;
- The coherence of the partnership, the relevance and competencies of partners according to the project objectives
- The relevance of the financing plan and the coherence of the budget with the objectives set

Each call for the project selection will specify additional element, criteria and administrative procedures (1 step or 2 step with a negotiation phase)

2.A.6.3. The planned use of financial instruments

(where appropriate)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 3.a	3a) promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and by promoting the creation of new businesses, even through business incubators;
The opportunity of the elaboration and implementation of financial instruments will be debated during the implementation of the Cooperation programme. In case of a positive decision by the Programme Authorities the MC will approve this possibility subject to the concusions of the mandatory ex-ante assessment as required by Art. 37(2) of the CPR.	

2.A.6.4 The planned use of major projects

Where appropriate

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 3.a	“promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and by promoting the creation of new businesses, even through business incubators”
Not relevant	

2.A.6.5. Output indicators

(Reference: point (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 4: Common and programme specific output indicators

ID	Output Indicator	Measurement unit	Target value (2023)	Source of data <i>200 char. Max.</i>	Frequency of reporting <i>100 char. Max.</i>
(CO01)	Number of enterprises receiving support	enterprise	21	Programme monitoring tools	every year
(CO03)	Number of enterprises receiving financial support other than grants	enterprise	6	Programme monitoring tools	every year
(CO04)	Enterprises receiving non-financial support	enterprise	15	Programme monitoring tools	every year
2.1.3	Networks of cross-border services created for new or existing enterprises	Number	3	Programme monitoring tools	every year

2.A.4. Investment priority 8e

INVESTMENT PRIORITY 2.2 of priority axis 2:

8e) promoting sustainable and quality employment and supporting labour mobility by integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training

2.A.5. Specific objective 2.2

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	2.2
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Specific objective (500)	To promote the mobility of the workers in the cross border area through the creation of operative network
The results that the Member States seek to achieve with Union support (3500)	<p>The data analysis shows that within the cooperation area most of the enterprises of the two islands do not seem to be ready to invest in cooperation activities with other enterprises in the R&I sectors due to scarce internal capability, in terms of adequately trained resources and human capital, for the management of such cooperations.</p> <p>Experience from the 2007-2013 programme has shown a strong interest by beneficiaries in activating, within the approved operations, joint routes for placement of University graduates and workers from the two islands through formative on-the-job training and digital platforms to facilitate the matching of work demand and offer. Other operations have invested instead in the organisation of cross-border mobility of workers in the sector of the conservation and recovery of the artistic and cultural heritage by guaranteeing the transfer of know-how in some sectors in which Sicily is a leader.</p> <p>The specific objective 2.2, consistently with the specific objectives 1.1 and 2.1, aims at creating joint services at cross-border level to allow the workers looking for employment to create mobility between the two islands. The main sectors in which it will be possible to invest for the implementation of cross-border mobility plans, in line with Directive 2008/50/EC and to encourage the forms of sustainable urban mobility, are those linked to intervention subjects of the programme: environmental protection, and quality of life and citizens' health.</p> <p>The services to promote workers' mobility, will be realized through the activation of public-private partnerships and the signing of protocols between orientation and employment centres of Sicily and Malta. In this respect information, coaching, tutoring services will be supplied, as well as cross-border employment fairs. In addition to such sectorial intervention, also vouchers will be activated for the organisation of on-the-job training courses to insert the young newly high school graduates in the (micro, small and medium) enterprises operating in the sectors of the strategies of the Cooperation Programme.</p> <p>In line with the orientations of Europe 2020, the Programme intends to achieve the following expected result strictly connected to the selected investment priority: Mobility worker level enhanced through joint services set up at cross-border level</p>

Table 3: Programme specific result indicators (by specific objective)

ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value ³ (2023)	Source of Data	Frequency of reporting
2.2	Workers participating in cross-border mobility initiatives	Δn	40	2013	+100	Programme monitoring tools	every two years

2.A.6. Actions to be supported under the investment priority

2.A.6.1 A description of the type and examples of actions to be supported

Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 8e)	“promoting sustainable and quality employment and supporting workers’ mobility via the integration of cross-border job markets, including cross-border mobility, joint local initiatives in favour of employment, information and consultancy services and joint training”
<u>TYPE OF ACTIONS</u>	
<p>A. Financial support to the birth of cross-border networks to promote workers' mobility by (micro, small and medium) enterprises operating in the programme’s intervention sector.</p> <p>B. Interventions aimed at financing cross-border mobility via the issuance of a voucher</p> <p>The following list of possible project initiatives that can be activated respectively for the two categories of actions is not exhaustive and could be completed by any other initiatives in order to contribute to the achievement of the specific objective 2.2</p> <p>A.1 Strengthening/creation of cross-border consultancy centres to support cross-border mobility and job searching via the provision of joint services (information, coaching, tutoring, cross-border job fairs, the creation of platforms and web devices, etc), supporting the demand and supply of labour in the priority sectors of the programme;</p> <p>A.2 Pilot actions for cooperation between the centres for orientation and employment in Sicily and Malta for the establishment of joint protocols;</p> <p>B.1 Creation of networks among Sicilian and Maltese professional technical institutes and schools for the activation of on-the-job training to insert youths and newly high school graduates with (micro, small and medium) enterprises operating in the programme’s strategic sectors.</p> <ul style="list-style-type: none"> ○ Final recipients: civil society, young University and high school graduates, economic operators, social innovators, enterprises, University and high school teachers, SMEs, micro enterprises, research institutions ○ Territory involved: The actions are aimed at the entire territory of the cooperation area. ○ Beneficiaries: Regional and national research institutions, public administrations, higher education schools (technical high schools), Enterprises (SMEs including the newly established ones) operating in the sectors of the strategy, consortia/associations of SMEs, manufacturing and technological districts. 	

³ Target values can be qualitative or quantitative.

2.A.6.2. The guiding principles for the selection of operations

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<p>Investment priority 8e)</p>	<p>“Promoting sustainable and quality employment and supporting workers’ mobility via the integration of cross-border job markets, including cross-border mobility, joint local initiatives in favour of employment, information and consultancy services and joint training”</p>
<p>Interventions as per point A. The interventions relative to such objective are pursued in line with the principle of sustainable development and the support of enforcement and the improvement of the environmental qualities, as defined in Article 8 of Regulation EU 1303/2013, with particular reference to climate change adaptation. Each operation will be submitted to an eligibility check ensuring that it fulfils essential requirements regarding the objectives of the projects, the partnership, the cross border dimension and the budget. At this stage, applications must fully comply with the investment priority and specific objective they refer to.</p> <p>Eligible applications go through a quality check going more into the detail regarding their objectives, the strategy used and the means available.</p> <p>The quality criteria will especially include:</p> <ul style="list-style-type: none"> ○ The coherence of the project with the strategy of the programme, the investment priorities and specific objectives ○ The coherence of the project with national and regional policies and measures implemented to create synergies and avoid overlapping ○ The cross border dimension and characteristic of the project with partners sharing common needs and common objectives; ○ The innovative and feasibility of the projects, their concrete added value and their consequences in the mid/long term; ○ The coherence of the partnership, the relevance and competencies of partners according to the project objectives ○ The relevance of the financing plan and the coherence of the budget with the objectives set <p>Each call for the project selection will specify additional element, criteria and administrative procedures (1 step or 2 step with a negotiation phase)</p> <p>Interventions as per point B. The interventions related to such objective are pursued in line with the principle of sustainable development and the support of enforcement and the improvement of the environmental qualities, as defined in Article 8 of Regulation EU 1303/2013, with particular reference to climate change adaptation. Taking into account the type of such actions, which concern mainly the issue of <i>vouchers</i> aimed at financing cross-border mobility, we shall proceed via simplified evaluation procedures to better answer the needs of the potential beneficiaries. The Manual of the CP will set the modalities and the criteria for the issuance of the <i>voucher</i> specifying which types of expenses may be activated and the relative costs linked to the types of <i>vouchers</i> covered by the intervention. In particular the cost of such projects will be set taking into account the preset number of the mobilities that we intend to activate in addition to some costs (personnel, management, mission and communication costs) calculated, where possible, on a lump-sum basis. Therefore, <i>ad hoc</i> Application Form will be made available for the submission of such projects, which will allow considering, in the evaluation phase,</p>	

besides the administrative checks, the consistency of the public-private partnership and the productive sector of the two islands, of the consistency with the sectors of intervention and of the number of vouchers proposed. During the implementation of the programme, the advisability of envisaging open calls for such types of intervention via the platform of the information system of the programme will be assessed.

2.A.6.3. The planned use of financial instruments

(where appropriate)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 8e)	"Promoting sustainable and quality employment and supporting workers' mobility via the integration of cross-border job markets, including cross-border mobility, joint local initiatives in favour of employment, information and consultancy services and joint training"
The opportunity of the elaboration and implementation of financial instruments will be debated during the implementation of the Cooperation programme. In case of positive decision by the Programme Authorities the MC will approve this possibility subject to the conclusions of the mandatory ex-ante assessment as required by Art. 37(2) of the CPR.	

2.A.6.4 The planned use of major projects

Where appropriate

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 8e)	"promoting sustainable and quality employment and supporting workers' mobility via the integration of cross-border job markets, including cross-border mobility, joint local initiatives in favour of employment, information and consultancy services and joint training"
Not applicable	

2.A.6.5. Output indicators

(Reference: point (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 4: Common and programme specific output indicators (by investment priority)

ID	Output Indicator	Measurement unit	Target value (2023)	Source of data <i>200 char. Max.</i>	Frequency of reporting <i>100 char. Max.</i>
2.2.1	Activated operative cross-border networks which support the	number	2	Programme monitoring tools	every year

	demand and supply of labour				
2.2.2	Enterprises (micro, small and medium) that activate stages	number	50	Programme monitoring tools	every year
2.2.3	Protocols and/or institutional agreement which promote mobility of persons in a cross-border context	number	3	Programme monitoring tools	every year

2.A.7. Reference framework for performance efficiency

(Reference: Article 8(2)(b)(v) of Regulation (EU) no. 1299/2013 and Annex II of Regulation (EU) no. 1303/2013)

Table 5: Reference framework for performance efficiency of the priority axis

Priority axis	Indicator type (Key implementation step, financial, output or, where appropriate, result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
Axis 2	Output indicator	CO03	Number of enterprises receiving financial support other than grants	enterprise	1	6	Programme monitoring system	The indicator takes into account the number of enterprises which will receive financial benefits to ensure the creation and strengthening of the reality social innovation (co-working spaces, fab-lab, etc) within the area both to start innovative start-ups in sectors linked to the protection of the environment and to improving the quality of life and citizens' health
	Output indicator	2.2.2	Enterprises (micro, small and medium-sized that activate traineeships	number	10	50	Programme monitoring system	The indicator takes into account the number of private and public entities in the area of cooperation which will permit the organisation of on-the-job training courses to insert the youths and newly high school graduates
	Financial indicator	2.2a	expense declared to the EC	Euros	1.318,56	8,790.43	Payment applications of the Certifying Authority	The indicator takes into account the expenses submitted by the CA to the EC on the basis of the request for reimbursement presented by the operations falling under Axis 2 between 2018 and 2023.

2.A.8. Categories of Intervention

(Reference: point (b)(vii) of Article 8(2) of Regulation (EU) n. 1299/2013)

Table 6-9: Categories of intervention

Table 6: Dimension 1 – Intervention field		
Priority Axis	Code	amount in Euros
2	082 - ICT Services and applications for SMEs (including e-Commerce, e-Business and networked business processes), living labs, web entrepreneurs and ICT start-ups)	5.312.500
	102 - Access to employment for job-seekers and inactive people, including the long-term unemployed and people far from the labour market, also through local employment initiatives and support for labour mobility	2.159.369

Table 7: Dimension 2 – Form of finance		
Priority Axis	Code	amount in Euros
2	01 – Non-repayable grant	7.471.869

Table 8: Dimension 3 – Territory type		
Priority Axis	Code	amount in Euros
2	07 – Not applicable	7.471.869

Table 9: Dimension 6 – Territorial delivery mechanisms		
Priority Axis	Code	amount in Euros
2	07 – Not applicable	7.471.869

2.A.1. Priority Axis 3

ID of the priority axis: Priority Axis 3

Title: **PROTECTING THE ENVIRONMENT AND FOSTERING AN EFFICIENT USE OF RESOURCES**

The entire priority axis will be implemented solely through financial instruments

The entire priority axis will be implemented solely through financial instruments set up at Union level

The entire priority axis will be implemented through community-led local development

2.A.2. Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

(Reference: Article 8(1) of Regulation (EC) n. 1299/2013)

The Italia-Malta Cooperation Programme integrates within Axis III the investment priority 6d and 5b of Reg. 1301/2013 in order to preserve and protect the environment and promote the efficient use of resources (thematic objective 6) via the restoration of biodiversity and the promotion of investments aimed at targeting specific risks and at developing disasters management systems.

The cooperation area involves the territories of the islands of Sicily and Malta located in the central-southern area of the Mediterranean Sea. The space is made up of the Strait of Messina (the channel that connects the Tyrrhenian Sea and the Ionian Sea), of the Sicilian Channel (the area of the Mediterranean Sea between Sicily and Tunisia) and of the Malta Channel (the area of the Mediterranean Sea that divides Malta and Sicily).

From a general point of view, the cooperation area shows very heterogeneous geographical characteristics, with a very irregular and jagged coast, with the presence of several minor islands of a volcanic nature, which insist on a seabed characterized by several tectonic blocks and by a marine area with chemical-physical characteristics (density, salinity, temperature) that are deeply different.

Over the last years the continuous interaction processes between man and nature have determined significant impacts in the cooperation area. Together with the expansion of the urbanized and cultivated surfaces as well as the increase of the traffic of merchant ships in the maritime area there have been multiple impacts relative to the progressive loss of biodiversity and habitats as well as the erosion of the coasts and to the progressive deterioration of the health status of the flora and fauna.

The activities implemented in the course of the 2007-2013 programme have evidenced that the causes that provoke a **progressive degradation of the environment** and of the relative environmental resources of the cooperation area are a **consequential effect** both of the **typical environmental pollution actions caused by man** and of the reactions provoked by the **effects of the climate change**. To this purpose it is sufficient to remember the state of coastal degradation of the South-eastern side of Sicily and of the island of Malta, the concurrent causes have to be looked for both in the presence of coastal water-bearing areas which are most exposed to the risk of marine intrusion in the water-bearing layers and in the effects of the pollution caused by the agricultural activities, the progressive presence of non-indigenous species (flora and fauna) present in the coastal zones and also

the continuous process of erosion on the coasts of Sicily and Malta through the progressive phenomenon of desertification.

Moreover, the various risk scenarios proceeding from the sea (tsunami, seismic, industrial pollution – oil spills, marine litter and noise, alterations of the hydrographical basins, etc.) which provoke daily alterations of the health conditions of the environment and that are caused by both the harmful effects of the actions carried out by man and the natural effects of climate change.

These continuous pressures and the respective impacts threaten the integrity of the natural landscape and the diversity of the entire area, limiting the necessary actions for sustainable development. Moreover, it is important to emphasise the necessity of supporting finalized cooperation networks to target the possible disasters and incidents that might interest the part of the sea shared between Sicily and Malta.

Therefore it is necessary to ensure a synergy and complementariness of timely interventions, which contribute on one side to stop the loss of land and marine biodiversity, keeping and restoring the ecosystems and the protected areas and, on the other side to the promotion of interventions, with the use of specific technologies, to mitigate the effects of the climate change and of the natural and anthropic risks, also from disasters coming from the sea.

2.A.3. Fund and calculation basis for the Union support

Fund	ERDF
Calculation basis (total eligible expenditure or eligible public expenditure)	20.294.651

2.A.4. Investment priority 3.a

6d) Protecting and restoring biodiversity and soils; promoting services for ecosystems, even thought Natura 2000 and green infrastructure.

2.A.5. Specific objective 3.1

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	3.1
Specific objective	To contribute towards the arrest of the loss of terrestrial and marine biodiversity in the area, maintain and reactivate the ecosystem and the protected area
The results that the Member States seek to achieve with Union support	The activities implemented in the course of the 2007-2013 programmes have allowed the carrying out of protection, management, monitoring and awareness projects over the environmental themes concerning both the marine and the land environment. With reference to the marine environment

the programme has allowed to carry out projects on a cross-border surface of 1,304 Sq. Km., of which 1,299 Sq. Km. represented by protected marine areas. As to the land and coastal environment, a cross-border surface of 63,700 sq. meters has been concerned by actions of environmental restoration, both via the restoration of some coastal wetlands of great importance at national and Community level and already "Natura 2000" sites, and via the restoration of the undergrowth. Such actions have shown the complex heritage of biological diversity of the cooperation area (which amounts to 238 Sicilian Sites and 55 Maltese Sites) which, on the basis of the data of the current analysis, needs further joint interventions to target the progressive loss of land and marine biodiversity, guaranteeing also the maintenance of ecosystems and protected areas.

The **result** we are trying to achieve by this objective is to **contribute to the protection and safeguard of the biodiversity of the territories of the two islands** both with reference to the land environments and with reference to the marine environments which have a very high cross-border value. While ensuring a programme continuity with the results already achieved with the resources of the 2007-2013 programme, it will be therefore necessary to start more direct and incisive interventions to restore the land and marine habitats with a very high cross-border character, by also carrying out interventions oriented towards the elimination/mitigation of the critical factors present on site (reclamations, repopulations of indigenous species, measures for the containment of the polluting elements, etc.). The cooperation programme actions will support the setting up of common tools and methodologies, the sharing of services and open data, the strengthening of networks between the protected areas and the definition of common answers regarding strategies, management structures and specialised innovative services.

In addition to the actions strictly linked to the protection and to the protection of the biodiversity of the area, it will also necessary, in order to ensure the utmost consistency of the actions of the Cooperation Programme, to set up projects and actions for the spreading of the knowledge of the environmental themes and for making the population and the visitors aware for a correct utilization of the cross-border natural heritage.

For such need, resort will be made to the European Charter for Sustainable Tourism (ECST) in order to reduce the negative impacts caused by the human activities, such as the exploitation of the resources and the production of wastes in the tourist destinations most often visited and characterized by especially fragile ecosystems (coastal areas, minor islands, SPA and SIC areas, parks, reserves, etc.).

The set up of monitoring programmes, awareness actions through work

	<p>experience, involvement of young students, tourist regulations to steer the visitors to more virtuous behaviour for the respect of the environment, will contribute indirectly to the conservation of the ecosystems and to the correct and sustainable exploitation of the natural heritage (also in line with the urban sustainable mobility according to Directive 2008/50/EC) on which the life and the economy of the cross-border area is based.</p> <p>Finally, it should be emphasised that where relevant particular attention will be given to the coordination between the actions of the CP and the Rural development programmes. In line with the orientations of Europe 2020, the Programme intends to achieve the following expected result strictly connected to the selected investment priority: System and services created to protect and reactivate the cross-border biodiversity</p>
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Table 3: Programme specific result indicators (by specific objective)

(Reference: point (b)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value ⁴ (2022)	Source of Data	Frequency of reporting
3.1a	Protected marine sites and areas that develop joint actions for the biodiversity protection	ΔKms	200	2013	+100	Programme monitoring tools	Every two years
3.1b	Protected terrestrial sites and areas that develop joint actions for the biodiversity protection	ΔKms	300	2013	+150	Programme monitoring tools	Every two years

2.A.6. Actions to be supported under the investment priority

2.A.6.1 A description of the type and examples of actions to be supported

Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 6d)	“To promote and restore biodiversity and the soils, and to promote the services for the ecosystems, even through “Natura 2000” and the green infrastructure”
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⁴ Target values can be qualitative or quantitative.

TYPE OF ACTIONS

- A. Actions aimed at the protection of the land and marine biodiversity of the area and in the sites of “Natura 2000” network**
- B. Support the dissemination of knowledge and the utilization of the natural heritage (with particular attention to the land and marine ecosystems) through the creation of innovative services and/or systems and the utilization of advanced technologies**

The following list of possible project initiatives that can be activated respectively for the two categories of actions is not exhaustive and could be completed by any other initiatives in order to contribute to the achievement of the specific objective 3.1

A.1 interventions of restoration of the land habitats with a very high cross-border character with the possible elimination/mitigation, of the critical issues existing *on site* while maintaining and/or improving the current ecosystems in the Natura 2000 network sites;

A.2 interventions aimed at reducing the impact on the biodiversity of the land and the sea provoked by the presence of invasive non-indigenous species (flora and fauna) and antropic activities;

A.3 interventions for the monitoring and the control of the invasive species and/or to verify the integrity of the seabed and the structure and the functions of the ecosystems; in line with Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive)

B.1 joint initiatives aimed at promoting awareness and management campaigns for a sustainable utilization of the natural resources of the area; initiatives for the strengthening/creation and the utilization of Centres of cross-border environmental information;

B.2 initiatives for the financing of observation points, accesses and infrastructures for didactic purposes (even through the utilization of ICT) to highlight the nature emergencies of the area (geosites, parks, reserves, etc.);

- **Final recipient:** Local, regional and national authorities, Universities and research centres, University Researchers, Young University and high school graduates, citizens and tourists of the Area
- **Territory involved:** The actions are aimed at the entire territory of the cooperation area, with particular reference to the sites of the “Natura 2000” network, to the protected marine areas and to the minor islands.
- **Beneficiaries:** Regional and national research centres, University and research centres, central, local and regional administrations, specialized state agencies and institutions, authorities that manage protected areas, category associations in the sectors of intervention of Axis III.

2.A.6.2. The guiding principles for the selection of operations

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 6.d)	6d) To promote and to restore the biodiversity and the soils, and to promote the services for the ecosystems, even through “Natura 2000” and the green infrastructure
<p>The interventions relative to such objective are pursued in line with principle of sustainable development and the support of enforcement and the improvement of the environmental qualities, as defined in Article 8 of Regulation 1303/2013. At the level of each operation the obligations regarding environmental protection, the efficient use of resources, the mitigation of climactic changes and the adaptation to the same ones and the protection of biodiversity are promoted.</p> <p>Each operation will be submitted to an eligibility check ensuring that it fulfils essential requirements regarding the objectives of the projects, their partnership, cross border dimension and characteristic and budget. At this stage, applications must fully comply with the investment priority and specific objective they refer to. Eligible applications go through a quality check going more into the detail regarding their objectives, the strategy used and the means available.</p> <p>The quality criteria will especially include:</p> <ul style="list-style-type: none"> ○ The coherence of the project with the strategy of the programme, the investment priorities and specific objectives; ○ The coherence of the project with national and regional policies and measures implemented to create synergies and avoid overlapping; ○ The cross border dimension and characteristics of the project with partners sharing common needs and common objectives; ○ The innovative and feasibility of the projects, their concrete added value and their consequences in the mid/long term; ○ The coherence of the partnership, the relevance and competencies of partners according to the project objectives; ○ The coherence, were relevant, that projects should be in line with the Priority Action Frameworks (of NATURA 2000) ○ The relevance of the financing plan and the coherence of the budget with the objectives set. <p>Each call for the project selection will specify additional element, criteria and administrative procedures (1 step or 2 step with a negotiation phase)</p> <p>The Executive Committee, in consideration of the high specialist contents of the project proposals that will bear on this specific target, may ask the Managing Authority to draw up a list of independent sectorial experts in order to verify, together with the SC, the scientific validity of the proposals.</p>	

2.A.6.3. The planned use of financial instruments

(where appropriate)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 6.d)	“To promote and to restore the biodiversity and the soils, and to promote the services for the ecosystems, even through “Natura 2000” and the green infrastructure”
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The opportunity of the elaboration and implementation of financial instruments will be debated during the implementation of the Cooperation programme. In case of a positive decision by the Programme Authorities the MC will approve this possibility subject to the conclusions of the mandatory ex-ante assessment as required by Art. 37(2) of the CPR.

2.A.6.4 The planned use of major projects

Where appropriate

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 6.d)	“To promote and to restore the biodiversity and the soils, and to promote the services for the ecosystems, even through “Natura 2000” and the green infrastructure”
Not applicable	

2.A.6.5. Output indicators

(Reference: point (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 4: Common and programme specific output indicators (by investment priority)

ID	Output Indicator	Measurement unit	Target value (2023)	Source of data <i>200 char. Max.</i>	Frequency of reporting <i>100 char. Max.</i>
3.1.1	Recovery and evaluation interventions of the zones of the Natura 2000 network	number	10	Programme monitoring tools	every year
(CO023)	Surface area of habitats supported in order to attain a better conservation status	hectares	20	Programme monitoring tools	every year
3.1.3	Awareness campaigns for the proper enjoyment of protected areas	number	4	Programme monitoring tools	every year

2.A.4. Investment priority 5.b

5b) Promoting investments targeting specific risks, thereby ensuring resilience in case of natural disasters and emergency management systems;

2.A.5. Specific objective 3.2

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	3.2
Specific objective	To promote systemic actions and technologies able to mitigate the climate change effects and the natural and anthropic risks with a particular reference to the catastrophic from the maritime risks
The results that the Member States seek to achieve with Union support	<p>The data of the analysis confirm that the main causes of the vulnerability of the territories of the area also originate from the irreversible effects of climate change (risk of desertification and of flooding, hydrogeological instability, sea overheating, etc.)</p> <p>Consistently with the principle of the thematic concentration, the Cooperation Programme intends to propose actions for environmental protection that might contribute to the development of systems and joint technologies at cross-border level to mitigate the effects of climate change and increase the resilience capacity. In this context it will be necessary to promote a correct relation with the territory by all human activities, favouring mostly new systems for the maintenance and the monitoring of the critical areas (even through the use of the blue-green infrastructures) and also to increase the awareness level of the affected populations in order to operate a cultural change able to increase the level of resilience of the populations.</p> <p>Specific actions will also be envisaged for the mitigation of the hydrogeological risk, favouring naturalistic engineering techniques and measures of timely mitigation (realizations of retaining walls, terracing and erosion protection, restoration of dry walls, draining works, etc.); For the fight against coastal erosion, we shall proceed with pilot interventions for the increase of vegetation, the restoration of dunal and retrodunal systems, actions for the protection and the maintenance of the beds of seagrass for the protection of sandy seabeds.</p> <p>Besides the actions to mitigate the effects of the climate change, it will be necessary to envisage timely interventions to target the various risk scenarios existing in the cooperation area, the causes of which have natural and anthropic origins. By the interventions of the 2007-2013 Operative Programme, in fact, it has been possible to contribute to the improvement of the safety of the airspace of the area (for a surface equivalent to 37,500 Sq. Km), through the installation of LIDAR instrumentation able to identify the noxious concentration of volcanic ashes and gases produced by the Etna volcano, forecasting also the possible falls of the ashes; about the marine space, we have perfected a technological monitoring system through HF antennae (for a surface of 10,000 Sq. Km.), in order to supply the maps of the sea surface currents on a hourly scale to foresee the path of any patches of oil spill before they reach the Sicilian and/or Maltese coast.</p> <p>Continuing the direction already taken with the intervention of the 2007-2013 Operating Programme, the Cooperation Programme intends to propose joint actions to increase the safety of the cooperation area (including the marine space) from the various risk scenarios: seismic, marine hazard, shipping accidents at sea, sanitary.</p>

	<p>In this context the Cooperation Programme will favour joint pilot interventions on specific areas with a high degree of vulnerability, the development of small infrastructures, the start of joint services at cross-border level, the trial and testing of advanced technological systems, memoranda of understanding for governance actions between the two islands.</p> <p>In line with the orientations of Europe 2020, the Programme intends to achieve the following expected result strictly connected to the selected investment priority: technological systems and joint actions developed for assuring the safety in the cross-border area (sea and terrestrial) from natural and anthropic risks.</p>
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Table 3: Programme specific result indicators (by specific objective)

(Reference: point (b)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value ⁵ (2022)	Source of Data	Frequency of reporting
3.2	Area monitored by cross-border technological systems	ΔKms	47.500	2013	+23.750	Programme monitoring tools	every two years

2.A.6. Actions to be supported under the investment priority

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives including, where appropriate, the identification of operations and where appropriate, of the main target groups, and the types of beneficiaries

Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority 5.b)	“Promoting investments targeting specific risks, thereby ensuring resilience in case of natural disasters and emergency management systems”
<p><u>TYPE OF ACTIONS</u></p> <p>A. Interventions to mitigate the effects of the climate change</p> <p>B. Interventions to target the various risk scenarios</p> <p>The following list of possible project initiatives that can be activated respectively for the two categories of actions is not exhaustive and could be completed by any other initiatives in order to contribute to the achievement of the specific 3.2 objective</p> <p>A.1 Pilot interventions for the organisation of measures of timely mitigation of the effects of climate change (hydrogeological instability, coastal erosion and of the areas of the “Natura 2000”</p>	

⁵ Target values can be qualitative or quantitative.

- network;
- A.2 Interventions for the identification and health coordination of the main health risks of the area;
- A.3 Organisation of small infrastructures (including blue-green infrastructures) for the monitoring, the prevention and the adaptation to the marine hazard and to the study and observation of the weather and sea conditions of the area;

- B.1 Interventions for the widening of the cover of the joint safety systems (through ICT) of the cross-border area including for the assessment of the risks proceeding both from natural alterations and by human activities at sea;
- B.2 Interventions for the development of management systems of the disasters proceeding from the sea, increasing also the resilience level of the most exposed populations;
- B.3 Interventions to support the Search and Rescue operations through also the joint integration of existing technologies and innovative models

- **Final recipients:** Civil society, economic operators, enterprises, research institutions and University, port authorities,
- **Territory involved:** The actions are aimed at the entire territory of the cooperation area.
- **Beneficiaries:** Regional and national research centres, University and research centres, central, local and regional administrations, Harbour Offices, civil and military Authorities, state agencies and institutions, category associations in the sectors of intervention of Axis III.

2.A.6.2. The guiding principles for the selection of operations

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority: 5.b)	Promoting investments targeting specific risks, thereby ensuring resilience in case of natural disasters and emergency management systems;
<p>The interventions relative to such objective are pursued in line with the principle of sustainable development and the support of enforcement and the improvement of the environmental qualities, as defined in Article 8 of Regulation EU 1303/2013. At the level of each operation the obligations in issues of environmental protection, mitigation of climate change and adaptation to the same, the protection of biodiversity, the resilience to catastrophies, as well as prevention and management of risks.</p> <p>Each operation will be submitted to an eligibility check ensuring that it fulfils essential requirements regarding the objectives of the projects, their partnership, cross border dimension and characteristics and budget.</p> <p>At this stage, applications must fully comply with the investment priority and specific objective they refer to. Eligible applications go through a quality check going more into the detail regarding their objectives, the strategy used and the means available.</p> <p>The quality criteria will especially include:</p> <ul style="list-style-type: none"> ○ The coherence of the project with the strategy of the programme, the investment priorities and specific objectives; ○ The coherence of the project with national and regional policies and measures implemented to create synergies and avoid overlapping; ○ The cross border dimension and characteristics of the project with partners sharing common needs and common objectives; ○ The innovative and feasibility of the projects, their concrete added value and their consequences in the 	

- mid/long term;
- The coherence of the partnership, the relevance and competencies of partners according to the project objectives;
- The coherence of the project in line with the national/regional risk assessments and, where relevant, with the national/regional climate change adaptation strategies;
- The relevance of the financing plan and the coherence of the budget with the objectives set

Each call for the project selection will specify additional element, criteria and administrative procedures (1 step or 2 step with a negotiation phase)

The Executive Committee, in consideration of the high specialist contents of the project proposals that will bear on this specific objective, may ask the Managing Authority to draw up a list of independent sectorial experts in order to verify, together with the SC, the scientific validity of the proposals.

2.A.6.3. The planned use of financial instruments

(where appropriate)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority: 5.b)	“Promoting investments targeting specific risks, thereby ensuring resilience in case of natural disasters and emergency management systems”
The opportunity of the elaboration and implementation of financial instruments will be debated during the implementation of the Cooperation programme. In case of positive decision by the Programme Authorities the MC will approve this possibility subject to the conclusions of the mandatory ex-ante assessment as required by Art. 37(2) of the CPR.	

2.A.6.4 The planned use of major projects

Where appropriate

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Investment priority: 5.b)	“Promoting investments targeting specific risks, thereby ensuring resilience in case of natural disasters and emergency management systems”
Not applicable	

2.A.6.5. Output indicators (according to investment priority)

(Reference: point (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 4: Common and programme specific output indicators (by investment priority)

ID	Output Indicator	Measurement unit	Target value (2023)	Source of data <i>200 char. Max.</i>	Frequency of reporting <i>100 char. Max.</i>
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3.2.1	Surface covered by pilot measures for the mitigation of the effects of climate change	square metres	375,000,000	Programme monitoring tools	every year
3.2.2	Surface covered by ICT instrumentation for the monitoring of the risks of the area	square metres	3,750,000,000	Programme monitoring tools	every year

2.A.7. Reference framework for performance efficiency

(Reference: Article 8(2)(b)(v) of Regulation (EU) no. 1299/2013 and Annex II of Regulation (EU) no. 1303/2013)

Table 5: Reference framework for performance efficiency of the priority axis

Priority axis	Indicator type (Key implementation step, financial, output or, where appropriate, result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate (500)
Axis 3	Output indicator	3.1.1	Interventions of restoration and the valorisation of the areas of the network Natura 2000	number	3	10	Programme monitoring tools	The indicator takes into account the number of timely interventions of recovery and reclamations in situ that will be implemented within the area of the Natura 2000 network.
	Output indicator	3.1.3	Awareness campaigns for the proper enjoyment of protected areas	number	1	4	Programme monitoring tools	The indicator takes into account the number of awareness campaigns for the proper enjoyment of the protected areas that will be conducted. Such activities include timely interventions for the monitoring and control of invasive species, strengthening environmental information centres as well as the financing of observation points, accesses and infrastructures for didactic purposes that contribute to the promotion of the protected areas of the area.
	Output indicator	3.2.1	Surface covered by pilot measures for the mitigation of the effects of climate	square metres	112,500,000	375,000,000	Programme monitoring tools	The indicator takes into account the surface of the area that will be covered by pilot interventions for monitoring, prevention and adaptation to marine hazard, the study and observation of the meteomarine conditions of the

			change					area and the realization of small infrastructures.
	Financial indicator	3.2b	expense declared to the EC	Euros	3,581,41	23,876.06	Payment applications of the Certifying Authority	The indicator takes into account the expenses submitted by the CA to the EC on the basis of the request for reimbursement presented by the operations falling under Axis 3 between 2018 and 2023.

2.A.8. Categories of intervention

(Reference: point (b)(vii) of Article 8(2) of Regulation (EU) No 1299/2013)

Tables 6-9: Categories of intervention

Table 6: Dimension 1 Intervention field		
Priority Axis	Code	amount in Euros
3	085 - Protection and enhancement of biodiversity, nature protection and green infrastructure	4,144,651
	086 - Protection, restoration and sustainable use of Natura 2000 sites	7,225,000
	087 - Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures	5,100,000
	088 - Risk prevention and management of non-climate related natural risks (i.e. earthquakes) and risks linked to human activities (e.g. technological accidents), including awareness raising, civil protection and disaster management systems and infrastructures	3,825,000

Table 7: Dimension 2 Form of finance		
Priority Axis	Code	amount in Euros
3	01 - Non-repayable grant	20,294,651

Table 8: Dimension 3 Territory type		
Priority Axis	Code	amount in Euros
3	07 - Not applicable	20,294,651

Table 9: Dimension 6 Territorial delivery mechanisms		
Priority Axis	Code	€ amount
3	07 - Not applicable	20,294,651

2.A.9. A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions for the enhancement of the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)
(Reference: point (b)(vi) of Article 8(2) of Regulation (EU) No 1299/2013)

PRIORITY AXIS	TECHNICAL ASSISTANCE
	<p>The Technical Assistance intends to guarantee a very high quality in the management, monitoring and control of the Cooperation Programme, through the involvement of the organisations and of the authorities as envisaged by the European Territorial Cooperation (ETC) Regulation and better detailed at following chapter 5.</p> <p>The experience of the 2007-2013 programme cycle has supplied some elements of reflection about the need to improve the processes for the management and control of the programme through a greater administrative simplification of the procedures. Therefore, the main drivers of the change will be, on one side to ensure faster and more efficient procedures and on the other side to invest more in the support to the potential beneficiaries, in order to widen the capability of involvement of the partners and to increase further the project quality in line with the targets and the requirements of the programme (targeted and better quality projects).</p> <p>Furthermore, the Technical Assistance Axis will rely on the establishment of the Joint Secretariat in line with Art. 23 of the ETC Regulation in order to assist the Management Authority and the Surveillance Committee in the performance of their respective functions. In order to ensure a better connection with the beneficiaries operating on the Maltese territory, a contact point will operate with the Maltese national coordination Authority to animate with communication actions the potential beneficiaries of the cooperation area in close connection with the Joint Secretariat.</p> <p>The specific objective of the technical assistance is to guarantee support actions for the implementation of the programme, improving the efficiency, the effectiveness of the management, and the monitoring of the same.</p>

Section 2.B. A description of the priority axis for technical assistance

(Reference: point (c) of Article 8(2) of Regulation (EU) No 1299/2013)

2.B.1. Priority Axis 4

ID of the priority axis: Priority Axis 4

Title: Technical Assistance

2.B.2. Fund and calculation basis for union support

Fund	FESR
Calculation basis (total eligible expenditure or eligible public expenditure)	3.000.000

2.B.3. Specific objectives and expected results

(Reference: points (c)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

Specific Objective *(repeated for each specific objective)*

ID	4.1
Specific objective	To guarantee support actions for the implementation of the programme, improving the efficiency, the effectiveness of the management, and the monitoring of the same.

Results that the Member States intend to achieve with support by the EU. ⁶	Not applicable
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⁶ To be completed if the support by the EU for technical assistance in the framework of the cooperation programme exceeds 15.000.000 EUR

2.B.4. Result indicators⁷

Table 10: Programme specific result indicators (by specific objective)

(Reference: point (c) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2023)	Source of Data	Frequency of reporting
5 char. Max.							

⁷ Required only where the Union support to technical assistance in the cooperation programme exceeds EUR 15 million

2.B.5. Actions to be supported and their expected contribution to the specific objectives (for each priority axis)

2.B.5.1. A description of actions to be supported and their expected contribution to the specific objectives

(Reference: point (c)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Priority Axis 4	Technical Assistance
<p>The following list of possible actions that refer to the functions described in section 5.3 is not exhaustive and could be completed by further actions in order to contribute to the achievement of the specific objective 4.1.</p> <ul style="list-style-type: none"> - Assistance action of the JS for the preparation of the documents for the closure of the Italia-Malta 2007-2013 Operational Programme (final execution report of the Operational Programme, including the information as per art. 67 of Regulation 1083/2006). - Establishment of the Joint Secretariat to support the Managing Authority and to assist the Surveillance Committee in the daily implementation of the programme; - Preparation of the “calls for proposals”, including the drafting of the guides for the compilation to inform the potential beneficiaries about the modalities of participation to the financing opportunity of the programme. - Preparation of the implementation procedures for the evaluation of the project proposals, monitoring and surveillance of the operations implemented under the cooperation programme, also making use of external experts where necessary, and contributing to the reduction of administrative burden for beneficiaries; - Collecting data concerning the progress of the programme in achieving its objectives, as well as financial data and data relating to indicators and milestones, and reporting to the Monitoring Committee and the European Commission; - Drafting and implementing the programme communication strategy, including the setting up and implementation of information and communication measures and tools; - Drafting and implementing the programme evaluation plan; - Setting-up, running and maintenance of a computerised system to record and store data on each operation necessary for monitoring, evaluation, financial management, verification and audit in compliance with the applicable electronic data exchange requirements and contributing to the reduction of administrative burden for beneficiaries; - Setting-up a network of national financial controllers, coordinated by the Joint Secretariat, with the purpose of exchanging information and best practices at cross border level; - Setting up and execution of audits on the programme management and control system and on operations. <p>With reference to the specific support actions towards the potential beneficiaries of the programme, we include here below an indicative, but not exhaustive, list of actions:</p> <ul style="list-style-type: none"> - Drafting of information documents for applicants and beneficiaries to guide them in the preparation of applications and the implementation, evaluation, control and communication of approved operations; - Organising consultation, information, training and exchange events to strengthen the capacity of applicants to develop applications directly contributing to the programme specific objectives and expected results; - Organising trainings on specific implementation issues such as project and financial management, reporting, control, audit, communication and networking to strengthen the capacity of beneficiaries to 	

<p>implement approved operations;</p> <ul style="list-style-type: none"> - Developing information and exchange tools (e.g. analytical documents, bilateral meetings, targeted events, etc.) and organisation of cross-border events to strengthen the involvement of relevant partners in the implementation of the programme; - Executing studies, reports and surveys on strategic matters concerning the programme that can contribute to the sustainability and take up of results and achievements into policies, strategies, investments or that are of public interest.
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2.B.5.2. Output indicators

(Reference: point (c)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 11: Output indicators (by priority axis)

ID	Indicator	Measure ment unit	Target value (2023)	Source of data
4.1.1	Implementation analysis documents and reports (Final execution report, evaluation reports, reports and notes on the state of implementation and planning)	N.	10	Programme monitoring tools
4.1.2	Accompanying structures created (Joint Secretariat + Contact point)	N.	2	Programme monitoring tools
4.1.3	Number of workers whose salary is cofinanced by Technical Assistance	N.	6	Programme monitoring tools
4.1.4	Audit of management and control system and operations	N.	18	Programme monitoring tools
4.1.5	Monitoring and supporting activities for potential beneficiaries and stakeholders (information workshops, training and exchange of experiences, manuals, guidelines, etc.)	N.	25	Programme monitoring tools

2.B.6. Categories of intervention

(Reference: point (v) Article 8(2)(c) of Regulation (EU) No 1299/2013)

Table 12-14: Categories of intervention

Table 12: Dimension 1 Intervention field		
Priority Axis	Code	amount in Euros
4	121 - Preparation, implementation, monitoring and inspection	1,973,704
	122 - Evaluation and studies	85,000
	123 - Information and communication	941,296

Table 13: Dimension 2 Form of finance

Priority Axis	Code	amount in Euros
4	01 - Non-repayable grant	3,000,000

Table 14: Dimension 2 Territory type

Priority Axis	Code	amount in Euros
4	07 Not applicable	3,000,000

Section 3. The financing plan

(Reference: point (d) of Article 8(2) of Regulation (EU) No 1299/2013)

3.1. Financial appropriation from ERDF

(Reference: point (d)(i) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 15

	2014	2015	2016	2017	2018	2019	2020	Total
ERDF	0	5.363.247,00	4,545,790,00	8,259,673,00	8,424,866,00	8,593,363,00	8,765,232,00	43,952,171,00
IPA amounts (where applicable)								
ENI amounts (where applicable)								
Total	0	5.363.247,00	4,545,790,00	8,259,673,00	8,424,866,00	8,593,363,00	8,765,232,00	43,952,171,00

3.2.A. Total financial appropriation from the ERDF and national co-funding

(Reference: point (d)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 16: Financing plan

Priority Axis	Fund	Basis for the calculation of the Union support	Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a)/(e)	For information	
					National Public funding (c)	National private funding (d)			Contributions from third countries	EIB contributions
Priority Axis 1	ERDF	Public	13.185.651	2.326.880	2.326.880	-	15.512.531	85%		
Priority Axis 2	ERDF	Public	7.471.869	1.318.566	1.318.566	-	8.790.435	85%		
Priority Axis 3	ERDF	Public	20.294.651	3.581.409	3.581.409	-	23.876.060	85%		
Priority Axis 4	ERDF	Public	3.000.000	529.412	529.412	-	3.529.412	85%		
Total	Total all Funds		43.952.171	7.756.267	7.756.267	-	51.708.438			

3.2.B. Breakdown by priority axis and thematic objective

(Reference: point (d)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 17

Priority Axis	Thematic Objective	Union support	National counterpart	Total funding
1	TO 1 – Strengthening research, technological development and innovation	13.185.651	2.326.880	15.512.531
2	TO 3 – Enhancing the competitiveness of SME's, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF)	4.496.869	793.566	5.290.435
	TO 8 – Promoting sustainable and quality employment and supporting labour mobility	2.975.000	525.000	3.500.000
3	TO 5 – Promoting climate change, risk prevention and management	8.925.000	1.575.000	10.500.000
	TO 6 – Preserving and protecting the environment and promoting resource efficiency	11.369.651	2.006.409	13.376.060
Total		40.952.171	7.226.855	48.179.026

Table 18: The indicative amount of support to be used for climate change objectives

(Reference: Article 27(6) of Regulation (EU) No 1303/2013)⁸

Priority axis	Indicative amount of support to be used for climate change objectives (EUR)	Proportion of the total allocation to the programme (%)
3	9,647,860.40	21,95%
Totale	9,647,860.40	21,95%

⁸ This table is generated automatically based on tables on categories of intervention included under each of the priority axes.

Section 4. Integrated approach to territorial development

(Reference: Article 8(3) of Regulation (EU) No 1299/2013)

The territorial characteristics of the area are very heterogeneous, since Malta has a prevalence of urban areas which coincides with the coastal area, while Sicily, taking into account also the geographical size of the island, has urban areas, large internal areas and coastal areas.

Both territories have a system of minor isles which are subject to various problems linked to their double insularity.

Through the integrated territorial approach, the Cooperation Programme intends to contribute in answering the different territories involved in order to build territorial agendas in keeping with the development needs identified by the programme.

The Cooperation Programme, therefore, will dedicate a specific attention, in addition to the **urban areas** and to the **coastal areas**, also to the **minor islands** (Aeolian, Egadi and Pelagian Islands, the islands of Pantelleria and Ustica for Sicily, and Gozo and Comino for Malta) and to the **internal areas**.

Such process will allow the rationalization and the improvement of the effectiveness of the public intervention, both on the big territorial challenges identified by the Italian Partnership Agreement, namely the one of the Urban Areas and those of the Internal Areas, and on the promotion of the forms of bottom-up territorial aggregations, with reference to “smart city” and “social innovation”.

URBAN AREAS

The urban areas dimension is characterized by the presence of a very high nucleus of medium-sized towns with different service functions. Inside these areas the main stakeholders are concentrated, which are the potential recipients of the interventions programmed in the Priority Axis I. For this reason the Cooperation Programme will involve the urban areas in order to contribute to the development of a favourable environment for the research and innovation sector, which is strictly linked to both the “development needs” of the cooperation areas and the specialization on the identified KETs.

COASTAL AREAS

In a maritime cooperation programme, the coastal areas represent the main common challenge to experiment with adequate measures of adaptation to the climate change, of protection of the already fragile ecosystems, of fight against the disasters proceeding from the sea and of risks prevention. For this reason, the main interventions planned for the Priority Axis III will be carried out in the coastal areas.

MINOR ISLANDS

The minor islands existing in the area cover a percentage equivalent to (1.36%) of the entire cooperation area. The common challenges that refer to these areas are linked to the problems of double insularity, to the isolation from the main centres, to the on-going erosion of ecosystems, due not only to natural causes but also to anthropic causes deriving from tourist flows that do not respect the environment and the territories. For this reason the programme intends to involve such

areas to ensure the organisation of demonstration interventions linked to the opportunities of sustainable economic development models that may enhance the instances of the community. Besides, interventions will be carried out also to face the various risk scenarios existing in the Sicilian Channel and in the Malta Channel.

INTERNAL AREAS

The internal areas are mainly localized in the Sicilian territory but also Malta has part of its territory defined as non-urban, with a prevalence of agricultural activities. The involvement of the isolated territories, exactly internal ones, may only be an imperative to guarantee a sustainable and balanced development able to evaluate the territorial diversities. For this reason, the cooperation programme will dedicate a timely attention to the internal areas in order to ensure both interventions for the mitigation of the irreversible effects of the climate change. In line with the Italian AdP [Authority of the Programme], the programme intends also to give a contribution to the implementation of policies for the protection and the valorisation of the natural and cultural heritage as well as for the competitiveness of the tourist destinations trying to ensure environmentally friendly management models.

4.1. Community-led local development

(Reference: point (a) of Article 8(3) of Regulation (EU) No 1299/2013)

Within the scope of the Cooperation Programme the application of the CLLD approach doesn't look useful, especially when considering the resources and the characteristics of the programme. Nevertheless, the CP guarantees an integrated approach to territorial development and finalized to a concentration of resources without omitting the connection with other programmes that ensure its complementarity.

The Authorities of the Cooperation Programme will decide, during the implementation, the possibility of experimenting such tool to answer the following specific territorial challenges aimed at:

- promoting the specific natural attractions;
- promoting the competitiveness of the SMEs (for instance manufacturing districts, tourist districts, technological districts, agricultural and food districts, etc.);
- preserving the territorial cohesion in the areas subject to environmental risk.

Any resort to such a tool must be requested and authorised by the European Commission.

4.2 Integrated actions for sustainable urban development

(Reference: point (b) of Article 8(3) of Regulation (EU) No 1299/2013)

The heterogeneity of the territories involved in the programme and the different regulatory framework at regional level for Sicily and at national level for Malta, do not allow identifying univocal subjects that carry out the role of Urban Authorities (UA), pursuant to Art. 7 of Regulation 1301/2013. For this reason the Cooperation Programme does not intend to activate such tool. The potential beneficiaries proceeding from the different urban realities of the cross-border area may participate in the selection of the operations, taking into account both the strategic set up of the Cooperation Programme and the rules for its application that will be set in the call for

proposals. It is understood that any form of urban sustainable development will take into account the Directives 2008/50/EC and 2002/49/EC on air quality and the management of environmental noise.

4.3 Integrated Territorial Investment (ITI)

(Reference: point (c) of Article 8(3) of Regulation (EU) No 1299/2013)

The authorities of the Cooperation Programme, taking also into account the financial allocations of the programme, do not intend to activate the ITI modality.

4.4 Contribution of planned interventions towards macro-regional and sea basin strategies, with regards to the needs of the area covered in the scope of the application of the programme identified by the relevant Member States and taking into account, where appropriate, the projects of strategic importance identified in such strategies

(Reference: point (d) of Article 8(3) of Regulation (EU) No 1299/2013)

The Europe 2020 strategy assigns a strong value to the supranational dimension of the cooperation policies inside the European Union. To achieve this objective, the macro-regional European strategies represent an important novelty tool in the programme and thematic concentration approach of wide areas of the territory of the Union. Since 2009, the EU has in fact identified, through the organisation of Action Plans, some macro areas in relation to which a multi-level governance approach has to be implemented as well as an overall coordination of the actions of different policies. The Council of Europe, in December 2012, recognized the possibility to adopt a strategy for the Adriatic-Ionian macro-region (EUSAIR), of which the Action Plan and the relative Strategy will be published by the European Commission by 2014.

Although Malta will not be included in any macro-regional strategy, the interventions provided for in the Cooperation Programme however intercept certain terms of the Macro-regional strategies (MRS) and the basin strategies (SBS). Therefore only Sicily is involved in the planning process of the macro-region's EUSAIR macro-regional strategy. The Sicilian Region, in fact, through the various branches of the Administration, has participated actively in the consultation course led by the Commission, by the Committee of the Regions and of the national contact points, in order to contribute in a pro-active manner to the definition of the four pillars on which the action priorities will be articulated: 1.Blue Growth; 2.Connect the region; 3.Environmental Quality; 4.Sustainable tourism and the two transversal themes of the EUSAIR strategy: "Research, innovation and development of the small and medium enterprises (SMEs)" and "Capacity building".

On the basis of the logic on intervention of the Italia-Malta 2014-2020 Cooperation Programme, as shared with the State of Malta, the same is strongly consistent with several actions that could have been carried out inside the EUSAIR strategies. In fact, we list herein below the main fields of consistency between the actions of the Cooperating Programme and the EUSAIR strategies:

Blue Growth

- ✓ SO 1.1 - Interventions aimed at financing the costs of patenting of innovative ideas, the costs linked with prototyping, the test phase, organizational and strategic innovation and other costs that are typical of the pre-seed phase;
- ✓ SO 1.1 - High value-added R&I interventions to satisfy the following individual development needs for the cooperation area: cultural heritage and quality of life and citizens' health.

Environmental Quality

- ✓ SO 3.1 - Actions aimed at the protection of the land and marine biodiversity of the area and in the sites of "Natura 2000" network
- ✓ SO 3.2 - Interventions to mitigate the effects of the climate change
- ✓ SO 3.2 - Interventions to target the various risk scenarios
- ✓ Sustainable Tourism
- ✓ SO 3.1 - Support to the spreading of knowledge and to the utilization of the natural heritage (with particular attention to the land and marine ecosystems) through the creation of innovative services and/or systems and the utilization of advanced technologies

Section 5. Implementing provisions for the cooperation programme

(Reference: Article 8(4) of Regulation (EU) No 1299/2013)

5.1 Relevant authorities and bodies

(Reference: Article 8(4) of Regulation (EU) No 1299/2013)

Table 21: Identification of and contact details for the relevant authorities and bodies⁹

Authority/body	Name of the authority/body	Head of the authority/body
Managing Authority	Dipartimento Regionale della Programmazione della Regione Siciliana – Presidenza	General Director pro tempore of the Dipartimento Regionale della Programmazione della Regione Siciliana – Presidenza
Certifying authority, where applicable	Ufficio Speciale dell'Autorità di Certificazione dei Programmi cofinanziati dalla Commissione Europea – Presidenza della Regione Siciliana	General Director pro tempore of the Ufficio Speciale dell'Autorità di Certificazione dei Programmi cofinanziati dalla Commissione Europea – Presidenza della Regione Siciliana
Audit authority	Ufficio Speciale dell'Autorità di Audit dei Programmi cofinanziati dalla Commissione Europea – Presidenza della Regione Siciliana	General Director pro tempore of the Ufficio Speciale dell'Autorità di Audit dei Programmi cofinanziati dalla Commissione Europea – Presidenza della Regione Siciliana

⁹ In accordance with Article 7 (11) ETC Regulation, the information on the identification of the managing authority, the certifying authority, where appropriate, and the audit authority is not subject to the Commission decision approving the cooperation programme, but remain under the responsibility of the participating Member States.

The body to which payments will be made by the Commission is:

(Reference: point (b) of Article 8(4) of Regulation (EU) No 1299/2013)

The Managing Authority

Table 22: Bodies designated to carry out management verifications and audits

(Reference: point (a)(ii)(iii) of Article 8(4) of Regulation (EU) No 1299/2013)

Authority/body	Name of the authority/body	Head of the authority/body
Body or bodies designated to carry out management verifications and first level control activities	Italy and Malta will designate the body or person responsible for carrying out the verifications defined in Article 125(4)(a) of Regulation EU No 1303/2013 (CPR) and Article 23(4) of Regulation (EU) No 1299/2013 (ETC) in relation to beneficiaries on its territory;	For Italy: The Chairmanship of the Region of Sicily – Planning Department is responsible of the FLC related to the expenses of the Italian beneficiaries. For Malta: The offices of the Territorial Cooperation Unit – Funds and Programmes Division are responsible of the FLC related to the expenses of the Maltese beneficiaries that will be carried out by the external controllers.
Body or bodies designated to be responsible for carrying out audit tasks	The Audit Authority will be assisted by a Group of Auditors.	Ufficio Speciale dell’Autorità di Audit dei Programmi cofinanziati dalla Commissione Europea – Presidenza della Regione Siciliana

5.2 Procedure for setting up the joint secretariat

The Joint Secretariat (JS) is hosted at the MA’s premises and acts as its technical body. According to article 23 of ETC Regulation, the JS assists the Managing Authority and the Monitoring Committee in carrying out their respective functions; provides information to potential beneficiaries about funding opportunities under the cross-border programme and assists beneficiaries in the implementation of operations. It sets up and maintains contacts with Lead Partners and their partnerships; it ensures the coordination as well as the follow-up and promotion activities at cross-border programme level and provides technical support for the preparation of meetings and events at the programme and projects level (Monitoring and Executive Committees, cross-border conferences and working groups, lead partners seminar, other meetings).

The Joint Secretariat in Palermo is made up of 4 persons (maximum), selected through a public call for establishing a work contract directly with the MA aimed at supporting it during the whole life cycle of the CP. The JS is composed of different units in charge of financial and programme monitoring, project implementation and monitoring - including the management of electronic data exchange system - and communication activities. The whole team is led by a coordinator.

All profiles are required to have very good organisational skills and a flexible approach to work (pro-activity required due to multitask-position, excellent computer literacy (including MS Excel, Outlook, Word), good team player with capacity to work in a multicultural / international environment.

The members of the JS have to be independent from the internal staff of the public

administrations involved in the management of the cross-border CP. The call for selecting the JS will be launched in the semester after the approval of the CP.

In order to compensate for the insularity problems, a contact point will be created in Malta with the main duties related to information, awareness, promotion of animation, assisting local partners and supporting ongoing projects. The contact point will be in charge also of assisting the Maltese Member State with the requirements of dealing with the closure duties related to the OP Italia-Malta 2007-2013.

In order to select the members of JS including the contact point, a selection committee with representatives of the Italian and Maltese Authorities will be set up.

5.3 A summary description of the management and control arrangements

(Reference: point (a)(v) of Article 8(4) of Regulation (EU) No 1299/2013)

According to Article 47 of the CPR, Italy and Malta shall set up a **Monitoring Committee (MC)** to monitor the implementation of the programme, in agreement with the Managing Authority. The MC shall draw up and adopt its rules of procedure. The MC is chaired by a representative of a Member State of the programme or by the Managing Authority. This chairmanship alternates between Italy and Malta on a yearly basis.

The MC meets at least once a year and reviews the implementation of the programme and progress towards achieving its objectives. It examines in detail all issues that affect the performance of the programme and makes a decision on any amendment of the programme proposed by the MA. It can set up specific working and task groups.

Without prejudice to the eligibility rules laid down in, or on the basis of, Articles 65 to 71 of the CPR, the MC shall establish additional rules on eligibility of expenditure for the cooperation programme as a whole. (flat rate for Internal staff and administrative costs are envisaged in line with Art. 18 of the ETC Regulation).

The meetings of the MC and its minutes are prepared by the JS in conjunction with the MA and the active members. Decisions are taken on a consensus basis expressed by each active member; in case consensus cannot be found the decisions are taken by a majority vote. If necessary, decisions can be made following a written procedure among the members of the MC according to the conditions defined by the rules of procedure.

The MC shall be composed of an equal number of Italian and Maltese members who shall be nominated by the Programme Partners and shall have the right to vote. The latter also applies to representatives of the environmental and equal opportunities authorities. The Italian members shall also include representatives at a local, regional and national level. On the other hand, the Maltese side shall include representatives at a national level. At the meeting of MC, the following can participate in a consultative capacity and without voting rights: the Certifying Authority, the Audit Authority, the Joint Secretariat, A representative of the Managing Authority of the relative mainstream OPs (ERDF and EADF) for Sicily and Malta, two representatives each, for Sicily and Malta, from the institutional partnership, two representatives, including one from the socio-economic partnership and one from the third sector, per Member State and a European Commission representative with consultancy functions.

The MC, in line with Article 12 of the ETC Regulation (EU) No. 1299/2013, will establish an internal **Executive Committee (ExC)**, that acts under the responsibility of the Monitoring Committee, for the selection of operations projects and to contribute to their good follow-up. This ExC is composed of representatives of each country participating to the programme and carries out the

following tasks. It: 1) Proposes to the Monitoring Committee, with the support of the JS, the criteria to be adopted for project selection, in order to procure the MC's definitive approval, 2) Elaborates the Guide for Implementation, with the support of the JS, which defines the modalities of presentation, instruction and monitoring; 3) Is responsible for the selection of the projects and shall avail itself of the operational support of the JS; 4) Is informed about the activities of the Managing, Certifying and Audit Authorities.

Managing Authority shall carry out the functions laid down in Art. 125 of the CRP in accordance with the principle of sound financial management except those foreseen in point (a) of Article 125(4). More specifically, the MA must provide support to the Monitoring Committee, draw up annual and final implementation reports, and make information available to beneficiaries. The MA is also in charge of recording data on each operation for monitoring, evaluation, financial management, verification and audit. As regards the selection of operations, the Managing Authority shall draw up and, once approved, apply appropriate selection procedures and criteria that are non-discriminatory and transparent. It informs beneficiaries of the conditions for support and makes sure, with the participating countries, where possible, that they have the administrative, financial and operational capacities before the selection of an operation.

According to article 23 of ETC Regulation, the **Joint Secretariat** assists the MA in carrying out its functions. The JS facilitates, assesses and ensures that project selection is equitable and transparent. It collects financial, physical and statistical data that is needed for programme monitoring as well as for the interim and final appraisals. The JS shall also evaluate each major or minor modification at project level for presenting a technical report to the Executive Committee that, if it is the case, will approve it. The JS is also in charge of implementing the information system that is open and available to operators and to the public for the implementation of the programme.

According to article 126 of the CPR, the **Certifying Authority** is responsible in particular for drawing up and submitting to the Commission payment applications and certifying that these result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verifications by the Managing Authority. The Certifying Authority is also responsible for drawing up the accounts in line with the Art. 59(5.a) of the financial Regulation, certifying the completeness, accuracy and veracity of the accounts and that the expenditure entered in the accounts complies with applicable Union and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the cooperation programme and complying with Union and national rules.

According to article 127 of the CPR, the **Audit Authority** ensures that audits are carried out on the management and control systems, on an appropriate sample of operations and on the annual accounts. It draws up an audit opinion on the annual accounts for the preceding accounting year and an annual control report setting out the findings of the audits carried out during the preceding accounting year. Within eight months of the adoption of the OP, the Audit Authority will prepare an audit strategy for the performance of audits. The audit strategy will set out the audit methodology, the sampling method for audits on operations and the planning of audits in relation to the current accounting year and the two subsequent accounting years. The audit strategy shall be updated annually from 2016 until and including 2024.

The Audit Authority will be assisted by a **Group of Auditors** composed of a representative from each Member State participating in the programme in order to ensure uniform standards across the whole programme area. The Group of Auditors will be set up within three months of the decision approving the cooperation programme. The representative of the Internal Audit and Investigations Department within the Office of the Prime Minister of Malta will form part of the Group of Auditors and shall be responsible for providing the factual elements relating to

expenditure on its territory that are required by the audit authority in order to perform its assessment. The audit strategy will describe the modalities and the procedure on how the results of the audits on the CP area performed by the Group of Auditors will be submitted to the Audit Authority.

The **Maltese National Co-ordination Authority** will be based at the Ministry for European Affairs and Implementation of the Electoral Manifesto and will be assisted by the Contact Point. The MNCA is in charge of two specific functions:

1. A regulatory function related to the responsibility of the Maltese State as regards monitoring and control of activities, verification of the procedures and expenses of Maltese project partners;
2. A function of coordination of the implementation of the CP on Maltese territory and a contribution to the general animation of the program in collaboration with the MA and the JS to which the Programme Partners entrusted management.

Having regard to the **Monitoring System** the MA, as required at Articles 74 and 112 of the CPR, will ensure the data exchange between the programme and the European Commission will be carried out electronically (by means of the SFC 2014 system).

At programme level, the monitoring system (according to Article 72 of the CPR), that is already under construction for the needs also of the Italia-Malta OP 07-13, will provide data and information needed to fulfil the management, monitoring and evaluation requirements.

In accordance with Article 122(3) of the CPR, the CP Italia-Malta 2014-2020 will ensure that no later than 31 December 2015, all exchanges of information between beneficiaries and the Managing Authority/Certifying Authority and Audit Authority can be carried out by means of an electronic data exchange system.

The monitoring system – among others - will provide the following key functions:

- recording of work packages (as the basic unit of work planning) based on the Joint Annual Work Plan as approved by the Executive Committee;
- online submission of expenditures by the PPs to the first level controller and online validation of expenditure by the FLC;
- online progress and financial reporting;
- online certification and payments;
- reporting and administration of irregularities and implementation of recoveries;
- online provision of information for audit purposes;
- online exchange of data with the Commission.

Furthermore it will comply with the following requirements:

- secure transfer of data assuring integrity and confidentiality;
- authentication of the sender;
- storage in compliance with retention rules defined in accordance with Article 140 of the CPR;
- accessibility by the Member States and the beneficiaries.

The MA, assisted by the JS, shall be responsible for the correct setting up and running of the electronic monitoring system. The MA shall ensure the the accomplishment of a specific section open to the general public for the restitution of financial data compliant with the requirements of “open government”.

The **organisation of the assessment and selection of operations** will be based on common principles at cross-border programme level for different types of calls (e.g. targeted calls and calls

for projects).

Modalities and rules will be detailed in the Implementation Guide of the OP Italia-Malta 2014-20 and in each call that will be published.

The evaluation of Applications Form by the JS and the formal projects selection by the Executive Committee is done on the basis of objective criteria specified in the **Evaluation Grids** as approved by the Monitoring Committee before the launch of the calls.

The MC could also approve, for some type of call, the negotiation modality with the potential beneficiaries after the submission of a concept note.

For any type of call (full application form – 1 phase or concept note + full application form – 2 phase), the JS will proceed to an eligibility check and then to the quality evaluation of the applications form.

Selection process

1. The JS checks the eligibility criteria of the application. Proposals that are not eligible are rejected by the decision of the Executive Committee;
2. The JS proceeds to the quality check of the eligible applications. It proposes to the Executive Committee the list of eligible applications with its appreciation;
3. The Executive Committee proceeds to the selection of projects under the responsibility of the MC;
4. The Managing Authority informs each applicant about the results of the selection process.

Once the selected projects have been approved by the ExC, the Managing Authority and the Lead Partners sign an individual **Subsidy Contract** and **partnership agreement** for each project. The Subsidy Contract and partnership agreement are standard forms and are approved by the MC. They lay down further details concerning the responsibilities and liabilities of the beneficiaries.

Looking at the arrangements for verifications of the expense, the MA does not carry out verifications under point (a) of Article 125(4) of CRP. As a consequence Italy and Malta will designate the controllers responsible for carrying out such verifications in relation to beneficiaries on their territory. More specifically, for the Italian beneficiaries the controls will be made, also with the support of specialised Technical assistance services, by the MA offices independently of the management and implementation functions of the Cooperation Programme, or can even be developed through the decentralisation of the control activities made by the external controllers that will be chosen through a procedure open to public scrutiny. In this case, the MA in line with a yearly approved plan will perform quality controls on the activities done by the controllers aimed at ensuring the effectiveness of the verifications made. The quality controls will be carried out through check lists and reports. The verifications of the expense are aimed at verifying that the co-financed products and services, for all Italian beneficiaries, have been delivered and that expenditure declared by the beneficiaries has been paid and that it complies with applicable law, the Cooperation programme and the conditions for support of the operation. Such verifications, with the aid of specifically designed special check lists and reports, will be made on 100% of the expenses declared by the beneficiaries through desk checks and “on the spot” checks on a sample level. With regards to the checks on the expenses occurred by the MA under Axis 4 of the CP, it is specified that they will be made by an office of the same MA independently of the functions and the tasks linked to the planning, the management and the implementation of the same programme.

For Maltese beneficiaries

The FLC system in Malta shall be a decentralised one, with the aim of reducing the administrative

burden and speed up the verification process by having a single tier of controls, keeping in mind that according to the ETC Regulation *'each Member State shall ensure that the expenditure of a beneficiary can be verified within a period of three months of the submission of the documents by the beneficiary concerned'*. Under this set-up, the audit certificate issued by the respective auditor, who shall be selected by the entity participating in the project in accordance with established procedures, would suffice for verification purposes. However, supplementary physical checks shall be carried out by the FPD so as to confirm the physical progress of projects and that the deliverables are in place. With specific reference to the designation of auditors, Maltese partners are to inform the MNCA of the outcome of the respective selection exercise and hence the proposed controller. The MNCA would then consult the list of Maltese Registered Auditors and, should the proposed controller be on this list, the MNCA shall designate the first level control function pertaining to the project in which the partner would be participating, to such auditor. As regards the expenditures to finance the technical assistance actions for the Maltese National Coordination Authority requirements, the verification may be assured by the controllers responsible for carrying out such verifications for the operational programmes under the "Investment for growth and jobs" goal - in line with Article 23(4) of the Regulation (EU) No. 1299/2013.

Beneficiaries and controllers at cross-border programme level shall implement the Information System of the OP in line with the requirements of COMMISSION IMPLEMENTING REGULATION (EU) No 184/2014 of 25 February 2014. Italy and Malta shall ensure that their management and control systems are set up in accordance with the provisions stated in EU regulations and that the systems function effectively. A manual guideline how to conduct and assess the quality checks at programme level shall describe how to proceed in case of a systemic error or errors up to a certain percentage that could not assure the reliability of the work performed by the controllers at programme level.

The **payment claim and the progress report** submitted by Lead Partner are checked by the JS and MA.

The Joint Secretariat receives from each project the regular progress reports completed by the Lead Partner including those with a payment claim.

For all payment claims and progress reports, on a yearly basis, the JS:

1. verifies compliance between the output and the approved subsidy contract in terms of expenditure, resources and eligibility of expenditure;
2. verifies the reality of expenditure declared by the beneficiaries with the receipt of the Audit Certificate (issued by the controllers at partner level) from each partner;
3. ensures the physical outputs by certain elements annexed to the progress reports.

After these checks the Managing Authority:

1. determines the amount to be paid per project in relation the advance payment previously paid and in relation to the total amount of verified and certified expenditure;
2. validates and transmits, after verification, the payment claim to the Certifying Authority;
3. checks follow-up actions in case of irregularities.

Having regard the **resolution of complaints**, hereunder are the various situations that could be concerning this issue.

- Complaints related to the control system

In accordance with the hierarchy of the rules for 2014 -2020, beneficiaries that have any complaints related to the procedures on the programme level should file the complaint with the Managing Authority and JS, which should then contact the national contact point. Beneficiaries that have any complaints related to the national control system can file a complaint to the relevant Member State body following national procedures set in place.

- Complaints related to Audit Authority checks

Following the contradictory procedure, that will be described in the Audit strategy, and the issuing of the final audit report referring to an audit carried out by the Audit Authority, the concerned beneficiaries that disagree with the final decision of the Audit Authority can file a complaint to the relevant Member of the Group of Auditors following national procedures set in place. In accordance with the hierarchy of the rules, for complaints regarding national control procedures on the programme rules, the complaint should be filed with the Managing Authority, which should then contact the Audit Authority.

- Complaints related to the monitoring carried out by the JS and Managing Authority

Any complaints in relation to the monitoring of beneficiary's progress carried out by the JS and Managing Authority will be submitted by the beneficiary to the JS and Managing Authority that will examine and provide an answer. Where required, remaining complaints can be put forward by the beneficiary to the regional administrative court in the territory where the MA is located.

- Other complaints

For any other complaints not falling within the categories listed above, the concerned beneficiary can file complaints to the regional administrative court in the territory where the MA is located.

Procedures related to tenders and public contracts

Even in relation to the Territorial Cooperation objective, Italy will respect the regulations in matters of public contracts especially : i) Directive 2004/18/EC and 2004/17/EC; ii) Directives 2014/23/EU, 2014/24/EU and 2014/25/EU after they have been taken in by national legislation; (iii) Directives 89/665/EEC e 92/13/EEC; and (iv) general principles on public contracts contained within the TFEU. In relation to Malta then, even in terms of tender procedures, measures will be adopted aimed at the simplification of i) assessing the possibility of departmental tenders; ii) subsequently develop e-procurement; iii) introduce managers responsible for the tenders to speed up the procedures; iv) set up ad hoc modules and provide support to the NGOs and the civil society to facilitate the participation in tenders.

5.4 The apportionment of liabilities among the participating Member States in case of financial corrections imposed by the managing authority or the Commission

(Reference: point (a)(v) of Article 8(4) of Regulation (EU) No 1299/2013)

In case of financial corrections imposed by the Managing Authority or the Commission, the subsidy contract and the partnership agreement, in line with the description of the management and control system - to be established in accordance with Article 72 of Regulation (EC) No. 1303/2013 (CPR) – will detail the procedure to be adopted.

In line with Articles 124 (paragraph 4) and 125 (paragraph 5) of Regulation (EU) No 1303/2013, as well as Article 23 (paragraph 4) of Regulation (EU) No 1299/2013, the Management Authority, with regards to the financial management and the control of the operational programme establishes effective and proportional anti-fraud measures, while taking into account the risks identified. Every Member State will adopt a proper system of action to verify that the cofinanced products and services would have been provided, that the beneficiaries paid the declared expenses and that the latter conform with the applicable law, with the operational programme and the conditions for the support of the operation. As regards the **financial corrections imposed by the Managing Authority**, the recovery of payments from beneficiaries (Lead partner and Project partner) will be made, according with Article 27 of the ETC Regulation (EU) No. 1299/2013. More specifically, the MA

will ensure that any amount paid as a result of an irregularity is recovered from the project via the lead partner. Project partners shall repay the lead partner any amounts unduly paid. If the lead Partner does not succeed in securing repayment from other project partners or if the Managing Authority does not succeed in securing repayment from the lead or sole Project partners, the participating States (Italy and Malta) on whose territory the beneficiary concerned is located will reimburse the Managing Authority the amount unduly paid to the beneficiary in question. The MA, in line with Article 27 of the ETC Regulation, will be responsible for reimbursing the amounts concerned to the general budget of the Union in accordance with the apportionment of liabilities among the participating States.

When the recovery of payments from beneficiaries is applicable during the project life cycle of the project, the MA will adopt the method of compensation. More specifically, in case of irregularities at project level the MA will deduct the amount of irregularities in the future payment claims (interim whenever it will be possible or final).

The amount to refund by the LP and PP is subject to the application of the legal rate of interest as stated in Article 147 of the CPR.

The Maltese National Coordination Authority, upon the request of the MA, is authorised to start, where applicable, the recovery procedure of the respective Maltese national contribution granted to the Project Partner responsible for the irregularity.

As regards the **financial corrections imposed by European Commission** or by the Court of Auditors which result in certain expenditures being considered ineligible and in a financial correction being the subject of an EC decision on the basis of Articles 144 to 147 of CPR, the financial consequences for Italy and Malta are:

- for expenditure related to project partners located on its territory, liability will be born individually by each participating State;
- in case of a systemic irregularity or financial correction (the latter decided by the EC), Italy and Malta will bear the financial consequences in proportion to the relevant irregularity detected on the respective participating State territory. Where the systemic irregularity or financial correction cannot be linked to a specific participating State territory, Italy and Malta shall be responsible in proportion to the ERDF contribution paid to the respective national project partners involved;

5.5 Use of the Euro - Art. 26 ETC Regulation

(Reference: Article 28 of Regulation (EU) No 1299/2013)

All the expenditures for Italian and Maltese beneficiaries including the MA and MNCA are carried out using the Euro currency.

5.6 Involvement of partners

(Reference: point (c) of Article 8(4) of Regulation (EU) No 1299/2013)

In July 2012 the Monitoring Committee of the OP Italia Malta 2007-2013 decided to establish a task force that was in charge to discuss and share the main issues of the future cooperation between Sicily and Malta as well as the thematic objectives of the European Territorial Cooperation 2014-2020 that supported the drafting of the OP Italia Malta 2014-2020.

The task force was made up of one representative of the Managing Authority, one representative of the Funds and Programmes Division (MNCA), one representative of the Italian Ministero dello Sviluppo Economico (Ministry of Economic Development) and one component of the Joint Technical Secretariat of the OP Italia Malta 2007-2013. The task force had the possibility to include a representative of the horizontal policies as well as a representative responsible for the thematic matters that the task force dealt with.

Pursuant to Article. 5 of the CPR, the Planning Department of Sicily Region as reconfirmed in its

function of Managing Authority of OP Italia-Malta 2014-2020, identified a combined and multilevel approach to the preparatory and programming activities for the OP 2014-2020, in collaboration with the Funds and Programmes Division.

The combined approach entailed the design of the OP based on both the decision and orientation of the cross-border Task Force and the recommendations of the cooperation area partnership which was consulted from time to time.

The multilevel approach involved both general partnerships (open to all public/private subjects and citizens) and qualified partnerships (aimed at involving authorities and subjects skilled in the OP priority issues) in the different public consultation processes.

Hereunder is a breakdown of the involvement process launched by the authorities in charge of drafting the Italia-Malta 2014-2020 OP as from 2012.

The 1st task force meeting was held in July 2012 and the work modalities were shared as well as some cooperation areas of the future OP Italia Malta 2014 were drafted. The main output of the meeting was a programme structure hypothesis and the identification of possible thematic objectives to be further discussed.

At the beginning of 2013, during the 2nd meeting, the task force group defined the negotiated procedures to be adopted between Member States in synergy with the European Commission by also drafting an action plan and identifying the roles and responsibilities of the authorities involved in the drafting of the OP and of the ones in charge of drawing up the ex-ante evaluation and the strategic environmental assessment. The issue related to the selection of thematic objectives was further discussed as well as the need for a public consultation to be launched in order to involve the population, the socio-economic and institutional partners in the definition of the investment priorities. Thus, the main outputs of the meeting were the definition of the programming steps and the approval of the modalities to involve the general and the qualified partnership.

During the months of February and March 2013, in line with the European Commission staff working document "The partnership principle in the implementation of the Common Strategic Framework Funds - elements for a European Code of Conduct on Partnership" a public consultation through an on line survey was launched.

The web platform of the OP Italia Malta 2007-2013 www.italiamalta.eu as well as the Sicily Region institutional website www.regione.sicilia.it, the Sicilian ERDF website www.euroinfosicilia.it and the Maltese Government website www.fpd.gov.mt were made available from the 16th of February to the 31st of March 2013 for completing an online questionnaire. The rationale behind the decision to publish the questionnaire on the above four web sites was due to the fact that they represent the most visited institutional web sites in Malta and Sicily so that to facilitate the widest involvement and an active participation of the partners. The aim of the survey was to collect contributions and indications in order to contribute to the definition of thematic objectives and investment priorities, to the improvement of programme implementation and to streamlining the next OP's effectiveness. The beneficiaries involved were both socio-economic and institutional partners as well as private subjects and citizens, in particular: 1) Regional and local authorities, municipalities and other public authorities; 2) Socio-economic representatives; 3) Organizations representing civil society, environmental partners, non-governmental organizations, and bodies responsible for promoting equal opportunities. The questionnaires deemed as valid were 215 and they were further analyzed using the SPSS software for the analysis of statistical data. The great part of the participants were high skilled (89%), mainly working as employees (70%), aged between 35-50 years (47%) and over 50 years old (35%). The most interested bodies that took part to the survey were public (75%) and private (11%) entities. The questions proposed investigated the level of information on the strategy "Europe 2020", the level of importance attributed to new investment priorities, the promotion of equal opportunities and ultimately the overall evaluation of the 2007-2013 programme still in progress. The main results of the public consultation represented a tool for the Task Force of the Italia-Malta CBC Programme 2014-2020.

The main outcomes of the public consultation were the preparatory work of the 3rd Task force meeting held in May 2013. The Managing Authority submitted to the group a Strategic Guidance Document to the path planning of the OP Italia-Malta 2014-2020. The document was drawn up with aim of: 1) highlighting the results of the public consultation process carried out at the CBC area level; 2) analyzing Italian and Maltese position papers, drawn up by the European Commission, 3) submitting a first draft of the SWOT analysis carried out on the basis of the principal assets of the cross-border area, of the results achieved by ordinary and strategic projects and of the main results of the mid-term evaluation in relation to the 2007-2013 programming period.

Following the drafting of the Strategic Guidance Document, in July 2013, the Managing Authority with the contribution of the Joint Technical Secretariat organized a co-working activity with qualified partnership, in Syracuse. It dealt with a significant added value initiative due to the fact that the partnership involved significantly influenced strategic choices in terms of definition of the future investment priorities and expected results of the OP Italia Malta 2014-2020. This goal was reached through the use of a work methodology known as *Art of Hosting Meaningful Conversation* within the co-working activity; that is to say to experiment techniques stimulating common intelligence to guide common choices when important decisions that involve a group and/or a community have to be made. The activity, organized in two working sessions, namely a “world café” and an “open space technology”, involved about 90 cross-border local actors belonging to the following categories: central, regional, local authorities (ministries, regional departments, municipalities); universities and research centres; highly qualified consortia in the agri-food sector; entities involved in the environmental protection and management; SMEs’ organizations; associations of the third sector and social economy; associations for the protection of civil rights and health, representatives of professional categories (medical doctors and paramedics). The main results of the activity were the drafting of 12 thematic sheets aimed at the consolidation of the SWOT analysis and 12 thematic sheets for specific investment actions. In order to facilitate a wide involvement and an active participation of the partners, including in terms of accessibility, the two sessions of the co-working activities were held in Syracuse where a good number of air/sea connections guaranteed the possibility for the Maltese partners to take part in a low cost initiative without wasting time.

Once again, after having consolidated the results of the co-working activity, a new public consultation for consolidating the SWOT analysis was launched. The web platform of the OP Italia Malta 2007-2013 www.italiamalta.eu was made available from the 2nd of December to the 31st of December 2013 to receive integrations to the SWOT analysis on the main assets targeted by the OP Italia Malta 2014-2020: Objective 1 – Enhancing research, technological development and innovation; Objective 3 – Promoting the competitiveness of small and medium enterprises; Objective 6 – Protecting environment and promoting the efficient use of resources. The comments received were integrated in the draft document and the definitive version was sent to authorities involved in the drafting of the OP.

After the approval of the legislative package, in December 2013, the Managing Authority with the contribution of the Joint Technical Secretariat submitted the document “Summary sheet of the intervention strategy” to the 4th task force group that met in February 2014. The document was a draft of logic of intervention behind the future OP Italia Malta 2014-2020. In particular, the document summarized the thematic objectives selected, the possible investment priorities, the justifications for selecting them, the possible specific objectives corresponding to the investment priorities and a non-exhaustive number of result indicators corresponding to the specific objectives.

Within the 5th task force meeting held in June 2014, the group more in depth analysed the investment priorities selected per each thematic objectives as well as the specific objectives and the expected results for each investment priorities. The task force group also dealt with the sections n. 5, 6 and 7 of the official CP template.

In July 2014, the 6th task force group met with the aim of sharing the whole programme structure before drawing up the definitive version of the OP as well as the budget allocation per thematic objectives and the technical assistance plan. During the meeting the representatives also decided to launch the public consultation of the CP by mid August 2014 in order to further involve the qualified partnership such as

public administration, private organizations, intermediaries of knowledge, SMEs' representatives, citizens, etc..

During the months of August and September 2014, the Managing Authority promoted a public consultation with the aim of sharing the strategy of the future programme addressed to all stakeholders operating in the Sicilian and Maltese territories. The online consultation took place over the span of one month, from the 13 August until the 15 September 2014, through the gathering of comments and remarks about the document, which were subsequently integrated, where relevant, within the programme.

Following the closure of the public consultation procedure, the MA proceeded to launch the written procedure of the TF, which was concluded on the 19 September 2014, which approved the final version of the cooperation programme and the Annexes thereto.

In its implementation phase the programme could foresee the consultation of qualified experts (for example on the topic of climate change) to establish the selection criteria of the operations, as well as their participation at the Monitoring Committee.

Section 6. COORDINATION

(Reference: Point (a) of Article 8(5) of Regulation (EU) No 1299/2013)

According to Art. 8(5) of the ETC regulation the Managing Authority (MA) and the Maltese National Coordination Authority (MNCA) will ensure an efficient coordination between the OP's specific objectives and the other relevant ESI funds.

The OP Italia-Malta, co-financed by the ERDF under the European Territorial Cooperation goal is one of the EU intervention tools co-financed by the ESI funds that are to be implemented in the CBC's area. More specifically, the whole cross-border cooperation area, that concerns the entire territory of Malta and Sicily is covered by the following OPs:

- For Sicily: OP ERDF and OP ESF under the Investment for Growth and Jobs Goal plus the OP EAFRD and OP EMFF.
- For Malta: OP ERDF and OP ESF under the Investment for Growth and Jobs Goal plus the European Maritime and Fisheries Fund Operational Programme and the Rural Development Programme for EAFRD.

The Thematic Objectives 1, 3 and 6 selected by the CP Italia-Malta will be used in a complementary manner with the local territorial strategies for both the Sicilian Region and Malta. More specifically, the OP Italia-Malta shall address the territorial needs of the CBC area (i.e. the whole Sicily region and the Maltese islands) by means of joint solutions across the borders and between the relevant authorities. As a consequence the operations that will be financed under the OP Italia-Malta shall ensure on the one hand a strong coherence and complementarity with the all the strategies being pursued by the respective territories and on the other a close connection with those operations aimed at enhancing the territorial competitiveness, looking at the opportunities coming from the internationalisation and smart specialisation actions as well as those operations that shall reinforce the risk management especially in the coastal area.

Having regard to the coordination of the Italia-Malta OP with the other OPs, it is specifically noted that in the case of the Sicily Region, the MA of the programme also acts as the MA of the ERDF OP 2014-2020. As a consequence, during the implementation of the Italia-Malta OP, the MA with the support of the JS will assure full coordination with the initiatives and strategies that will be implemented in the framework of the ERDF OP 2014-2020. In addition, periodical meetings will be held with the regional entity in Sicily responsible for the implementation of the regional Innovation Strategy 2014-2020. This innovation strategy is intended as a general reference point for ESI funds policies, drawing contributions from strategies targeted at raising productivity, improving competitiveness, increasing employment and boosting the skills and qualifications of human resources.

As regards Malta, the MNCA will ensure the necessary coordination with mainstream ERDF OP 2014-2020 through its participation in the Inter-Ministerial Coordination Committee (IMCC).

Coordination may be also increased through the participation at the Monitoring Committees of the other programmes in the area and using innovative approaches. Examples of this include the participation of the programme authorities in meetings with territorial stakeholders in the context of social innovation policies being implemented at territorial level.

Taking into account that the Italia-Malta OP is not specifically dedicated to ESF priorities, the coordination with ESF programmes will be less systematic. Nevertheless, looking at the

Thematic Objective 3 (Axis II of the OP) that is also implemented through the investment priority a.i), Art. 7 of the ETC Regulation, the MA shall assure a concrete coordination, by means of thematic round tables, with the authorities entitled to manage the ESF programmes in both territories of Sicily and Malta. This exercise shall ensure full complementarity of the measures for promoting and supporting labour mobility in the cross-border area, by integrating labour markets and securing joint local employment initiatives.

Having regard to the EAFRD and the EMFF, the Italia-Malta CP is not developing significant activities strictly dedicated to agriculture or fisheries. However, under the Thematic Objective 1 (Axis I of the CP), that is also implemented through investment priority 1.b) some operations could also deal with investments for supporting technological and applied innovative research in the agriculture and fisheries fields. Furthermore, some operations under the Thematic Objective 3 (Axis II of the OP), that is implemented by means of Investment priority 3.a), could complement operations that shall enhance the valorisation of the environmental resources through the promotion of new forms of entrepreneurship for initiatives able to give answers to emerging development needs within the production system of the cross-border area. Finally, in line with the Thematic Objective 6 (Axis III of the CP), that is also implemented by means of investment priority 6.d), some actions of the Italia-Malta CP could deal with the promotion of "Blue growth" and the corresponding investment for protecting the biodiversity and support the ecosystem services at the CBC area level.

Although the Cooperation Programme does not propose the development of significant activities in the sectors strictly dedicated to fishing and agriculture, both the Management Authority and the Maltese National Authority for Coordination foresee specific measures to avoid any risks of overlapping and double funding among the ESI funds and other Community and national tools.

In Sicily, the coordination of the regional structures will be guaranteed, foreseeing a Permanent Table for the coordination and integration of the planning 2014-2020, composed of the Management Authority of the Operational Programmes of the ERDF, the ESF, the EAFRD and the EMFF. The Table is coordinated by the Management Authority of the Regional Operational Programme ERDF and ETC, and amongst other members there are also the Certifying Authority and the Audit Authority. The coordination, on specific topics, could extend to the competent Departments to establish full complementarity among the cofinanced actions by the ESI funds and these, the PON and the Programmes of direct management by the Commission, with priority reference to the HORIZON 2020, COSME, Connecting Europe Facility (MCE), Creative Europe and LIFE 2014-2020 programmes. The coordination will have as its objective, among others, the promotion of the cooperation among the Management Authorities in issues of surveillance, evaluation, management and control, as well as the audit and integration of the ESI funds with the related interventions to the European Territorial Cooperation.

In Malta, the ERDF and ESF programmes are coordinated by the Planning and Priorities Coordination Division, while the EMFF, EAFRD and ETC programmes are coordinated by the Funds and Programmes Division. Both Departments, the PPCD and the FPD, are part of the Ministry for European Affairs and the Implimentation of the Electoral Manifesto. Such a centralized system guarantess the coordination on a national level of the different programmes and the correlated initiatives. Such an approach also reduces the risk of duplication/overlapping.

In this regard, the coordination between ESI funds and other Community tools will be guaranteed by the Inter Ministerial Coordination Committee. The IMCC aims to increase the resources and reduce the risk of overlapping and/or duplication and provide indications with regards to the correct demarcation between the different funds and programmes, thereby undertaking ad hoc consultations in cases where potential overlaps are identified and ensure the exchange of information on single programmes and the specific cases they could have an impact on other programmes indeed because of such overlapping.

The IMCC includes the representatives of the Management Authority, of the intermediary organisations, the national contact points of the territorial cooperation programmes, the national contact points of the programmes of direct management by the Commission, HORIZON 2020 and LIFE+, the authorities responsible for programmes related to immigration and asylum.

With regards to this last typology of interventions, certainly can be added those financed by the Internal Security Fund – Borders and Visa, through which the DG Internal Affairs provides support to the surveillance systems of the marine borders of the Member States. With specific reference to the above-mentioned **Financial Tools by the European Union**, the MA in conformity with the MNCA will also guarantee periodic round tables during the implementation of the Italia-Malta programme, envisaging where appropriate the participation of the Monitoring Committee of the Programme. The aim of the roundtables is to establish full complementarity between the actions co-financed by the ESI Funds, including also the PON for Italy, and programmes directly managed by the Commission, with special attention to the priority programs Horizon 2020, COSME, LIFE 2014-2020 and especially LIFE Integrated projects, Erasmus-for-All and the EU programme for Employment and Social Innovations (EASI). The coordination will focus on:

- Integration during the implementation phase and of the management of programmes, including the promotion of common approaches among the funds relating to the development of the operations, the calls for proposals and the selection procedures, the aid schemes;
- The link with the managing authorities of the national / regional Operational Programmes;
- The integration of funds into instruments related to territorial development and to other interventions of thematic integration;
- The promotion of cooperation between the managing authorities in the field of monitoring, evaluation, management and control and audit.

Given that the cooperation area of the Italia-Malta programme is eligible for the ENI CBC MED 2014-2020 programme and the MED 2014-2020 programme, a coordination mechanism between the MA and the ANCM is foreseen in order to ensure the capitalization of certain activities already implemented in the framework of these programmes and thus avoid the risk of funding interventions with similar characteristics under the Italia-Malta programme.

The whole CBC area of the Italia-Malta programme is eligible under the ENI CBC Mediterranean programmes and as a consequence a mechanism for coordination between the MA and the MNCA is envisaged in order to avoid duplication of activities and enhance the mechanism for capitalisation. Among their objectives, these authorities at national level must improve the communication, identify common challenges and better coordinate activities under these programmes. They shall also provide information to stakeholders about the Italia-Malta OP, and support the setting up of networks and the capitalisation of experiences and projects outputs.

Having regard to the Sicily border of the Italia-Malta OP, there is a high degree of coherence of TO 5 with the Priority investments selected by the ENI Italia-Tunisia OP, whose MA is the same MA of the Italia-Malta OP, in the field of the maritime risks (human and natural) in the Maltese Channel and Sicilian Strait with the Tunisia border.

As regards the coherence of the programme with the Cohesion Fund instruments, it is worth noting that only Malta benefits from such investments which are mainly aimed at transport infrastructure and environment major projects. For this reason, there is no scope for overlap between projects being financed under the programme and projects being implemented in Malta under the Cohesion Fund.

In relation to the coherence with the European Investment Bank funds at CBC level, the Italia-Malta OP could explore such intervention fields, establish networks or finance feasibility studies to prepare the ground for wider initiatives that would be financed by other intervention tools. This possibility can be used by stakeholders to prepare a second generation of projects (after 2018) that would eventually be financed by the European Investment Bank.

Having regard to the relevant national funding instruments that could contribute to the same or similar objectives as selected by the Italia-Malta programme, it is highlighted that the MC of the OP will explore any possibility to enhance those synergies.

Section 7 - Reduction of the Administrative burden for beneficiaries

(Reference: point (b) of Article 8(5) of Regulation (EU) No 1299/2013

The main sources of administrative burden in 2007-2013 could be listed in two main categories:

- a) Administrative documentations and procedures
- b) Non-homogeneous procedures for first level controls between Italian and Maltese beneficiaries

Having regard to point a) it deals with the enormous volume of data with the corresponding documentations received from beneficiaries in connection with the application stage and during the whole project life cycle to assess reports and authorise the payments. More specifically, in connection with the two calls for proposals launched by the OP, the procedures to be respected for the submission of the final application included more than 12 different documents corresponding to at least 200 pages of paper per project. In addition to this, the applicants were invited to submit both hard and electronic copies of the final application in order to ensure the circulation among the entitled subjects for the need of the evaluation.

Even if many seminars among potential beneficiaries were organised in order to better explain how to use the Italian and Maltese templates for the submission of the final applications, many formal mistakes caused the ineligibility of numerous projects. Furthermore, during the implementation period, Lead Partners had to submit every six months a progress report, a payment claim and the Audit certificates of the controllers in both hard and electronic copies. The final request for reimbursement included more than 3 different documents that with the audit certificates made up 100 pages at least. Every three months LPs were invited also to present a Monitoring Sheet with more than 2000 records of commitments and expenses. A list of deliverables and outputs was requested, on a yearly basis as hard copies. In addition to the above, it is also important to highlight the complexity of the procedures that have been adopted in connection with the need at project level to submit a request for the evaluation and approval of the minor and major changes to the project Application Form.

Having regard to point b) it deals with the difficulties of the Lead Partner to deal with the complex set of different national eligibility rules between Maltese and Italian beneficiaries within the same project. In particular, even if the "Manual of the OP" and the "Manual for Reporting of Expenses" clearly explained the procedures and the modality on how to claim such expenses including the use of joint templates and annexes, many mistakes occurred due to the non-homogeneous procedures adopted for first level control at national level. In addition to this, it is also highlighted the recurrent mistakes registered in such kind of expenditures (such as internal staff and missions) during the verification process of the controllers at CBC level.

As a consequence, at both Programme and project levels, enormous human resources were dedicated to collect and verify documents, report outputs, deliverables and so on. From the above, the main conclusion is that the Italia-Malta 2014-2020 should better focus on the verification of the results, indicators and achievements rather than on the administrative checks and verifications. As a consequence certain flexibility and simplification are strongly needed as clearly stressed by the stakeholders during the activities of preparation and programming carried out by the MA.

The main corrective actions planned to assure a concrete reduction of the administrative burden

are the following:

- 1) The adoption of rules at programme level on the eligibility of expenditures
- 2) The migration to a decentralised system for first level control in Malta
- 3) The electronic exchange of information and data between beneficiaries and programme Authorities and controllers

Point 1 and 2 - Having regard to the approval of rules at programme level on the eligibility of expenses and without any prejudice to the content of the related delegated act and its general provisions on the five reported line items for ETC CPs (staff costs, office and administrative expenditure, travel and accommodation costs, external expertise and services costs, and equipment expenditure), it will be proposed to adopt additional rules on eligibility of expenses for the entire cooperation programme by the Monitoring Committee (Art. 18 of the ETC Regulation).

In addition to this, the use of simplified costs options (e.g. flat rate cost) will be proposed under some line items of the budget such as internal staff and administrative costs.

Furthermore, standard check lists and common implementation templates will be adopted at cross-border level for all the controllers and beneficiaries in order to better harmonise the procedures and the methodology of the FLC. Controllers in both territories must adapt their working methods and practices by assuring both tighter checks on those expenditures that could be affected by higher risks and a concrete verification on projects' results and outputs.

The national and regional authorities responsible for the First Level Control in Sicily and Malta will hold regular coordination meetings regarding the implementation of the common eligibility rules, the simplified cost options and the harmonised tools. These meetings will be held to improve the quality of the checks and to reduce the possible discrepancies in the application of the shared and joint rules.

Point 3 - Having regard to the electronic exchange of information and data between beneficiaries and programme Authorities and controllers, an electronic system must be in place no later than 31 December 2015, as set up in Article 122(3) of the CPR and in the Implementing Act on the rules concerning electronic information exchange with beneficiaries ("e-Cohesion").

Regarding the communication with beneficiaries, this electronic exchange will cover the submission of all documents related to project implementation as well as the progress report and the certification of expenditures (audit certificates).

After the verification of the national rules that will be put in place after 2015, the MA will assess also the possibility to enable the submission of the Application Form and the subsidy contracts/partnership agreements through the electronic system.

Furthermore, the electronic system will contribute to a progressive reduction of paper documents as well as procedures. This process is in line also with the respect and the compliance of the "only once" principle. More specifically, the documentation already entered/submitted by the beneficiaries will be used by the OP authorities for the whole project life cycle, avoiding wasting time in the resubmission of the same documentation. This measure will reduce significantly the amount of paper and the transfer of documents, and will allow all documents to be stored in the same place making them available to all, programme bodies, beneficiaries and controllers, at any time.

Anything regarding the relative time frame to the aforementioned measures is described below:

1. October - December 2016 – Assess the possibility of introducing simplified cost options
2. 31 December 2015 – Electronic exchange of data between the beneficiaries and the Management Authority, the Certifying Authority, the Audit Authority (in line with point (d) of Article 125 (2) of the Regulation (EU) 1303/2013

Anything regarding the implementing rules of the simplified cost options will take into account the following Regulations:

- Regulation (EU) No 1303/2013 (Article 67) regarding the forms of overlapping and refundable assistance as well as the methods of calculating the amounts
- Regulation (EU) No 1299/2013 (Article 19) regarding the possibility of calculating the costs of the personnel on the basis of set prices up to 20% of the direct costs which differ from the costs of the personnel of an operation

Delegated Regulation (EU) No 481/2014 (Articles 3 and 4) regarding rules specific to the eligibility of the expenditures of the “cost of the personnel” and the expenditures regarding the “office and administrative expenditures” for the cooperation programmes.

SECTION 8 - HORIZONTAL PRINCIPLES

(Reference: Article 8(7) of Regulation (EU) No 1299/2013)

8.1. Sustainable development

Having regard to the selected thematic objectives and investment priorities is confirmed that the Italia-Malta OP will take into account specific attention to the environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management.

Such issues necessitate the cooperation and coherence at vertical and horizontal levels of administration that must be ensured to avoid contradictory initiatives and contribute to a more satisfactory implementation of the objectives of the Cooperation Programme in encouraging sustainable development (for example, in the air quality sector). Specific measures and actions to fight against the consequences of climate change, the reduction of the impact of human activities on the environment and the protection of ecosystems and biodiversity are envisaged by investment priorities 6.d and 5.b in Axis III.

Furthermore, looking at the thematic concentration principle at OP level two specific issues such as the “environmental protection” and the “security of land and the sea” will be addressed in a cross-cutting way in the different investment priorities of the OP for contributing to the overall objectives of the programme.

More specifically, potential beneficiaries under all the three priority axis will be guided by the “Manual of the OP” to describe how their project proposals directly contribute to one of the following issues:

1. environmental protection
2. security of land and the sea
3. cultural heritage
4. life quality and health of citizens

As a consequence the investment priorities selected for Axis I and II will also contribute directly to deliver project that could have a concrete impact to face on the environmental challenges of the CBC area as well as the enhancement of resilience measure to manage the disaster and risk scenario of the territories.

In line with the principle of sustainable development, project proposals will be evaluated looking at the number of the above reported issues addressed by the project actions. Specific evaluation criteria on how to evaluate the project proposals in order to understand if the project could have a positive effect on the environment, even in terms of the mitigation of the effects and the adaptation to climate change, or which conserve, enhance or rehabilitate existing endowments will be approved by the Monitoring Committee with the directly contribution of the Environmental authorities of both member States as well as through the consultation of qualified experts (for example on the issue of climate change) for the establishment of the operations' selection/evaluation criteria.

On this regard the application forms, that will be approved at cross-border level, will contain a specific section for highlighting the sustainable development and the contribution of the project

actions. From a general point of view the following aspects will be considered as guidance for the project evaluation process:

- Contribution to better face on the negative effects caused by the climate change
- Contribution to the enhancement of innovative measures and tools to prevent the cross-border risks (natural and anthropic)
- Contribution to efficiency in the use of resources (e.g. sustainable land and coastal area use, renewable energy use, waste-water treatment and water reuse, reduction of greenhouse gas (GHG) emissions, waste management and recycling etc.)
- Contribution to the development of green infrastructures
- Promotion of employment opportunities, traineeship, education, training and support services in the context of environment protection and sustainable development

Furthermore other specific evaluation criteria will be approved by the MC in relation to the implementation modality at project level:

- use of video conference to reduce travelling to attend
- use of “green public procurement” procedures and innovative public procurement

These measures shall also be taken into account at programme level for managing and monitoring activities.

It is noted that measures taken for simplification and reduction of administrative constraints mentioned in part 7.2 of the cooperation programme are likely to reduce the environmental impact of the programme through the use of electronic communication and the rationalization of the use of paper documents. More detailed guidelines on how to interpret the main principles outlined in the CP might be provided in the Terms of reference of each call for projects.

Finally, it should be noted that the MA will cooperate systematically with the national and regional environmental authorities, each in its own area of competence for the implementation of the environmental sustainability objectives, criteria, and indicators, as well as to guarantee the correct application of the national and regional community rules with regards to the environment.

8.2. Equal opportunities and non-discrimination¹⁰

In line with art. 7 of the Regulation 1303/2013, the Italia-Malta Programme will adopt all the measures necessary to prevent any discrimination based on gender, race, or ethnical origin, religion or personal opinions, disability, age or sexual orientation during the preparation and the execution of the programme.

With specific reference to the type of the territories involved in the programme, some population target groups could be at risk of discrimination because of problems linked to double insularity and to isolation of the populations from the main centres. Besides, the high number of unemployed and

¹⁰ Not applicable to URBACT, INTERACT and ESPON

the presence of a large group of old population inside the area could determine phenomena of marginalization or exclusion.

In this respect the Italia-Malta 2014-2020 Cooperation Programme promotes the technological development and the utilization of ITC tools to improve and increase the possibility of access to information and services by the more disadvantaged ranges. Besides, specific interventions envisaged inside the programme, such as the development of home automation systems or the incentives to the use of tools suitable to facilitate the mobility will have the specific purpose of improving the quality of life of entire population ranges and to prevent brain drain phenomena by professionals, researchers and young people that enter the job market.

The Administrations involved in the Cooperation Programme intend to guarantee the actual implementation of the Community principle of the equal opportunities in the planning, realization and evaluation of the interventions also via further concrete actions such as:

- integration of the principles of equal opportunities in the implementation devices, in the form of the participation to the Surveillance Committees of the referents for the equal opportunities of the two Member States and of the possibility of realizing within such meetings specific information about the consequences produced by the progress of the Programme on the overall themes;
- definition, where applicable, of the selection criteria of the projects oriented to the active pursuit of the goal of equal opportunities and relative participation, where applicable, of the national/regional referents for the equal opportunities to the selection process;
- participation, with consultancy functions, of the national/regional referents for the equal opportunities in the meetings of the Executive Committee, where considered appropriate in consideration of the themes faced;
- specific attention to the theme in the definition and implementation of the communication campaigns and of the actions of territorial animation

8.3. Equality between men and women

The equality between men and women is one of the main assets of the European Union and although gender equality is not a priority explicitly envisaged among the thematic targets and the investment priority in the Italia-Malta 2014-2020 Programme, it will be certainly taken as the horizontal principle in the various phases of the life of the programme and of the projects that will be financed.

In this respect, and by way of continuity with the 2007-2013 Programme, the Programme supports in all the planning, implementation, monitoring and evaluation phases, actions aimed at eliminating inequalities, at promoting equality between men and women and at integrating the overall perspective.

With reference to the transversal integration of the principle of equality, the Cooperation Programme envisages:

- integration of the principles of equal opportunities in the implementation devices, in the form of the participation in the Surveillance Committees of the referents for the equal opportunities of the two Member States and of the possibility of realizing within such meetings specific information about the consequences produced by the Programme's progress on the overall themes;
- specific selection criteria and suitable scores or prize criteria of a quantitative and qualitative nature, which will be approved by the Surveillance Committee of the programme
- participation, with consultancy functions, of the national/regional referents for equal opportunities in the meetings of the Executive Committee, where considered appropriate in consideration of the themes faced;
- specific attention to the theme in the definition and implementation of the communication campaigns and of the actions of territorial animation

SECTION 9. Separate elements

9.1 Major projects to be implemented during the programming period

(Reference: point (e) of Article 8(2) of Regulation (EU) No 1299/2013)

The activation of large project is not envisaged

9.2. Performance framework of the cooperation programme

Table 24: The performance framework of the cooperation programme

Priority Axis	Indicator type (Key implementation step, financial, output or, where appropriate, result indicator)	ID	Indicator of key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
Axis 1	Output indicator	CO04	Number of enterprises receiving non-financial support	Enterprise	10	100	Programme monitoring tools	The indicator measures the number of enterprises which will obtain benefits stemming from the development of services (non-technological innovation, markets, proceedings, marketing, living labs etc.) implemented by the clusters and districts of the area, from the pilot actions that the research centres will implement in favour of the production system by strengthening of the R&I through material investments.
	Financial indicator	1.1b	expense declared to the EC	Euros	2,637,129	15,512,531	Programme monitoring tools	The indicator takes into consideration the expenses submitted by the CA to the EC on the basis of the request for reimbursement presented by the operations falling under Axis 1 between 2018 and 2023
Axis 2	Output indicator	CO03	Number of enterprises receiving financial support other than grants	Enterprise	1	6	Programme monitoring tools	The indicator takes into account the number of enterprises which will receive financial benefits to ensure the creation and strengthening of the reality social innovation (co-working spaces, fab-lab, etc) within the area both to start innovative start-ups in sectors linked to the protection of the environment and to improving the quality of life and citizens' health

Priority Axis	Indicator type (Key implementation step, financial, output or, where appropriate, result indicator)	ID	Indicator of key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
	Output indicator	2.2.2	Enterprises (micro, small and medium) that activate traineeships	number	10	50	Programme monitoring tools	The indicator takes into account the number of private and public entities in the area of cooperation which will permit the organisation of on-the-job training courses to insert the youths and newly high school graduates
	Financial indicator	2.2a	expense declared to the EC	Euros	1,318,565	8,790.434	Programme monitoring tools	The indicator takes into account the expenses submitted by the CA to the EC on the basis of the request for reimbursement presented by the operations falling under Axis 2 between 2018 and 2023.
Axis 3	Output indicator	3.1.1	Recovery and evaluation interventions of the zones of the Natura 2000 network	number	3	10	Programme monitoring tools	The indicator takes into account the number of timely interventions of recovery and reclamations in situ that will be implemented within the area of the Natura 2000 network.
	Output indicator	3.1.3	Awareness campaigns for the proper enjoyment of protected areas	number	1	4	Programme monitoring tools	The indicator takes into account the number of awareness campaigns for the correct fruition of the protected areas that will be conducted. Such activities include timely interventions for the monitoring and control of invasive species, strengthening environmental information centres as well as the financing of observation points, accesses and infrastructures for didactic purposes that contribute to the promotion of the protected areas of the area.
	Output indicator	3.2.1	Area covered by pilot measures for the mitigation of the effects of climate change	Square metres	112.500.000	375.000.000	Programme monitoring tools	The indicator takes into account the surface of the area that will be covered by pilot interventions for monitoring, prevention and adaptation to marine hazard, the study and observation of the meteomaritime conditions of the area and the realization of small infrastructures.
	Financial indicator	3.2b	expense declared to the EC	Euro	3,581,408	23,876,060	Programme monitoring tools	The indicator takes into account the expenses submitted by the CA to the EC on the basis of the request for reimbursement presented by the operations falling under Axis 3 between 2018 and 2023.

9.3. Relevant partners involved in the preparation of the cooperation programme

The principles linked to the involvement of the generalist and qualified partnership have been satisfied in all the phases of preparation and drafting of the Italia-Malta 2014-2020 Cooperation Programme.

The work methodology utilized to guarantee the widest participation of the subjects of the Italian and Maltese territories has envisaged the creation of macro categories of subject, for which a further census has been made later, in order to guarantee the involvement of everyone, in the most possible pervasive manner.

All the categories of subjects identified have been alerted and involved, both in the various phases of public consultation and organization of specific workshops, preparatory to the definition of the thematic objectives, of the investment priorities, of the expected results, of the SWOT analysis, and in the return phase of feedback following the closure of such processes.

The tools utilized for such activities have been the creation of mailing lists specifically identified subjects, the utilization of the electronic mail to activate a timely dialogue with the subjects participating in the tutorial activities and to return them a feedback, the publication of reports and summaries of decisions relative to the partnerships meetings and to the task forces in the institutional site of the Italia-Malta 2007-2013 Operating Programme www.italiamalta.eu.

The subjects of the partnership, involved in the various phases of drafting of the programme, can be ascribed to the following categories:

- National authorities
- Regional authorities
- Local/town/metropolitan authorities
- Regional and local development agencies / public subjects charged with the responsibilities of the development policies / public operators
- Authorities responsible of the territorial planning policies, of the coasts and of protection of the seas
- University / Research centres / poles and technological parks
- SMEs / economic operators / category associations / networks and clusters
- Chambers of Commerce, Industry, Craft Trade and Agriculture
- Non-governmental organizations
- Institutions and subjects of the world of education
- Maritime authorities

With reference to the types of subjects listed above, we have later carried out a more in-depth analysis in order to identify a specific address list of bodies involved when necessary both on the Italian territory and on the Maltese one. In particular:

- Public Administrations: University of Catania, University of Palermo, University of Messina, State Research Institutions and Agencies such as INGV, INAF, CNR, Employment Agency, Office of the Principal Permanent Secretary, Ministry for European Affairs, EU Secretariat - Ministry for European Affairs, EU Presidency 2017 – Ministry for European Affairs, Ministry for Foreign Affairs, Ministry for Social Dialogue, Consumer Affairs and Civil Liberties, Ministry for Sustainable Development, the Environment and Climate Change, Ministry for Gozo, Ministry for Health, Civil Protection Department, Armed Forces of Malta, Local Government Association, MEUSAC, Malta Council for Economic and Social Development, Gozo Regional Committee, Malta Resources Authority, Water Services Corporation, University of Malta, Heritage Malta, Malta Tourism Authority, Transport Malta, MCAST, The Maltese Council for Science and Technology, WasteServ Malta);
- Private Organisations identified as “knowledge intermediaries”: Biomedical District, Cultural Heritage District, Bio-agricultural District and environmentally friendly fishing, Marine Environment District, Sicilian District of the advanced manufacturing systems, Manufacturing District of Fishing COSVAP, Micro and nano systems District, Sicily Navtec District – Research Consortium for the technological innovation, Sicilian Naval, Commercial and Sports Transportation, Sicilian Mechatronics District, Scientific and Technological Park, Catania Research Consortium, Innova BIC, Agency for the Mediterranean, Elected member to represent civil society organizations, Alternattiva Demokratika Partit Laburista Partit Nazzjonalista, Union Faddiema Maghqudin
- Subjects representing the SMEs: CNA Sicilia – National Confederation of Handicraft and of the small and medium Enterprise, CIA Sicilia – Italian Confederation of Sicilian Farmers, Confcooperative, Unioncamere Sicilia, Confcommercio Sicilia, Confindustria Sicilia, Malta

Enterprise, Malta Information Technology Agency (MITA), Confederation of Malta Trade Union, Forum Unions Maltin, General Retailers and Traders Union, General Workers' Union, Malta Chamber of Commerce, Enterprise and Industry, Malta Employers' Association, Malta Hotels & Restaurants Association, Maltese-Italian Chamber of Commerce, Vitimalta.

In line with the content of section 5 of this document, all the subjects mentioned above have been the recipients of an activity of territorial animation in the two years of work (July 2012-2014) which have guaranteed the preparation and the drafting of the programme. More specifically, the above subjects have been called to intervene in the following phases:

- February-March 2013: Public consultation for the identification of the thematic objectives
- July 2013: Activity of co-working for the consolidation of the investment priorities
- December 2013: Public consultation for the consolidation of the SWOT analysis
- August-September 2014: public consultation for the consolidation of the programme

All that has realized in the above moments of public consultation has been later integrated in the respective sections of the programme.

9.4. Applicable programme implementation conditions governing the financial management, programming, monitoring, evaluation and control of the participation of third countries in transnational and interregional programmes through a contribution of ENI and IPA resources

(Reference: Article 26 of Regulation (EU) No 1299/2013)

not applicable