



Brussels, 10.12.2014  
C(2014) 9352 final

**COMMISSION IMPLEMENTING DECISION**

**of 10.12.2014**

**adopting a**

**Cross-border cooperation Programme Montenegro- Albania for the years 2014-2020  
and Cross-border cooperation Action Programme Montenegro- Albania for the year  
2014**

# COMMISSION IMPLEMENTING DECISION

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## **Cross-border cooperation Programme Montenegro- Albania for the years 2014-2020 and Cross-border cooperation Action Programme Montenegro- Albania for the year 2014**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action<sup>1</sup> and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>2</sup>, and in particular Article 84(2) thereof,

Whereas:

- (1) The Regulation (EU) No 231/2014<sup>3</sup> lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex 1 of that Regulation.
- (2) In accordance with Article 7 of the Regulation (EU) No 231/2014 the assistance should be implemented through annual or multi-annual programmes, country specific or multi-country programmes, as well as Cross-border cooperation programmes. These programmes should be drawn up in accordance with the framework for assistance referred to in Article 4 of the Regulation (EU) No 231/2014 and the relevant country or multi-country indicative strategy papers referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex 1 of the Regulation (EU) No 231/2014. The Commission adopted an indicative multi-country strategy paper for 2014 – 2020 which provides indicative allocations for the 2014-2020 territorial cooperation programmes.<sup>4</sup>
- (4) The responsible authorities of Montenegro and Albania submitted to the Commission on 30 May 2014 a proposal for a cross-border cooperation programme between Montenegro and Albania for the period 2014-2020. This draft programme has been drawn up in accordance with Article 49 of the Commission Implementing Regulation (EU) No 447/2014.<sup>5</sup> It aims at providing assistance for cross-border cooperation in the

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<sup>1</sup> OJ L 77, 15.03.2014, p. 11.

<sup>2</sup> OJ L 298, 26.10.2012, p.1.

<sup>3</sup> Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), OJ L 77, 15.03.2014, p. 95.

<sup>4</sup> C(2014) 4293 of 30.06.2014

<sup>5</sup> Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11

following thematic priorities: encouraging tourism and cultural and natural heritage; protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management, promoting employment, labour mobility and social and cultural inclusion across the border, and sets out the indicative allocations for the period 2014-2020. In accordance with Article 31(4) of the the Commission Implementing Regulation (EU) No 447/2014, the Commission shall approve such programme.

- (5) The cross-border cooperation programme between Montenegro and Albania for the period 2014-2020 annexed to the present Decision, will serve as a reference for the adoption of the relevant financing decisions, without constituting a financial commitment itself.
- (6) It is necessary to adopt a financing decision for 2014, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012.<sup>6</sup>
- (7) The Commission should be able to entrust budget-implementation tasks under indirect management to the IPA II beneficiary identified in this Decision, subject to the conclusion of a Financing Agreement. In accordance with Article 60(1) and (2) of the Regulation (EU, Euratom) No 966/2012 and Article 14(3) of the Commission Implementing Regulation (EU) No 447/2014, the authorising officer responsible needs to ensure that the entrusted entity guarantees a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012, when the Commission manages Union funds.
- (8) The entrusted entity is currently undergoing a complementary assessment of its systems and procedures. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entity's positive assessment under the Council Regulation (EC, Euratom) No 1605/2002 and Commission Regulation (EC) No 718/2007<sup>7</sup> and the entity's present compliance with the requirements of such regulations, budget implementation tasks can be entrusted to this entity In accordance with Article 60(1)(c) of the Regulation (EC, Euratom) No 966/2012, the authorising officer responsible needs to ensure that measures have been taken to supervise and support the implementation of the entrusted tasks. A description of these measures and the entrusted tasks are laid down in the Annex 1 to the Decision.
- (9) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of the Regulation (EC, Euratom) No 966/2012 and Article 111(4) of Commission Delegated Regulation (EU) No 1268/2012.
- (10) Pursuant to Article 94(4) of Commission Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.

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March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), OJ L 132, 3.5.2014, p. 32.

<sup>6</sup> Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, OJ L 362, 31.12.2012, p. 1.

<sup>7</sup> Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) (OJ L 170, 29.6.2007, p.1).

- (11) The action programmes or measures provided for by this Decision are in accordance with the opinion of the IPA II Committee set by Article 13 of the Regulation (EU) No 231/2014.

HAS DECIDED AS FOLLOWS:

#### *Article 1*

##### *Adoption of the programme*

The cross-border cooperation action programme Montenegro-Albania under the Instrument for Pre-accession Assistance (IPA II) for the year 2014 as set out in the Annex 1, is hereby approved.

The 2014-2020 cross-border cooperation programme Montenegro-Albania under the Instrument for Pre-accession Assistance (IPA II) as set out in the Annex 2, is hereby approved.

#### *Article 2*

##### *Financial contribution*

The maximum amount of the European Union contribution for the implementation of the cross-border cooperation action programme Montenegro – Albania under the Instrument for Pre-accession Assistance (IPA II) for year 2014 referred to in Article 1 is set at EUR 1 190 000 to be financed from budget line 22.02.04.01 of the general budget of the EU for year 2014.

The financial contribution referred to in the first sub-paragraph may also cover interest due for late payment.

#### *Article 3*

##### *Implementation modalities*

This programme shall be implemented by indirect management.

A Financing Agreement shall be concluded between the Commission and the Governments of the Montenegro and Albania **in conformity with the Framework Agreement concluded between the Commission and Montenegro and Albania respectively.**

*Article 4*

*Non-substantial changes*

The following changes shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions:

- (a) increases or decreases for not more than 20% of the maximum contribution set in the first paragraph of Article 2 and not exceeding 10 million;
- (b) cumulated reassignments of funds between specific actions not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;
- (c) extensions of the implementation and closure period;
- (d) within the limits of 20% referred to in points a) and b) above, up to 5 % of the contribution referred to in the first paragraph of Article 2 of this financing decision may serve to finance actions which were not foreseeable at the time the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

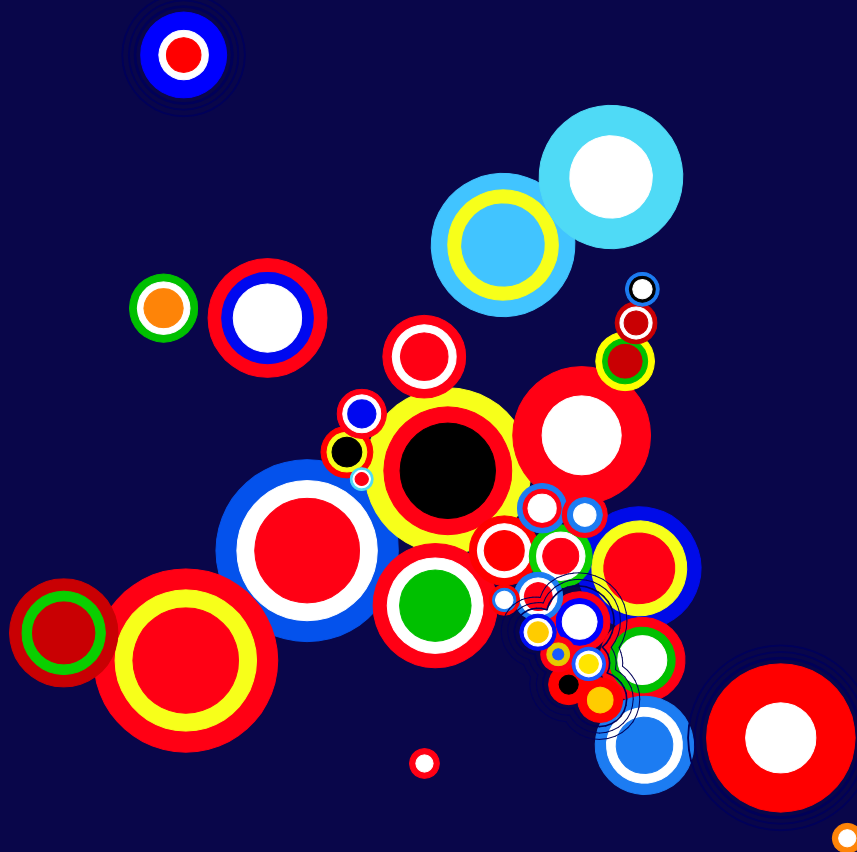
Done at Brussels, 10.12.2014

*For the Commission*  
*Johannes HAHN*  
*Member of the Commission*



Annex 2

**INSTRUMENT FOR PRE-ACCESSION ASSISTANCE  
2014-2020**



**IPA CBC PROGRAMME  
MONTENEGRO – ALBANIA**

ADOPTED ON 10/12/2014



Albania



Montenegro

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## Programme synopsis

<b>Programme title</b>	CBC Programme Montenegro - Albania 2014-2020
<b>Programme area</b>	<p><u>Montenegro:</u></p> <ul style="list-style-type: none"> <li>- Andrijevica, Berane, Petnjica, Plav, Gusinje, Rožaje, Podgorica, Cetinje, Danilovgrad, Budva, Bar and Ulcinj</li> </ul> <p><u>Albania:</u></p> <ul style="list-style-type: none"> <li>- Region of Shkodra</li> <li>- Region of Lezha</li> <li>- * District of Tropoja</li> </ul>
<b>Programme overall objective</b>	To promote/strengthen good neighbourly relations and socioeconomic development of the border regions, through valorising its touristic potentials, an environmentally sustainable and socially inclusive economic development, with respect for its common cultural and natural heritage.
<b>Programme thematic priorities</b>	<p><b>TP1:</b> Encouraging tourism and cultural and natural heritage;</p> <p><b>TP2:</b> Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management</p> <p><b>TP3:</b> Promoting employment, labour mobility and social and cultural inclusion across the border</p> <p><b>TP4:</b> Technical Assistance</p>
<b>Programme specific objectives</b>	<ul style="list-style-type: none"> <li>- The competitiveness of the tourism sector is enhanced by the economic valorisation of the cultural and natural heritage</li> <li>- The protection of environmental resources in lake and alpine areas is furthered</li> <li>- Employability and social inclusion is fostered</li> <li>- The effective, efficient, transparent and timely implementation of the programme and awareness raising is ensured</li> </ul>







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<b>Financial allocation 2014-2020</b>	EUR 11,900,000.00
<b>Implementation method</b>	Indirect Management (subject to the entrustment of budget implementation tasks)
<b>Contracting Authority</b>	<p><b>Montenegro:</b>  Ministry of Finance  Central Finance and Contracting Unit (CFCU)  Jola Piletica bb, 81 000 Podgorica  Tel: + 382 (0) 20 230 630  Fax: + 382 (0) 20 230 657</p>
<b>Relevant authorities in the participating IPA II beneficiaries [Operating Structures]</b>	<p><b>Montenegro:</b>  Ministry of Foreign Affairs and European Integration  Stanka Dragojevića 2  81000 Podgorica  Tel: (+382 20) 224 439  Fax:(+382 20) - 224 449</p> <p><b>Albania:</b>  Ministry for European Integration  Rr. "Papa Gjon Pali II", Tirana, Albania  Tele: +355 4 22 286 45  Fax: + 355 4 22 562 67</p>
<b>JTS/Antenna</b>	<p>The JTS will be located in Podgorica, Montenegro.</p> <p>Antenna will be located in Shkodra, Albania</p>

\*Wherever the term District of Tropoja is mentioned in the text, it refers to the previous territorial division in Albania which includes Bajram Curri Municipality, Margegaj Commune, Tropoje Commune, Bujan Commune, Bytyc Commune, Fierze Commune, Lekbibaj Commune, Llugaj Commune.





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## Section 1: Programme Summary

The programme for cross-border cooperation between Montenegro (MNE) and Albania (AL) will be implemented under the framework of the Instrument for Pre-accession Assistance (IPA II). IPA II supports cross-border cooperation with a view to promoting good neighbourly relations, fostering union integration and promoting socio-economic development. The legal provisions for its implementation are stipulated in the following pieces of legislation:

- Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II)
- Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- Commission Implementing Regulation EU No 447/2014 of 2 May 2014 on the specific rules for implementing the IPA II regulation

### 1.1 Summary of the Programme

The Programme covers a territory of 11,970 km<sup>2</sup> with a total population of about 749,257 inhabitants. Territory in Montenegro accounting for 52.1 % of programme area covers 12 municipalities spread in three geographic regions. The Albanian part is composed by three administrative units, the regions of Lezha and Shkodra and the district of Tropoja accounting for 47.9 % of the programme area. The length of borderline is 244 km of which 38 km are water border. Overall, the programming area has 23 municipalities and a total of 1,144 settlements – towns and villages. The programme area is characterized by a contrasted geographic and climate profile. It presents sharp contrasts as it alternates mountains, hills, rivers, lakes and sea coastline very close to each other. The programme area is home to several National parks, protected zones and landscapes reflecting the rich biodiversity and environmental differences. The population living in the programme area accounts for almost 61% of total population of Montenegro, and 13.5% of Albania. Population in the programme area is a balanced match with Montenegrin population accounting for 50.63%, and Albanian population with 49.37%. The composition of the population in the programme area shows that 50% of population belongs to the 15-49 years old age segment.

#### ***Main findings***

Main findings of the analysis rendering the preparation of the document are summarised below:

The programming **area features regional disparities** in terms of socio-economic developments and the structure of economy is different on both sides of the border. While Albanian regions rely on agriculture, services, wholesale and retail markets, Montenegrin regions feature more developed industry, and the





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level of tourism is much more developed. Both regions are below their development potential, as they have yet to find ways, and opportunities to benefit from their comparative advantages.

**Business competitiveness is low** on both sides of the border. The structure of economic operators in the programme area is dominated by small and medium enterprises. Higher productivity and further investment in know-how and use of innovation technologies is a precondition to becoming more competitive both nationally and internationally. Majority of the small and medium enterprises (SME) in both sides operate in the services sector. Strengthening of business support mechanisms remains a challenge.

**Agriculture is a major economic potential** in both countries, but underutilized, with **low productivity and competitiveness**. In general rural economy is fragmented, to a higher degree in the Albanian programme area. But, small agricultural holdings face difficulties in accessing country and regional markets. Improving access to market and strengthening the food security system and inspection bodies will be important for increasing agriculture sector competitiveness.

**Tourism** is a great potential for both countries, but unevenly developed. Montenegro is already a popular touristic destination while Albania has yet to become one, as tourism sector in the Albanian part of the programme area is poorly developed despite of the great potential. Obvious synergies, potentially to be supported by the cross-border cooperation (CBC programme), can be built between the regions in Albania and the coastal areas in Montenegro. There is a rich **historic-cultural heritage** in the bordering area that needs to be preserved. Further valorisation of historical and culture heritage could contribute to strengthening the identity of the area, but also as an asset for the economic development.

**Unemployment is relatively high** in both Montenegro and Albania and still a major economic problem. Unemployment remains a sharp problem especially for the socially sensitive groups such as youth, women and rural population. Poverty has become an urban concern, indicating a sluggish performance of economy over the last years, while the revival of the already exhausted urban potential to lead economic growth has become imperative. Unequal **educational** level is present in the programme area, with illiteracy increasing in remote areas. Highly educated young people have a tendency to leave towards regions that provide more opportunities or abroad. The secondary education system is less attractive and accessible, especially for young rural population in the programme area. **Research & Development** and information and communication technologies (ICT) penetration is at a low level in Albania whereas in Montenegro follows the trend of continuous increase and is currently at the sufficient level. Insufficient investments, governmental, regional or local support activities for research and development (R&D) activities are present. Overall, **health** services in the programme are improving, but more needs to be done to ensure universal access to such services by poor households.

**Environment protection** needs serious consideration in future development plans of the programme area. With the overall development of the programme area largely relying on natural resources, their environmental protection and preservation is crucial for the sustainable development of the area.





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Improved waste management, control of pollution, and improved land management are amongst the key priorities to be addressed. Further valorisation of natural resources in the view of economic development is a key issue for the development of the area.

### ***Main Areas of Interventions***

The **overall objective** of this cross-border programme is to promote/strengthen good neighbourly relations and socioeconomic development of the border regions, through valorising its touristic potentials, an environmentally sustainable and socially inclusive economic development, with respect for its common cultural and natural heritage.

Based on the situation analysis and the Political, Economic, Social, Technological, Legal, and Environmental (PESTLE) and strengths, weaknesses, opportunities and threats (SWOT) analysis the following thematic priorities and specific objectives are regarded as instrumental to be supported through CBC initiatives:

#### **(1) Encouraging tourism and cultural and natural heritage:**

- The competitiveness of the tourism sector is enhanced by the economic valorisation of the cultural and natural heritage

#### **(2) Protecting the environmental, climate change adaption and mitigation, risk prevention and management:**

- The protection of environmental resources in lake and alpine areas is furthered

#### **(3) Promoting employment, labour, mobility and social and cultural inclusion across the border:**

- Employability and social inclusion is fostered.

In addition to the three thematic priorities mentioned above, the programmes will include a specific **Technical Assistance priority** aiming at, amongst other purposes, ensuring the effective management and administration of the cross border programme.

## **1.2 Preparation of the programme and involvement of the partners**

The IPA CBC Programme 2014-2020 between Montenegro and Albania is the result of joint programming exercise work carried out by the participating countries' representatives, including relevant stakeholders from the central level institutions, local level institutions of the programme area, Chambers of Commerce and Industry, entrepreneurs, and local organisations. A Joint Task Force has been established to prepare and implement the programming document under the leadership of Operating Structures. (OSs). Thus, the programme is managed by the Operating Structures - for Montenegro in the Ministry of Foreign Affairs and European Integration, and for Albania in the Ministry of European Integration.

The programming process started in beginning of July 2013 and continued until end of May 2014. The programme was designed through a consultation process involving local stakeholders and potential beneficiaries from both sides of the border. Questionnaires were designed by the CBIB+ and





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disseminated by the OSs with the support of the JTS to institutions at central and local level, CSOs, to support the PESTLE and SWOT analyses for the programme and provide one of the indicators for the identification of joint priorities for the cross-border area. Out of 140 questionnaires sent (70 in Albania and 70 in Montenegro), 91 were received back. The overall response rate in the survey was approximately 65%. Clarification interviews were also conducted - 34 in Albanian and 9 in Montenegro. The first draft of the Programming Document was submitted to the Commission on 15 November 2013.

During December 2013 two presentation meetings were held with local government representatives in the framework of the Public Consultation Process from the Albanian side in Shkodra and Lezha with 15 participants. . On the other side, in October 2013, public consultations were held in Bijelo Polje and around 15 participants were present.

During March-April 2014 a second wider circle public consultation process was organised by the Albanian OS in coordination with the Cross-border Institution Building Project (CBIB+) to present to civil society organisations, universities, civic activists, the second draft document of the programme between Albania and Montenegro in the eligible regions from Albania. Civil society actors and local government representatives strongly supported the thematic priorities selected for this programme and also provided details as regards the needs related to their respective regions that are duly reflected in the programme document.

In addition, in order to coordinate the process at national level, a consultation meeting was also organised with the representatives from line ministries in Albania on the thematic priorities and activities proposed in the programmes.

The following table summarizes the process of preparation of this programme.

**Table 1 -Meetings and consultations**

Timing and Place	Activities and Scope
20-21 June 2013, Becici, Budva, in Montenegro	Intra Western Balkan programming meeting for the 2014-20
9 July 2013, Podgorica	Programming Steps and requirements for the PESTLE and SWOT analysis with the OS MNE
August – mid September 2013	Distribution of the questionnaires for the collection of data
16 September 2013, Tirana	Kick-off Meeting with CBIB+ team and Coordination for the programming exercise IPA CBC 2014-2020.
25 September 2013, Podgorica	CBIB+ Training on Strategy Development and Formulation (OS, EUD, JTS/A)
27 September 2013, Tirana	CBIB+ Training on Strategy Development and Formulation (OS, EUD, JTS/A)
02 October 2013, Podgorica	Meeting with Montenegrin Operating Structure – Coordination for the Programming exercise of IPA CBC 2014 – 2020, agreement on





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	programming time-table
08 October 2013, Podgorica	Meeting with various Montenegrin Authorities (line Ministries) – discussion on situation and strategic development prospects
14 October 2013, Tirana	Meeting with Albanian Operating Structure – Coordination for the Programming exercise of IPA CBC 2014 – 2020, agreement on programming time-table, discussion on Situation and strategic development prospects
17 September – 24 October 2013, Tirana, Podgorica	Data collection and elaboration, preparation of PESTLE, finalization of Situation Analysis and SWOT
25 October 2013, Tirana	Meeting of the First Joint Task Force, presentation of the Situation Analysis and SWOT
30 October 2013, Bijelo Polje, Montenegro	Public Consultation meeting with more than 15 participants from the programme area
15 November 2013	Submission of the first draft of the Programming Document to DG ELARG
21-22 November 2013 , Belgrade, Serbia	Regional CBC Consultative Forum
12 December 2013 , Tirana, Albania	Technical meeting of the programming process between OS, the Commission, EUD and CBIB+ - Discussion on the programme strategies for three programmes took place. Some suggestion regarding formulation of objectives, indicators and eligible areas were made by the EC
19 December 2013, Preliminary Public Consultation, Lezha, Shkodra region, Albania	The programme document was presented, as well as the programming process and rationale for selecting the intervention strategy with local government with 15 representatives. The intervention strategy and the thematic priorities selected resulted to be in line with their view towards CBC needs
January 2014	Review of the Programming Document based on the recommendations of the Commission
7 February 2014	Submission the Commission of the 2 <sup>nd</sup> draft programming document
27 March 2014, Lezha region, AL Wider Public Consultation Meeting with Civil Society and Local Actors with 27 participants	The programming process together with the programme priorities were presented to 27 civil society organisation and local government representatives in Lezha region followed by active discussions on the recommendation and suggestions from participants. The priorities resulted to be in line with their view towards CBC needs.
28 March 2014, Shkodra region AL, Wider Public Consultation Meeting	The programming process together with the programme priorities





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with Civil Society and Local Actors	were presented to more than 32 civil society organisation and local government representatives of Shkodra region followed by active discussions on the recommendation and suggestions from participants. The priorities resulted to be in line with their view towards CBC needs.
30 March 2014	The Commission comments on the 2 <sup>nd</sup> draft document
16 April 2014, Tirana, AL, Consultation Meeting with the Line Ministries	The programming process and programme priorities for the 3 borders, AL-KSV, MNE-AL, MK-AL were presented to the line ministries covering the priorities and activities in the documents. The aim was to consult with the current national programmes in the respective fields of action and not overlap, including possible synergies. The draft documents resulted to be in compliance also with the national strategies and conceived as highly important for the development of the regions by the participants.
17 April – 1 May 2014	Reflection on comments received from the Commission and the public consultations meetings
30 May 2014	Submission of the draft final version of the Programming Document to the Commission

## Section 2: Programme Area<sup>8</sup>

### 2.1 Situation Analysis

The programme area for the Cross-Border Programme between Montenegro and Albania covers a territory of 11,970 km<sup>2</sup> with a total population of about 749,257 inhabitants. The territory in Montenegro accounts for 52.1 % as against 47.9 % in Albania. The borderline is 244 km of which 38 km are water border. There are three operational border-crossing points between Albania and Montenegro along this borderline. The programme area in **Montenegro** covers municipalities: Andrijevica, Berane, Plav, Gusinje<sup>9</sup>, Petnjica<sup>10</sup> and Rožaje; Podgorica, the capital of Montenegro and Cetinje, Danilovgrad, Budva, Bar and Ulcinj. The programme area in **Albania** includes the regions of Shkodra and Lezha and the district of Tropoja<sup>11</sup>. Overall, the programming area has 23 municipalities and a total of 1,144 settlements – towns and villages.

<sup>8</sup>This section provides a summary of main data from situation, PESTLE and SWOT Analysis. The full version of the analysis is annex to the programme document

<sup>9</sup>Gusinje is a new municipality, introduced as an administrative division of the municipality of Plav; it is in its early stages of organisation

<sup>10</sup>Petnica is a new municipality, introduced as an administrative division of the municipality of Berane; it is in its early stages of organisation; Gusinje is also a newly established municipality.

<sup>11</sup>Tropoja district has 1 Municipality of Bajram Curri, and 7 Communes – Bujan, Bytyc, Fierze, Lekbibaj, Llugaj, Margegaj and Tropoja



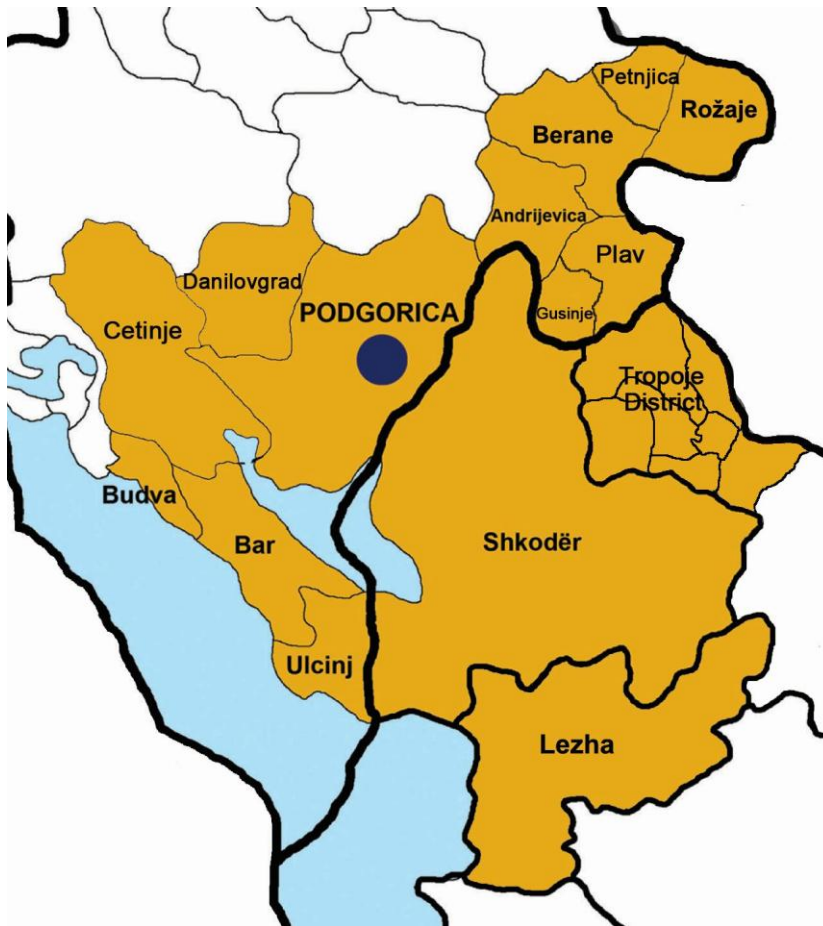




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### Geography

The programming area is home to several National parks, protected zones and landscapes reflecting the rich biodiversity and environmental differences. The territory in **Montenegro** is characterized by a contrasted geographic and climate profile, loaded with mountain ranges, plains, valleys, rivers lagoons and lakes. The continental or northern part of the region is a mountainous area. Mountain peaks reach up to 2,500 m and the territory is crossed by rivers, like Lim, Morača and Tara, forming impressive canyons and valleys. The Territory in **Albania**, presents sharp contrasts as it alternates mountains, hills, rivers, lake and sea coastline very close to each other. It has numerous rivers crossing the territory, often causing floods during the rainy seasons. It extends from high mountains (Alps of Albania) in its northern part bordering Montenegro to the coastline (Velipoja and Shengjin) in the north-western part of Albania. The highest peak is Jezerca – 2,694m in the Shkodra region with the lowest -6m in the Lezha region. The programme area has a Mediterranean climate in its coastal area with hot dry summers and autumns and a continental climate in the northern mountainous area of Shkodra and Tropoja with relatively cold winters with heavy snowfalls inland. Such contrasting geographical elements enrich the







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environment and flora and fauna of the programming area. Its natural resources are stimulating for the development of tourism and agro-business as the main economic drives to increase the opportunities for the welfare and prosperity of the inhabitants in the programme area.

### Demography

The population living in the programme area accounts for almost 61% of total population of Montenegro, and 13.2% of Albania. Population in the programme area is a balanced match as the Montenegrin population accounts for 379,366 or 50.63%, and Albanian population stands at 369,891 inhabitants or 49.37%. In the Montenegrin part the density of population at 65.7inh/km<sup>2</sup> is higher than national average of 45 inh/km<sup>2</sup>, while in Albania it is 59 inh/km<sup>2</sup>, lower compared to the national average of 97 inh/km<sup>2</sup>. The programme area has a natural increase rate of 1.87%, which is below national average of 2.2%; mortality rate stands at 9.4% equal to the national average. The programme area in **Montenegro** has a predominantly urban population accounting for about 52% of its population, yet lower, compared to 62% living in urban areas at national level. About 49% of the population in the programme area is concentrated in Podgorica. In **Albania** the total number of population living in the programme area is 369,891<sup>12</sup> inhabitants or about 13.2% of the country's total population. Shkodra region is the sixth largest region of the country with a population of 215,347, or about 7.6% of the total population followed by Lezha which ranks 10<sup>th</sup> among the regions of the country, numbering a total of 134,027 inhabitants or 4.7% of the total population of Albania. The Tropoja district registers a total population of 20,517 accounting for 0.07% of the Albania's total population. The population is predominantly rural, accounting for an average of 53.2 %. It is Shkodra region determining the average as its rural population accounts for 55.6% of its 119,794 inhabitants. Contrary to that, Lezha region has an urban dominance with about 53.8% of the population. The district of Tropoja has a predominantly rural population, which accounts for about 74% of its population. The composition of the population in the programming area of both countries shows that 50% of population belongs to the 15-49 years old age segment.

### Poverty

Vulnerability of the Montenegrin population has increased recently as the number of persons below the poverty line did increase from 6.6% of total population to about 9.3% of the population of Montenegro in 2011. The increased poverty rate is much more emphasized in rural areas, averaging 18.4% as against urban areas where it averaged 4.4% in 2011. Inequality has increased in Montenegro as Gini coefficient increased from 24.3% in 2010 to 25.9% in 2011<sup>13</sup>. Vulnerability of the **Albanian** population increased in 2012; the registered number of persons below poverty line rose by 8.4%. Extreme poverty has reached 2.2% in 2012 as against 1.2% registered in 2008. The regions in the programme area are poorer compared to the national average of poverty rate 14.3%. Lezha region registers a 17.5% poverty rate and Shkodra region is slightly better with a 15.7% poverty rate. Tropoja district belongs to the poorest Kukes region in Albania with a 21.8% poverty rate. Poverty has become an urban concern, indicating a sluggish performance of economy over the last years, while the revival of the already exhausted urban potential to lead economic growth has become imperative.

<sup>12</sup> INSTAT Census 2011

<sup>13</sup> World Bank, Country programme snapshot





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## Economy

The programming area features all the regional disparities encountered in **Montenegro** in terms of socio-economic developments. It is, as at national level, dominated by Podgorica, which is the economic engine of the country. Each municipality of the programme area is below the national average with the municipality of Plav being the less developed in the country. Unlike Budva which has the highest development index in Montenegro at 362.4 the other two coastal municipalities of the programming area Bar and Ulcinj, are below the national average.

In **Albania** regional disparities are evident too. The socio-economic development of the country leans heavily in favor of the central region. Shkodra is the most developed region in the programme area of Albania. Shkodra Region contribution to GDP amounted to EUR 555 million in 2011<sup>14</sup>, equaling to 6.1% of the total GDP of the country, ranking seventh amongst 12 regions of Albania. The main contributor to the economic activity of the Region is agriculture accounts for about 26 % of GDP's contribution, followed by trade, hotels, transport and communications with 23 %, financial sector and real estate 19 %, industry 11% and construction with 8%. Lezha's region GDP for the year 2011 amounts 3.7% of the country's GDP<sup>15</sup>. Main contributors to Lezha's region GDP are trade, hotels, transport and communication with 26 %, agriculture sector 25 %, financial and real estate sectors 19 %, construction 10 %, while industry is the smallest contributor with 8%. Kukes region contribution to Albania's GDP, where Tropoja represents accounts for 24% of the population, is the lowest in the country with only 2.4%; most important sectors are Agriculture which accounts for 34 % and Trade, Hotels and Tourism with 20%.

## Private Sector

The structure of economic operators in the programming area is dominated by small and medium enterprises. SMEs in Montenegro account for 98.6% of the total number of economic operators while in Albania they are 95.4% of the total. Majority of the SMEs in both sides of the border operate in the services sector. Most of the **Montenegro's** economic operators are concentrated in the programme area, accounting for 67.3% of the total number of enterprises at the national level. About 49.2% of these SMEs are located in Podgorica indicating the disparities of regional development.

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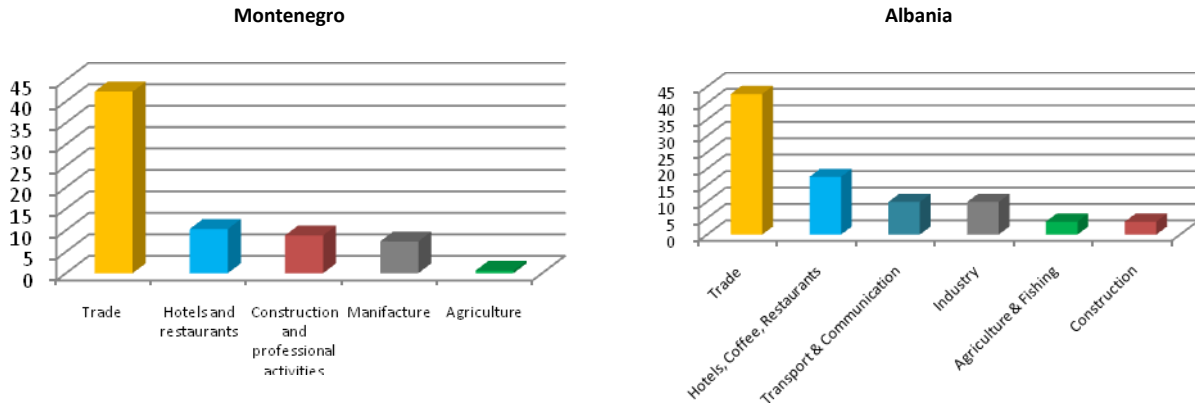
<sup>14</sup> INSTAT, Regional Accounts 2013

<sup>15</sup> INSTAT, Regional Accounts 2013





Graph 1. SMEs by main economic sectors in the programme area



In **Albania** the programme area registers a total of 10,174 enterprises<sup>16</sup> as of end 2012 or about 9.7% of the total number of enterprises of the country. It has a birthrate<sup>17</sup> of 13%, higher compared to the national average of 12.2%, mainly affected by Shkodra, which at 14.4% indicates a comparatively higher drive of economic activity as against Lezha region and Tropoja district with 10.8 %. The structure of enterprises is dominated by very small enterprises, employing 1-4 persons, which account for 85.7% of the total enterprises in the programming area. Besides the small size of the enterprises, an important factor, which is an impediment to economic development in the programming area, in both sides of the border, is the lack of technological know-how and labour skills. It remains a key challenge as the market demand for high quality services and products is mismatched by the inadequate labour skills. Another key challenge is the SMEs poor access to financing; the overly prudent lending policies adopted by financial institutions in both countries are a serious impediment to the growth of enterprises in the programme area.

### *Agriculture and Rural Development*

The Montenegrins part of the programme area is richer in agricultural resources and has more potential in this sector compared to Albania’s part. However, the agriculture sector and its development is equally important for the entire programme area, especially because of the large part of population that lives in rural area where agriculture is the main economic activity. A common feature in the programme area is low productivity and competitiveness of agriculture. It is based on: small-scale holdings which constraints production and profit; production to mostly cover subsistence needs rather than for direct sales on green markets; low level of finalization of agricultural products and underdeveloped food industry.

The programme area covers about 38% of the total agriculture land of **Montenegro**. Employment in agriculture is reported to be around 2.5% of the total employed<sup>18</sup>, Podgorica is the main Montenegrin lowland region – alone it has about 31.5% of agriculture land in the programme area. It offers optimal

<sup>16</sup> INSTAT, Statistical Business Register of Enterprises 2012

<sup>17</sup> The number of new enterprises registered for a given year expressed as % over the total number of enterprises.

<sup>18</sup> Industry and occupation of population in Montenegro-Census 2011 MONSTAT release 197





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conditions for diversified production: vegetable, field crop production, livestock, fruit and wine. Wine, which is the main export oriented production in Montenegro, is produced in Podgorica - about 80% of the total wine production of the country.

The programme area in **Albania** covers about 13.3% of the country's total agriculture land<sup>19</sup>. Most of its territory is dominated by forests, pastures (85.2%) whereas the portion of land in use for agricultural purposes is only 14.8% or 92,748 ha. The terrain is mostly mountainous and rugged, significantly restricting the areas where agriculture potential can retain some comparative significance. Such areas are mainly situated in the surroundings of Shkodra Lake where the terrain and climatic conditions are favourable for farming vegetables. Lezha region has a tradition for pig farming as it has 91.7% of the total country's inventory, while agriculture in Tropoja district is mainly oriented towards rye production. Agriculture in the programme area is a family based activity oriented toward subsistence needs, with a highly fragmented land – farm size is 1.1 ha in Shkodra; 0.89 ha in Lezha, and 0.60 ha in Tropoja which is half of Albania's average of 1.20 ha, as against Albania's average of 1.20 ha.

### *Tourism*

Tourism is differently important for the economies of Montenegro and Albania. Montenegro is already a popular touristic destination while Albania has yet to become one. In **Montenegro**, tourism is a main sector of economy, which accounts for about 9.9% of the country's GDP in 2012, or about EUR 336 million which is 20.7% higher than in 2011<sup>20</sup>. The coastal region in the programme area accounts for over 69% of the country's total overnight stays in 2012<sup>21</sup>, mostly in the holiday period July-August. The coast of the programme area attracts about 67.5% of all 1.44 million tourists that entered Montenegro in 2012. Some 160 seaside accommodation facilities in the programme area account for about 49% of the total accommodation facilities in Montenegro, while it has also about 30% of accommodation facilities of non-coastal areas of the country. Despite the current low level of tourist visits, the continental region has many advantages for developing all kind of tourisms related to mountain sports (skiing, hiking, biking, rafting, etc.), untouched nature and rich biodiversity (two national parks, lakes, canyons, etc.), authentic rural life, traditional and quality food production.

The tourism sector is less important in the **Albanian** part of the programme area (even-though it has a great potential), compared to Montenegrin' side. More specific, Shkodra and Lezha regions and Tropoja district have high individual potential for developing an all-year round tourism. Attractive nature and landscape of the mountainous and hilly nature, as well as the lake of Shkodra, the Valbona valley in Tropoja and other National parks, protected zones; tourist sightseeing (natural landscapes, rare species, etc.); agro-tourism, sites of historical and cultural interest such as prehistoric dwelling places, archaeological sites, cult objects, need to be better promoted along to a faster developing coast tourism in Shkodra (Velipoje) and largely in Lezha (Shengjin).

### *Infrastructure*

<sup>19</sup>Statistical yearbook, Ministry of Agriculture

<sup>20</sup>World Travel Tourism Council – March 2013

<sup>21</sup>MONSTAT – Tourist Arrivals and Overnight Stays by Cities 2012





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Montenegro and Albania are part of the SEETO<sup>22</sup> – core Network. The position of the programme area highlights the importance of a good transport infrastructure in the future development of tourism, trade, cultural exchanges and increase of competitiveness. The **road** infrastructure linking Montenegro and Albania especially through Sukobine - Muriqan and Božaj -Hani i Hotit has been significantly upgraded. The services infrastructure of these border-crossing points has also been improved allowing faster communication between the two areas, thus able to facilitate transport, trade and tourism. The third one in Gercan - Plav is less developed. A fourth border-crossing point in Cijevna Zatrijebačka - Triesh, will be linked with it by about 23 km of road inside Albanian territory, which is under construction with EBRD funding. It will significantly shorten the time of travelling from Plav to Podgorica (expected travel time through the Albanian territory about half an hour). Montenegro and Albania have agreed to integrate procedures of organising **railway** transport between countries. One railway passes through the programme area from Podgorica to Shkodra of about 63.5 km in length; it is used only for freight transport as the line is not electrified. The same railway connects Tirana with Shkodra via Lezha. Future plans include its electrification, at least on the Montenegrin side, and using this railway also for passenger transport, by adopting the urban municipality Tuzi, a subdivision of Podgorica Municipality as the common border station.

**Telecommunication** in the programme area benefits from both land (fixed) and mobile telephony. The fixed telephony in Montenegro is fully digitalized. The number of subscribers corresponds to a 27.55% penetration rate. The mobile telephony market has three telecommunications operators. In 2012 the three mobile companies reported a total of 990,868 users, corresponding to a penetration of 159%. In Albania, the level of penetration of fixed and mobile phones in the programming area stands at 88.15%<sup>23</sup>, slightly below the national average of 89.47 %. However, with the exception of the main cities, penetration of fixed telephony in rural areas is low; communication is mostly based on mobile phones. Level of mobile phone penetration in Albania is over 130%.

**Computer literacy** in Montenegro<sup>24</sup> averages 35% among the population 15 years old and over. About 16% of the population is partially computer literate. In Albania, the level of internet penetration (meaning there is a computer being used to access the internet) in the households in the programming area stands at 9.97%, which is below the national average of 12.35%.

**Energy** is available to all municipalities in the programming area. Most of the energy needs in both sides are met through imports. The completion of the 400 kv interconnection line between Albania and Montenegro (Elbasan-Podgorica), increases the capacities of energy exchanges between the two countries, thus increasing the security of electricity supply in the country. Although there are large but yet unexploited hydropower resources (especially in Albania) the area is characterized by a low efficiency in the use of electricity. Use of electricity for heating purposes is widely spread.

Most of the households (247,354) in Montenegro use **water** from the public water system, although public water system may be insufficient in rural areas and during summer time. Out of the total number

<sup>22</sup>South-East Transport Observatory. Road Corridors & Links involves in: Albania, Bosnia, Croatia, Kosovo, former Yugoslav Republic of Macedonia, Serbia, Montenegro

<sup>23</sup>Albania, Census 2011

<sup>24</sup>MONSTAT, Population by computer literacy per municipalities in Montenegro 2011, Release No. 156





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of dwellings<sup>25</sup> 92% of them have access to water supply systems inside their houses and the same number is connected to sewage system inside the house. In the Albanian programme area the water supply, sewage systems and irrigation remains problematic. Access to water inside the dwellings in the programming area is secured to about 55% of them; about 40% has some access to water supply systems, while 4.6% of the household in the programming area have no access to water supply system.

## Social

### *Labour market*

Unemployment in both Montenegro and Albania is relatively high by international standards. It is still a major economic problem in both sides of the programme area and is characterised by significant regional differences. In **Montenegro** the labour market has suffered the crisis registering an increase in unemployment which reached 20.45% in 2011<sup>26</sup>, lowering at 19.6% in 2012. The programming area is home to about 93.4% of the active labour force of the country; the coastline region and the central region doing better than the poorer and less developed northern landlocked regions. Most of the labour force is employed in the services sector (76.2%), followed by industry with 18.1%, agriculture with 5.6%, of the total employed. The largest employer in the programme is the commerce sector with 20.5 %, followed by public administration with 12.5 %. Females make up for 44.1 % of total employed.

Total labour force in **Albania** amounts to 1,117,082 people as of end December 2012<sup>27</sup>. It has seen no major shifts, despite the economy has slowed down during the last 2-3 years. Total unemployment<sup>28</sup> rate stagnated at 13.9%, same as in 2011. Unlike Tropoja, the unemployment in the Shkodra and Lezha regions, mirror the same average unemployment rate as at national level, while all three maintain the same employment structure. As of end 2012, the number of unemployed in Shkodra stands at 19,417 persons, accounting for 13.6 % of the total unemployed, while Lezha with 15,021 unemployed persons accounts for 10.6 % of the total. Whereas Tropoja registers 2,368 unemployed or about 36 % of the total labour forces belonging to the age 15-64 years old in Tropoja district. Unemployment is more present in the urban areas, as those living in rural areas are considered self-employed.

### *Education*

Unequal educational level is present in the programme area, with illiteracy increasing in remote areas. Highly educated young people have a tendency to leave towards regions that provide more opportunities or abroad. The secondary education system is less attractive and accessible, especially for young rural population in the programme area. Private schools and Vocational training are present but unable to match labor market demands for qualified and skilled employees, constituting thus an impediment to the economic development of the programme area. Educational provision at all levels requires improvement in order to meet labour market needs. The education system in the programme area in both countries requires reform, especially practical learning experiences and links with the business sector. Improvement of school infrastructure is a major priority for both governments at

<sup>25</sup> MONSTAT. Dwelling by availability of installations, Release No. 280

<sup>26</sup> Montenegro Census 2011

<sup>27</sup> INSTAT, Quarterly Statistic Bulletin, No. 2, 2013

<sup>28</sup> Unemployment rate represents the percentage of unemployed persons in the total active population.





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central and local level. Improving the educational system and school infrastructure is a major priority for the programme area. The CBC programme will have a limited role in addressing these issues but may support exchanges between schools and vocational training centres in the border areas. The presence of universities and research centres in both sides of the programme area is an asset for the CBC programme and an opportunity not only for further enhancing academic cooperation, but also for initiating research programmes in the border area and in several sectors such as agriculture or tourism.

**Research & Development** is undeveloped. Insufficient investments, governmental, regional or local support activities for R&D activities are present, in spite of the fact that 4 Universities are present in the programme area. There is no specific data on RDI but there is virtually lack of co-operation between education institutions in both countries, and research, development and innovation area is not explored. Montenegro spends about 0.41% of GDP in Research and Development<sup>29</sup>, while Albania spends about 0.02% of its GDP<sup>30</sup>. Albania and Montenegro have signed an agreement regarding the mobility of researchers and technical experts between partner universities; setting up joint research centres to study hydro resources of Buna river and Shkodra lake; and a joint centre of advanced studies on seismological risks in the Western Balkans.

### *Health*

The organisation of the health system in Montenegro and Albania is similar; it is largely public with a modest (but increasing) private presence, and territorial coverage is duly provided with services of primary, secondary and tertiary health care. Overall, health services in both countries are improving, but more needs to be done to ensure universal access to such services by poor households. The next key challenge to guarantee that all citizens are provided with appropriate health services is to remove the economic barrier for accessing quality services, which is aggravated by the lack of total health insurance.

### *Culture*

The culture in the programme area is, overall, characterized by elements of different individual and common traditions. Tourist centres and big cities are rich in cultural heritages that include monuments and religious sites (churches, monasteries and mosques), old towns, archaeological sites and different museums. The programme area is also rich in diversified culinary and handicraft traditions that could play an important role in further promotion and tourism development. Cross-border cooperation could play an important role in protecting and promoting this heritage and further strengthening the regional cooperation ties between the two countries. Limited public investments and subsidies have kept a low level of cultural activities in the programme area despite its rich heritage. Cultural activities and contacts can however be intensified, thus creating a basis for a more active cross-border co-operation. This creates favourable conditions to further develop joint initiatives aimed at adding value to the common heritage to the two sides of the border areas.

<sup>29</sup> R&D in 2011, Montenegro Statistical Office, release No. 24

<sup>30</sup> Albania, State Budget 2012







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### *Civil Society*

There are 5, 843<sup>31</sup> CSOs registered in **Montenegro**. Most of them are citizens' associations (5,665), and 175 foundations. The most influential and experienced CSOs are located in Podgorica, active in various sectors (human rights, public policy, environment and rural development, capacity building, disabilities, etc.). Most of them have an experience in defining CBC projects. Human capacities and funding capacities are generally insufficient; partnerships with local authorities as well as regional CSO networking are still weak. However, the local network of community organisations is diverse and rich. Some of them, such as the mountaineers associations, may play an important role in implementing the CBC initiatives.

**Albania's** CSO sector is small and relatively undeveloped. Officially there are 2,231 registered associations, 311 foundations, and 552 centres<sup>32</sup>. Most of the CSOs are concentrated in the capital Tirana, or in the central region (which includes Tirana and major towns such as Shkodra, Durrës, Elbasan, Korçë). Civil society is weakly represented in all rural areas. The CSO society sector in Albania as a whole is poorly integrated and represented. There is no sector-wide forum or network dedicated to the coordination of CSO efforts.

### *Environment and Nature*

Environmental protection and preservation are key for a sustainable development of the programme area, which is quite rich in environmental resources and biodiversity on both sides of the border. However there are several factors that threaten the environment resources in the programme area, such as; deforestation due to uncontrolled falling of trees; poor water and sewage management; uncontrolled waste disposal; unregulated urbanization; in some areas industrial pollution; risk of pollution of rivers and lakes from illegal landfills; the intensive use of pesticides is harming agriculture; the fauna in the lakes and rivers is threatened by over-fishing and illegal hunting. Land degradation is present on both sides of the border. Cooperation between the two countries with regard to protection and rehabilitation of Shkodra Lake has increased in the last decade.

**Montenegro** has a high biological diversity due to its geological background, climate and the position of sea and mountains in close proximity. Montenegro has two world heritage sites, one biosphere reserve and five national parks. Environmental preservation protection is a pillar of all development strategies of the country. Montenegro's national network of protected areas covers 108,866 ha<sup>33</sup> or 7.88% of the total territory. It comprises 5 national parks – Skadar Lake, Durmitor, Lovćen, Biogradska Gora, and Prokletije.

In **Albania**, the programming area offers a rich biodiversity and climate as it includes mountains, hills, plains, lake, rivers and coastline. It has 8 natural parks<sup>34</sup>, managed nature reserves and protected landscapes, which cover over 13% of the total territory. The most important natural park in the programme area is the Shkodra Lake.

<sup>31</sup> Montenegro Needs Assessment Report TACSO It is unknown how many of them are active

<sup>32</sup> Recent civil society assessments and intensive observations from the TACSO Albania Office estimate that the total number of active CSOs does not exceed 450

<sup>33</sup> MONSTAT, Statistical yearbook 2012

<sup>34</sup> Albania, Ministry of Environment, Network of Protected areas in Albania September 2013







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Social and economic changes of recent years, demographic shifts in both Albania and Montenegro have put pressure on protecting and preserving the environment and biodiversity in the programme area. Over the past decade damages are evident in the forests area due to the interventions of the local population. Most of the damage was due to abusive logging and over-grazing. The protection of natural resources with a focus in the forests, protected zones and exploitation of water resources represent economic and environmental values for this area. Although the awareness on environment protection has increased, a higher degree of enforcement of environmental protection standards is required to ensure proper urban development and the expansion of tourism. Reduction of existing pollution, management of urban waste and ensuring the quality of drinking water for purposes of protecting public health and guaranteeing a clean environment, associated with measures to protect the land from natural and man-made destruction and enforcement of a strategic urban planning process are the main challenges to cope with in the programming area.

## 2.2 Main Findings

The programme area is diverse, but still several common features related to nature, geographic position, demographic trends, economy, human capital etc, could generate synergies and be a good opportunity for developing and implementing CBC initiatives.

- ✚ **Economic features** of both countries indicate similar trends. Both countries are classified as upper-middle income economies by the World Bank. The structure of economy is different on both sides of the border. While Albanian regions rely on agriculture, services, wholesale and retail markets, Montenegrin regions feature more developed industry, and the level of tourism is much more developed. Agriculture is commonly important for both sides. Key challenges include: addressing regional economic disparities; low level of productivity as a result of lack of technological know-how and labour skills and mismatch of market demand for high quality services and products and inadequate labour skills.
- ✚ **Competitiveness is low on both sides of the border**, higher productivity and further investment in know-how and use of innovation technologies is a precondition to becoming more competitive both nationally and internationally. In border areas businesses normally exploit across the border and international trade opportunities but trade between both countries and third parties is still constrained by heavy administrative barriers.
- ✚ **Strengthening of SMEs networks and service connections existing in the border areas is an underutilised potential.** Over 97% of registered SMEs employees less than 4 persons. Level of cooperation across the border is minimal. A key challenge is the SMEs poor access to financing. The overly prudent lending policies adopted by financial institutions in both countries are a serious impediment to the growth of enterprises in the programme area. Promotion of *e-business* is a challenge. In sum, in terms of private sector development there are clear synergies to be developed within the programme area and to be supported by the CBC programme.





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- ✚ **Both sides of the programme area are increasingly becoming more attractive to foreign investors,** but there is a need on both sides to improve conditions and especially the infrastructure for doing business. Investments in tourism, renewable energy and agriculture could be potential sectors for attracting more FDIs. Light and food processing industries are also considered as a potential for accelerated economic growth of the programme area.
- ✚ **Agriculture is a major economic potential in the programme area, but underutilised.** In general rural economy is fragmented, to much higher degree in the Albanian programme area, and small agricultural holdings have difficulties in accessing markets. Production is moderately diversified and the range of main agricultural produce on both sides of the border is more complementary than competing. Key challenges include: improving access to market; strengthening the food security system and inspection bodies; and in general increasing agriculture sector competitiveness. Future intervention should aim at improving efficiency in agriculture and forestry and to develop additional sources of income from preserving natural assets and tourism.
- ✚ **Unemployment remains a sharp problem** for the population of the programme area, especially for the socially sensitive groups such as youth and rural population, women. Employment insecurity is considered as the main reason for high migration rate, especially in the rural or less developed areas where the unemployment rates are high as result from subsistence and low-scale agricultural production that provide a form of social security for the bulk of the rural population and work as a buffer against high rates of registered unemployment.
- ✚ **Environment protection needs serious consideration in future development plans of the programme area.** With the overall development of the programme area largely relying on natural resources, the environmental protection and preservation of these resources is crucial for the sustainable development of the area. Challenges include: need to enhance enforcement of environment regulation and standards to ensure better management of forestry and protected areas to prevent environmental degradation; preventing uncontrolled exploitation of natural resources in the programming area; low awareness of local stakeholders for the better use of natural resources. Improved waste management, control of pollution, and improved land management are amongst the key priorities to be addressed by governmental and local development plans. Further valorisation of natural resources in the view of economic development is a key issue for the development of the area, especially on the Albanian side of the border.
- ✚ **Poor infrastructure is a main challenge to the economic and social development** of the programme area. The sustainable development and improvement of transport and public infrastructure could contribute to sustainable economic growth and a general increase of wealth in the programme area. Development of infrastructure that facilitates business and the diffusion





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of networks and services to support business development and innovation, could contribute to a general increase of wealth and economy in the area.

- ✚ **The programme area has high tourism potential but these opportunities are utilized mainly in the Montenegrin side**, while tourism in the Albanian side is poorly developed despite of the great potential. CBC initiative aiming to produce a joint touristic offer should be considered. Key challenges remain: the unbalanced tourism development with the prevalence of seaside tourism and the need to develop diverse type of tourism (mountain culinary and agro-tourism) throughout the programming area; poor tourism infrastructure (especially on the Albanian side); low visibility of the rich historical and cultural heritage and traditional peculiarities; need to increasing income in the programming area by promoting activities to preserve tradition, cultural and natural heritage. Obvious synergies, potentially to be supported by the CBC programme, can be built between the regions in Albania and the coastal areas in Montenegro, but also with the “less touristic areas” in north-east of Montenegro which have similar characteristics in terms of environment, wild nature and mountains with north of Albania.
- ✚ **There is a rich historic-cultural-artistic heritage in the bordering area that needs to be preserved.** Further valorisation of historical and culture heritage could contribute to strengthening the identity of the area. Cultural heritage is an asset for the economic development of the programme area. The cooperation among culture institutions is present, but it could be intensified further.
- ✚ **Improving the quality of educational system and school infrastructure is a challenge and priority** for the programme area, particularly in rural areas. The presence of important private and public universities and business research centres in the programme area is an asset for the CBC programme. Further joint action could be undertaken to establish network of vocational training centres as well as higher institutions and research agencies and organisations.
- ✚ Overall, the **health sector is poorly and unevenly developed** and the lack of a proper legal framework for health insurance in rural areas (in Albanian side of the border) is still hampering its development. Given that health sector is centrally managed, perhaps not much can be done under CBC programmes, but certainly there is room for potential joint activities related to health prevention campaigns and health education.
- ✚ **Encouraging regional CSO networks** (including sport, youth and cultural organisations) could contribute to maintaining and strengthening the ties between the communities on both sides of the border in this multi-ethnic programme area.
- ✚ **Research & Development and ICT penetration is significantly disproportional between the countries and at the low level.** Insufficient investments, governmental, regional or local support





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activities for R&D activities are present, in spite of the fact that 4 Universities are present in the programme area. There is no specific data on RDI but there is virtually lack of co-operation between education institutions in both countries, and research, development and innovation area is not explored.

- ✚ **Local and regional governments are in general, financially weak and cannot boost local development.** Unlike Albania, Montenegro does not have regional Governments. Challenges include: lacking skills in management, financial control and budgeting, democratic approaches in decision-making processes. Absorption of EU funds is low. Cooperation between local governments between two countries could be improved. Decentralization process is on-going in both countries.

Based on the situation analysis and the PESTLE or SWOT analysis the following potential interventions are regarded as instrumental for the development of the border region:

- 1) **Tourism and cultural heritage;**
- 2) **Environmental protection, climate change and risk prevention;**
- 3) **Employment, labour mobility and social inclusion;**
- 4) **Technical Assistance.**

## Section 3: Programme Strategy

### 3.1 Rationale - Justification for the selected intervention strategy

The CBC Programme will aim to promote joint cross border initiatives and actions seeking to improve the economy of the border areas in a socially and environmentally sustainable way. Three thematic priorities are selected under this programme, which include:

#### **THEMATIC PRIORITY 1: Encouraging tourism and cultural and natural heritage;**

The first priority will promote joint cross-border initiatives and actions aiming to support economic development with focus on tourism (but not exclusively), as it is considered to have a great potential for the programme area as a whole. In addition, cultural and other social exchanges will be supported. This priority of the programme will contribute to improving growth and living standards by providing opportunities for wider partnerships and exchanges of common interest across the border to develop tourism and valorise cultural heritage of the area. Actions to be implemented are expected to affect improvement of quality of services, establishment of networks and partnerships between local government and local stakeholders to promote joint tourist sites, preserve cultural heritage, encourage entrepreneurship and competition in the tourism sector, promote joint touristic offers, develop and promote new brands of local products, promote the area's image to potential investors and visitors, etc. The expected results will have an impact on promoting tourism entrepreneurial activities across the





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border and enhancing exchanges of cultural, historical values, and cultural diversity as a unique shared feature of areas on each side of the border.

**THEMATIC PRIORITY 2: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management**

With the overall development of the programme area largely relying on natural resources, the environmental protection and preservation of natural resources is crucial for the sustainable development. The action under this priority will support cooperation on environmental protection such as the Shkodra/Skadar Lake and its surroundings, establishing cross-border synergies for the management of the protected areas located in the border area, support to reduction of pollution and integrated protection, and management of sensitive ecosystems, and good use of surface waters, integrated environmental monitoring systems and data bases, actions designed to encourage environmentally-friendly economic activities, etc, with the aim of further valorisation of natural resources in the view of economic development.

**THEMATIC PRIORITY 3: Promoting employment, labour mobility and social and cultural inclusion across the border**

This priority will aim to address the issues related to high unemployment rates especially among young population and women, low integration of cross border labour markets, and labour mobility. Actions under this priority will aim to promote better linkage of vocational training with labour market demands so as to increase the skills of labour force and enhance employment opportunities, labour intensive economic initiatives with a cross border outreach, cooperation between education institutions and the private sector to improve matching of training curricula with labour market requests, development of continued e-learning to improve skills of employed and unemployed people to increase their chances on the labour market, support utilising ICT technologies to networking and cross-border work force mobility.

The following table provides a summary of the background and justifications that lead to selection of these priorities were selected.

**Table 1: Synthetic overview of the justification for selection of thematic priorities**

Selected thematic priorities	Justification for selection
	<ul style="list-style-type: none"> <li>▪ Tourism is the most promising economic sector in Montenegro, while holding a high potential for development in the Albanian programming area as well.</li> <li>▪ Need to promote the development of diverse type of tourism (mountain culinary and agro-tourism) throughout the programming area as it has an unbalanced tourism development with the prevalence of seaside tourism;</li> </ul>





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<p>Encouraging Tourism and Cultural and Nature Heritage.</p>	<ul style="list-style-type: none"> <li>▪ Need to enhance the visibility of the rich historical and cultural heritage and traditional peculiarities, with a view to increasing income in the programming area by promoting activities to preserve tradition, cultural and natural heritage;</li> <li>▪ Need to increase the level of cooperation between stakeholders in the area of tourism development and cultural and natural heritage preservation.</li> </ul>
<p>Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management.</p>	<ul style="list-style-type: none"> <li>▪ Rich natural biodiversity and existence of several protected areas and national parks in the programme area and the high vulnerability of the region concerning floods.</li> <li>▪ Need to promote and enhance the enforcement of environment regulation and standards to ensure better management of forestry and protected areas to prevent environmental degradation;</li> <li>▪ Need to promote joint efforts in the management and control for protection of natural resources and preventing uncontrolled exploitation of natural resources in the programming area;</li> <li>▪ Need to promote the increase of the awareness of local stakeholders for the better use of natural resources, and the existing high potential in forests and also promoting eco-tourism.</li> </ul>
<p>Promoting employment, labour mobility and</p>	<ul style="list-style-type: none"> <li>▪ High unemployment rates especially among young population and women, de-population and outflow of skilled and educated people in rural part of the programming area and a very low integration of cross border labour markets, and low cross border mobility;</li> <li>▪ Need to increase accessibility in the labour market, especially of rural population by promoting the development of employment programmes for social integration of marginalised groups to mitigate the risk of high migration rates;</li> <li>▪ Need to promote the better linkage of vocational training with labour market demands so as to increase the skills of labour force and enhance employment opportunities;</li> <li>▪ Need to promote the turning of multi-ethnicity in the programme area into an advantage for economic, social and cultural inclusion which increases the level of integration of cross border labour markets and labour</li> </ul>





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social inclusion

mobility as well;

- Need to promote activities of research and development by using the existing research and high education institutions in areas of common interest which increase the benefits deriving from such of cross-border cooperation.

### 3.2 Description of programme priorities

The following tables provide a description of each priority supported by specific objectives, results, activities and indicators:

PRIORITY 1 – ENCOURAGING TOURISM, CULTURAL AND NATURAL HERITAGE				
Specific objective(s)	Results	Indicators*	Sources of verification	Types of Activities
<p><u>Specific Objective 1</u></p> <p>The competitiveness of the tourism sector is enhanced by the economic valorisation of the cultural and natural heritage</p>	<p><u>Result 1.1</u></p> <p>The quality of tourism services and products is upgraded</p>	<p>- 1.1.1 Contribution of tourism to regional GDP for each side of the programme increased by 20%</p> <p><i>(baseline 2013, Montenegro 9.9% of GDP, Albania 6.4% of GDP)</i></p> <p>- 1.1.2 At least 5 new joint touristic offers developed for the programme area</p> <p><i>(baseline 2013 = 2)</i></p> <p>- 1.1.3 Touristic offers generated by the CBC</p>	<p>Official statistics</p> <p>Reports from the relevant national authorities/ministries</p> <p>Reports of national and local tourist organisations</p> <p>Monitoring/project reports</p>	<ul style="list-style-type: none"> <li>▪ Encourage entrepreneurship and competitiveness in the tourism sector</li> <li>▪ Diversification of touristic offer, upgrade and promote less known tourism attractions in the program area</li> <li>▪ Increase capacities and introducing new promotion techniques and approaches, including mapping, use of ICT, multi-media, research, etc.</li> <li>▪ Joint vocational training related initiatives targeting skills related to a competitive touristic offer and market</li> </ul>

\* Based on programme support actions by 2022.





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		<p>initiatives adopted by at least 40% of touristic operators active in the area</p> <p>- 1.1.4 Two Touristic maps and integrated touristic offers introduced for the mountain areas (less advantageous) in both sides of the border</p>		<p>demands</p> <ul style="list-style-type: none"> <li>▪ Small scale infrastructure works and provision of equipment to improve standards of tourist offer and restore or preserve the historical heritage</li> </ul>
	<p><b><u>Result 1.2</u></b></p> <p><b>Cooperation in the field of cultural and natural heritage preservation is increased (e.g. around the Shkodra/Skadar Lake area)</b></p>	<p>- 1.2.1 No. of tourists (disaggregated by gender and age) visiting the area such as Shkodra / Skadar Lake increased by 30%</p> <p>- 1.2.2 At 2,000 participants (disaggregated by gender and age) in new cultural events</p> <p>- 1.2.3 No. of visitors (disaggregated by gender and age) in the cultural and natural sites where small</p>	<p>Official statistics</p> <p>Reports from the relevant national authorities/ministries</p> <p>Reports of national and local tourist organisations</p> <p>Monitoring/project reports</p>	<ul style="list-style-type: none"> <li>▪ Awareness raising campaigns and educational programmes and curricula targeting tourism and best utilisation of its potentials in the area</li> <li>▪ Activities to promote the cultural and natural touristic potential of the programme area</li> <li>▪ Joint activities to promote, but also innovate cultural values and natural heritage through festivals, fairs, competitions</li> <li>▪ Targeted trainings to increase the quality of services in cultural and natural sites</li> </ul>







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		interventions have occurred increased by 20%		<ul style="list-style-type: none"> <li>Actions to increase awareness of people on the importance of cultural and natural heritage, particularly at schools</li> </ul>
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\*-Most indicators have as a baseline "0". Namely the limited availability of statistical information and resources does not allow defining the indicators precisely at the baseline level. The same approach applies for all three thematic priorities. Please note that wherever there are targets these cannot be but tentative since the amounts of programme allocations are still unknown.

<b>PRIORITY 2 – PROTECTING THE ENVIRONMENT, PROMOTING CLIMATE CHANGE</b> <b>ADAPTATION AND MITIGATION, RISK PREVENTION AND MANAGEMENT</b>				
Specific objective(s)	Results	Indicators	Sources of verification	Types of Activities
<p><b>Specific Objective 2</b></p> <p>The protection of environmental resources in lake and alpine areas is furthered</p>	<p><b>Result 2.1</b></p> <p>Awareness of the sustainable use of environmental resources in lake and alpine areas is advanced</p>	<ul style="list-style-type: none"> <li>- 2.1.1 At least 40% of the population (disaggregated by gender and age) of the programme area has been target of environment awareness raising activities</li> <li>- 2.1.2 The control on the levels of pollution in the area such as Shkodra/Skadar Lake has become technically more accurate and regular</li> <li>- 2.1.3 Shkodra/Skadar Lake Basin fulfils conditions to become part of</li> </ul>	<p>Official statistics</p> <p>Reports from the relevant national authorities/ministries</p> <p>Reports of municipal authorities/institutions</p> <p>Monitoring/project reports</p>	<ul style="list-style-type: none"> <li>Actions designed to deal jointly with environment protection and promotion in the programme area,</li> <li>Support to integrated protection and management of sensitive ecosystems giving priority to protected areas, giving priority to the protection of programme area</li> <li>Actions designed to encourage environmentally-friendly economic activities in the programme area</li> <li>Actions designed to prevent and manage natural disasters and man-made environmental hazards affecting the programme area</li> </ul>





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		<p>UNESCO Biosphere Reserve List protected areas</p> <p>- 2.1.4 At least one harmonised environmental education curricula and/or an extra-curricular programme introduced in secondary education on both sides of the border-</p>		<ul style="list-style-type: none"> <li>Support to awareness raising of the population about the importance, protection and promotion of the environmental resources of the programme area</li> </ul>
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PRIORITY 3 – PROMOTING EMPLOYMENT LABOUR MOBILITY AND SOCIAL INCLUSION				
Specific objective(s)	Results	Indicators	Sources of verification	Types of Activities
<p><u>Specific Objective 3</u></p> <p>Employability and social inclusion is fostered</p>	<p><u>Result 3.1</u></p> <p>Access to the labour market improved, especially for vulnerable groups</p>	<p>- 3.1.1. At least 5 new business initiatives promoting labour mobility across the border</p> <p>- 3.1.2. At least 20% of the unemployed people (disaggregated by gender and age) going through CBC initiatives manage to get a job</p> <p>- 3.1.3. At least 300 young people (disaggregated by gender) trained through new life-long learning services</p> <p>- 3.1.4. At least 10% of</p>	<p>Official statistics</p> <p>Reports from the relevant national authorities/ministries</p> <p>Registers of employment agencies</p> <p>Registers of Chambers of commerce</p>	<ul style="list-style-type: none"> <li>Support cooperation among and between (vocational) education institutions and the private sector to improve the matching of training curricula for vulnerable groups with the labour market demand, including e-learning programmes and the use of ICT</li> <li>Supporting initiatives and campaigns for self-employment, especially in the rural areas, including support to start up business for vulnerable groups</li> <li>Support strengthening capacities of labour</li> </ul>





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		<p>the new SMEs established in the cross border areas are owned by young people and members of marginalised groups (disaggregated by gender and vulnerable group)</p>	<p>Monitoring/project reports</p>	<p>promotion institutions, sharing of experiences and best models to increase employability (especially of vulnerable groups) within and across the borders</p> <ul style="list-style-type: none"> <li>▪ Actions aiming at creation of job opportunities and skills for disadvantaged groups of the society</li> <li>▪ Research work to promote employment, labour mobility and social inclusion</li> <li>▪ Encourage local government – CSO partnership on social inclusion (local actions plans on disadvantaged groups, increase capacities of local government to manage social programmes and provide for the sustainability of actions)</li> <li>▪ Organise youth exchange programmes, for example through school exchange programmes or other NGO initiatives</li> </ul>
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The implementation of the thematic priorities and specific objectives of the programme shall be, where applicable, in compliance with the objectives set up by the EU Strategy for the Adriatic and Ionian Region (COM(2014) 357)",

**PRIORITY 4 – TECHNICAL ASSISTANCE**

***Specific objective:***





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The specific objective of the technical assistance is to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area. It also supports awareness-raising activities at country level in order to inform citizens in both IPA II beneficiaries. Moreover, as experience has shown under the programming cycle 2007-2013, this priority will also reinforce the administrative capacity of the authorities and beneficiaries implementing the programme with a view to improve ownership and suitability of the programme and projects' results.

The technical assistance allocation will be used to support the work of the national Operating Structures (OS) and of the Joint Monitoring Committee (JMC) in ensuring the efficient set-up, implementation, monitoring and evaluation of the programmes as well as an optimal use of resources. This will be achieved through the establishment and operation of a Joint Technical Secretariat (JTS) based on the territory of Montenegro and an Antenna Office in Albania. The JTS will be in charge of the day-to-day management of the programme and will be reporting to the OS and JMC.

**Intended results:**

**1. The administrative support to the Operating Structures (OS) and Joint Monitoring Committee (JMC) of the programme is enhanced**

This priority will secure a smooth programme implementation during all its phases. It includes the availability of the financial means and the deployment of qualified staff in charge of assisting the Operating Structures and the Joint Monitoring Committee, as well as establishing and enforcing management, monitoring and control mechanisms and procedures. If required, it will also contribute to the preparation of the successive financial cycle (2021-2027).

**Result indicators:**

<b>Indicator</b>	<b>Unit</b>	<b>Baseline</b>	<b>Target 2022</b>
Average share of beneficiaries satisfied with the programme implementation support <sup>35**</sup>	Percentage	No data	80%

**2. The technical and administrative capacity for programme management and implementation is increased**

<sup>35</sup> Requires a regular and simple survey using a standard questionnaire with closed types of questions.





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This priority will also provide opportunities for improving the competences and skills of the management structures of the programmes, as well as of the potential applicants and grant beneficiaries. Specific capacity building activities will be planned and executed on the basis of identified needs in the course of the implementation of the programme. As part of the lessons learned from the programme cycle 2007-2013, (i) an increased participation of the JMC members in the tasks stipulated under the IPA II legal framework will be expected; (ii) the capacity of potential applicants to develop sustainable cross-border partnerships will be enhanced; and (iii) the capacity of grant beneficiaries to satisfactorily meet the obligations of their contracts will be reinforced.

**Result indicators:**

<i>Indicator</i>	<i>Unit</i>	<i>Baseline</i>	<i>Target 2022</i>
Average increase in the number of proposals received within each consecutive call*	Percentage	No data	No data*
Average increase in the number of concept notes that would qualify for further assessment	Percentage	0	10%

[\*]Please note that in the financial perspective 2014-2020 possible tailored/strategic Calls for Proposals are envisaged with clear focus and/or certain requirements regarding potential beneficiaries. Also, Calls for Proposals might use the rotating principle for the selection of thematic priorities (TP) and their specific objectives and in that respect the number of proposals might not necessarily be increased. For these reasons, the potential expected increase in the number of applications received could be calculated for each consecutive call individually and will be affected by a factor that could be calculated based on: 1) Total financial envelope available, 2) Thematic priorities, specific objectives and results included in the Call for Proposals, 3) Minimum and maximum amounts of grants allowed, 4) Number of applications and grants allowed per applicant/co-applicant/affiliated entity and 5) Any other special provisions influencing various eligibility criteria applicable for a specific call for proposals.

**4.1.3. The visibility of the programme and its outcomes is guaranteed.**

The CBC programmes have been very popular in the eligible areas thanks, amongst other things, to the visibility actions undertaken during the 2007-2013 programme cycle. Looking at the number of applicants in subsequent calls, it has been noted that there is an increasing interest for cooperation initiatives. These achievements should be maintained and even improved during the implementation of the financial perspective 2014-2020. A variety of communication channels and publicity tools should be developed to ensure regular information between programme stakeholders and a wider audience, including the participating on events related to the EU Strategy for the Adriatic and Ionian Region.

**Result indicators:**





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<b>Indicator</b>	<b>Unit</b>	<b>Baseline</b>	<b>Target 2022</b>
Increase in the number of people participating in promotional events	Percentage	1,682	20%
Visits to the programme website	Number	3,244	50,000

**Type of activities:**

A non-exhaustive list of potential activities covered by the technical assistance allocation would include:

- Establishment and functioning of the Joint Technical Secretariat and its Antenna.
- Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives
- Participation of staff of the management structures in Western Balkans or EU forums
- Preparation of internal and/or external manuals/handbooks
- Assistance to potential applicants in partnership and project development (partners search forums, etc.)
- Advice to grant beneficiaries on project implementation issues
- Monitoring of project and programme implementation, including the establishment of a monitoring system and related reporting
- Organisation of evaluation activities, analyses, surveys and/or background studies
- Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc.
- Support to the work of the Joint Task Force in charge of preparing the programme cycle 2021-2026
- Participation in the annual fora and other events related to the EU Strategy for the Adriatic and Ionian Region

1.

**Target groups and final beneficiaries (non-exhaustive list):**

- Programme management structures, including the contracting authorities
- Potential applicants
- Grant beneficiaries
- Final project beneficiaries
- General audience





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### 3.3 Horizontal and cross-cutting issues

Cross-cutting issues are laid down in a number of international conventions, declarations and treaties on development that are binding on EU countries and most beneficiary countries. They must be taken into account at all stages of the funding cycle.

Therefore, in accordance with EU objectives and policies, the programme will incorporate the horizontal principles of cross-border partnership, local ownership and equal opportunities, and will ensure that cross-cutting issues, such as non discrimination of minority and vulnerable groups, participation of civil society organisations, environment protection, gender rights, and good governance are respected and encouraged in the design and implementation of projects. All the above issues are targeted through the 3 priorities underlined by the programme.

The current EU Cohesion Policy framework makes environment and sustainable development one of horizontal themes that should be integrated across all priorities, measures and projects. The programme directly targets environmental protection as being one of the major issues of concern for the cross-border targeted areas through priority 2: Protecting the environment promoting climate change, adaptation and mitigation, risk prevention and management. Projects arising within this priority should be designed in such a way as to ensure that the environment is not harmed but turned into an opportunity for regional development.

The EU has repeatedly recognised that gender equality is key to achieving development objectives. Moreover the gender equality is a priority for the EU. The programme targets directly promotion of employability and opportunities under the gender perspective through priority 3 “promoting employment, labour mobility and social inclusion”, but gender perspective and mainstreaming should also be tackled under the other 2 priorities of the programme in terms of balanced participation and contribution.

Projects prepared under the Area Based Development (ABD) approach to facilitate sustainable growth in defined geographical areas in cross-border regions in the Western Balkans, in particular rural areas characterized by specific complex development problems, may be considered for funding under this cross-border cooperation programme. Account will be taken of the preparatory work for the ABD approach already carried out in the cross-border region covering Montenegro and Albania.

Double funding must be avoided and complementarity of the activities with other programmes must be ensured.





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## Section 4: Financial Plan

Table 1 shows the indicative annual amount of Union contribution to the cross-border cooperation programme for the period 2014-2020. Table 2 provides an indicative distribution of the allocations per thematic priority as well as an indication on the maximum amount of Union co-financing

### 1. Table 1 Indicative financial allocations per year for the 2014-2020 cross-border cooperation programme

Year	IPA II CBC PROGRAMME MONTENEGRO - ALBANIA							Total (EUR)
	2014	2015	2016	2017	2018	2019	2020	2014-2020
CBC Operations (all thematic priorities)	1 190 000	1 700 000	1 700 000	1 190 000	1 700 000	1 700 000	1 530 000	10 710 000
Technical Assistance	510 000	0	0	510 000	0	0	170 000	1 190 000
<b>Total (EUR)</b>	<b>1 700 000</b>	<b>1 700 000</b>	<b>1 700 000</b>	<b>1 700 000</b>	<b>1 700 000</b>	<b>1 700 000</b>	<b>1 700 000</b>	<b>11 900 000</b>

### 2. Table 2: Indicative financial allocations per priority over 2014-2020 period and rate of Union contribution

PRIORITIES	IPA CBC PROGRAMME MONTENEGRO - ALBANIA 2014-2020			
	Union contribution	Beneficiaries co-financing	Total funding	Rate of Union contribution
	(a)	(b)	(c) = (a)+(b)	(d) = (a)/(c)
1 Encouraging tourism, culture and natural heritage	4 165 000.00	735 000.00	4 900 000.00	85%
2 Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management	3 570 000.00	630 000.00	4 200 000.00	85%
3 Promoting employment, labour mobility and social and cultural inclusion across the border	2 975 000.00	525 000.00	2 800 000.00	85%







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4 -Technical Assistance	1 190 000.00	0	1 190 000.00	100 %
<b>GRAND TOTAL (EUR)</b>	<b>11 900 000.00</b>	<b>1 890 000.00</b>	<b>13 790 000.00</b>	

The Union contribution has been calculated in relation to the eligible expenditure, which is based on the total eligible expenditure including public and private expenditure. The Union co-financing rate at the level of each thematic priority shall not be less than 20% and not higher than 85% of the eligible expenditure.

The co-financing of the thematic priorities will be provided by the grant beneficiaries. Grant beneficiaries should contribute with a minimum of 15% of the total eligible expenditure

The amount dedicated to technical assistance shall be limited to 10% of the total amount allocated to the programme. The Union co-financing rate shall be 100%.

Funds for the thematic priorities will be committed through Commission Implementing Decisions covering one to three years allocations, as appropriate. Funds for technical assistance will be committed through a separate Commission Implementing Decision

## Section 5: Implementing Provisions

### Calls for proposals:

As a general rule, this programme will be implemented through calls for proposals (CfP) to be launched covering one or more thematic priorities or specific objectives of the CBC programme. The Joint Monitoring Committee will be responsible for identifying the thematic priorities, specific objectives, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission.

The responsible authorities in the participating countries are planning to implement the majority of interventions through grant schemes based on public calls for proposals. They will ensure full transparency in the process and access to a wide range of public and non-public entities

The dynamics of publication of calls for proposals depends on a number of factors, including logistics, timing of the evaluation and level of interest from the potential applicants. It cannot be therefore defined at this stage how many calls for proposals will be published during the programme period. The responsible authorities are anyway committed to publish calls for proposals avoiding overlapping of TPs between different CBC programmes. The calls for proposals will in principle use the rotating principle for selection of TPs and their specific objectives.

### Strategic projects:

During the preparation of the programme, no strategic project to be funded outside a call for proposals has been identified. However during the programme implementation period the responsible authorities





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might consider to allocate part of the financial allocation of the programme to one or more strategic projects. The identification of such projects will depend on whether specific interest is demonstrated by both countries to address specific strategic priorities.

Strategic projects can be selected through calls for strategic projects or outside call for proposals. In the latter case the programme partners will jointly identify and agree on any strategic project(s) that will be approved by the JMC at the appropriate moment along the programme implementation. In that event, after being proposed and approved by the JMC and endorsed by the Commission, the CBC programme must be amended to incorporate such a strategic project.

Strategic projects are defined as interventions that have a significant cross-border impact in the whole programme area which, independently or in combination with other strategic projects greatly contribute to the achievement of major objectives at priority level. Some general criteria for selecting the strategic projects would be: impact on both sides of the programme area; link with regional strategies for development of the bordering areas; level of contribution and co-financing from regional authorities; number of population benefiting from the intervention; cost effectiveness of the intervention; complementarity with parallel actions and sustainability. Furthermore, these projects must have a complete tender documentation and, in case of infrastructure investments, apart from the necessary environmental impact assessments and all the necessary permits for location and construction.

Macro-regional strategies:

As the two countries are participating in the EU Strategy for the Adriatic and Ionian Region (COM(2014) 357)", the definition and development of the strategic projects can be made in the framework of the priority areas or the topics identified in both, communication and action plan of those strategies. The same also applies for the call for proposals which can be launched in relation to the priority areas or topics of the macro-regional strategy where the programme is a part.

