

## ANNEX 1

### Cross-border Cooperation Action Programme Montenegro - Albania for the years 2015 - 2017

#### 1 IDENTIFICATION

<b>Beneficiaries</b>	Montenegro, Albania
<b>CRIS/ABAC Commitment references</b>	2015/ 038-158 EUR 1,700,000 22.020401
<b>Union Contribution</b>	2016/ 038-174 EUR 1,700,000 22.020401
<b>Budget line</b>	2017/ 038-175 EUR 1,190,000 22.020401
<b>Management mode</b>	Indirect management by Montenegro The Operating Structure responsible for the execution of the operations is: Ministry of Foreign Affairs and European Integration
<b>Responsible Structures</b>	The Contracting Authority is the Directorate for Finance and Contracting of the EU Assistance Funds (CFCU) at the Ministry of Finance  The partner Operating Structure in Albania is: Ministry for European Integration
<b>Final date for concluding Financing Agreement(s) with the IPA II beneficiary countries (tripartite)</b>	For the budgetary commitment of year 2015 at the latest by 31 December 2016 For the budgetary commitment of year 2016 at the latest by 31 December 2017 For the budgetary commitment of year 2017 at the latest by 31 December 2018
<b>Final date for concluding procurement and grant contracts</b>	3 years following the date of conclusion of the Financing Agreement (signature of the last party) with the exception of the cases listed under Article 189(2) Financial Regulation
<b>Final date for operational implementation</b>	6 years following the date of conclusion of the Financing Agreement (signature of the last party).
<b>Final date for implementing the Financing Agreement</b> (date by which this programme should be de-committed and closed) after the acceptance of the accounts	12 years following the conclusion of the Financing Agreement (signature of the last party)
<b>Programming Unit</b>	Unit D1 Montenegro

<b>Implementing Unit/ EU Delegation</b>	EU Delegation in Podgorica
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## 2 DESCRIPTION OF THE ACTION PROGRAMME

### 2.1 OVERVIEW OF THE 2014-2020 CROSS-BORDER COOPERATION PROGRAMME AND THE 2015-2017 CBC ACTION PROGRAMME

The 2014-2020 CBC programme Montenegro-Albania was approved by Commission Implementing Decision C(2014) 9352 of 10 December 2014. The adopted 2014-2020 programme constitutes the CBC cooperation strategy for the border region, setting out among others the list of geographical eligible areas, the area context, the programme thematic priorities and the indicative budget allocations for the 7 years period.

The 2014-2020 CBC programme also serves as a reference for the adoption of the CBC action programmes. The 2015-2017 CBC action programme aims at providing assistance for cross-border cooperation in the thematic areas spelled out in the 2014-2020 programme (as indicated in section 2.2).

- List of geographical eligible areas

#### Montenegro:

- Andrijevica, Berane, Petnjica, Plav, Gusinje, Rožaje, Podgorica, Cetinje, Danilovgrad, Budva, Bar and Ulcinj

#### Albania:

- Shkodra, Lezha
- \* District of Tropoja

- Cross-border cooperation (CBC) eligible area context

The programme area is diverse, but still several common features related to, for example, nature, geographic position, demographic trends, economy, and human capital, could generate synergies and be a good opportunity for developing and implementing CBC initiatives. Moreover the Programme should build on the precise features and actions defined by both countries, Montenegro and Albania, in the framework of the upcoming Adriatic and Ionian macro-regional Strategy (COM(2014) 357 on the EU Strategy for the Adriatic and Ionian Region)

- \* 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.
- \* 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, regionally and internationally.
- \* Strengthening of small and medium enterprises (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.
- \* 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.
- \* Agriculture is a major economic potential in the programme area, but underutilised. Unemployment remains a major problem for the population of the programme area, especially for the socially sensitive groups such as youth, women and the rural population.
- \* 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.

\* 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

\* The programme area has high tourism potential but these opportunities are utilized mainly on the Montenegrin side, while tourism on the Albanian side is poorly developed despite of the great potential.

\* There is a rich historic-cultural-artistic heritage in the bordering area that needs to be preserved.

\* Improving the quality of the educational system and school infrastructure is a challenge and priority for the programme area, particularly in rural areas.

\* The health sector is poorly and unevenly developed and the lack of a proper legal framework for health insurance in rural areas (on Albanian side of the border) is still hampering its development.

\* Encouraging regional civil society organisation (CSO) networks.

\* Research & Development and information and communications technology (ICT) penetration is at a low level and significantly disproportional between the countries.

\* Local and regional governments are generally financially weak and cannot boost local development.

- Overview of past and on-going CBC experience including lessons learned

Key recommendations from interim evaluations and audits on the 2007-2013 CBC programmes have been taken on board in the development of this programme. Thus, the 2014-2020 CBC programmes are more focused as regards the number of thematic priorities addressed and the geographical eligibility, which will help to achieve better results and increased impact. Additionally the implementation of the CBC programmes has been simplified mainly by having a single contracting authority and a single financial envelope per programme.

Following the experience gained in the period of 2007 to 2013, the Joint Monitoring Committee (JMC) will act as the cross-border program’s decision making body to oversee the effectiveness and quality of implementation of the programme. The JMC role refers to the overall programming and monitoring of the CBC programme meanwhile the selection of actions will fall under the responsibility of the Contracting Authority under indirect management mode.

## 2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

<b>Action 1</b>	<b>Cross-Border Cooperation Operations</b>	<b>4,590,000 EUR</b>
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### (1) Description of the action, objective, expected results

**Description of the action:** Cross- Border cooperation operations in the border region in the fields of employment, labour mobility and social and cultural inclusion, environment, climate change adaptation and mitigation, risk prevention and management, tourism and cultural and natural heritage.

**Objective:** Socioeconomic development and strengthening of the neighbourly relations in the cross border area through the implementation of cross-border cooperation operations aiming at:

(a) promoting employment, labour mobility and social and cultural inclusion across borders through, inter alia: integrating cross-border labour markets, including cross-border mobility; joint local employment initiatives; information and advisory services and joint training; gender equality; equal opportunities; integration of immigrants' communities and vulnerable groups; investment in public employment services; and supporting investment in public health and social services;

(b) protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness;

(c) encouraging tourism and cultural and natural heritage through, inter alia: support to cultural and other social exchanges; the promotion of sustainable tourism offer and valorisation of cultural heritage of the area, including the improvement of the quality of services, the establishment of networks and partnerships between local government and local stakeholders to promote joint tourist sites; the preservation of cultural heritage; enhancement of exchanges of cultural, historical values, and cultural diversity.

Where applicable, the actions related to the aforementioned objectives as developed in the Action Plan of the Adriatic and Ionian macro-regional strategy where both countries participate shall be taken into account.

***Expected results:***

- The quality of tourism services and products is upgraded
- Cooperation in the field of cultural and natural heritage preservation is increased (e.g. around the Shkodra/Skadar Lake area)
- Awareness of the sustainable use of environmental resources in lake and alpine areas is advanced
- Access to the labour market improved, especially for vulnerable groups

The 2015-2017 CBC Action Programme will contribute to the achievement of the overall objectives and expected results as defined in the 2014-2020 CBC programme. For further details see section 3.2 of the 2014-2020 CBC programme (Annex 2 of the Commission implementing Decision C(2014) 9352 of 10 December 2014).

***(2) Assumptions and conditions***

As a necessary condition for the effective management of the programme, the participating countries shall establish a Joint Monitoring Committee and provide proper and functioning offices and staff for the Joint Technical Secretariat (to be set up under a separate Financing Decision) and the antenna, in case the latter will be set up.

Under indirect management, the participating countries shall conclude for the whole duration of the programme a bilateral arrangement setting out their respective responsibilities for implementation the programme.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

### ***(3) Short description of the tasks entrusted***

The operating structures of Montenegro and Albania shall agree on the necessary arrangements for the management and implementation of the programme including establishing a system to monitor the implementation.

The operating structure of Montenegro shall arrange for procurement and grant award procedures in the selected thematic priorities of the programme. As regards the call for proposals, the entrusted tasks include drafting guidelines for applicants, launching the calls, selecting the grant beneficiaries and signing grant contracts. The entrusted tasks also include activities linked with the implementation and financial management of the programmes such as monitoring, evaluation, payments, recoveries, expenditure verification, ensuring internal audit, irregularity reporting and the setup of appropriate anti-fraud measures.

### ***(4) Essential elements of the action***

#### **Grant – Call for proposal: 4,590,000 EUR**

##### **a) The essential eligibility criteria:**

The eligible activities are set out in section 3.2 of the Annex 2 of the Commission implementing Decision C(2014) 9352 of 10.12.2014. The following list is a summary indicating the main eligible actions/operations:

- Encourage entrepreneurship and competitiveness in the tourism sector
- Diversification of touristic offer, upgrade and promote less known tourism attractions in the programme area
- Increase capacities and introducing new promotion techniques and approaches, including mapping, use of ICT, multi-media, research, etc.
- Joint vocational training related initiatives targeting skills related to a competitive touristic offer and market demands
- Small scale infrastructure works and provision of equipment to improve standards of tourist offer and restore or preserve the historical heritage
- Awareness raising campaigns and educational programs and curricula targeting tourism and best utilisation of its potentials in the area
- Activities to promote the cultural and natural touristic potential of the program area
- Joint activities to promote, but also innovate cultural values and natural heritage through festivals, fairs, competitions
- Targeted trainings to increase the quality of services in cultural and natural sites
- Actions to increase awareness of people on the importance of cultural and natural heritage, particularly at schools
- Actions designed to deal jointly with environment protection and promotion in the programme area,

- Support to integrated protection and management of sensitive ecosystems giving priority to protected areas, giving priority to the protection of program area
- Actions designed to encourage environmentally-friendly economic activities in the program area
- Actions designed to prevent and manage natural disasters and man-made environmental hazards affecting the program area
- Support to awareness raising of the population about the importance, protection and promotion of the environmental resources of the program area
- 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
- Supporting initiatives and campaigns for self-employment, especially in the rural areas, including support to start up business for vulnerable groups
- Support strengthening capacities of labour promotion institutions, sharing of experiences and best models to increase employability (especially of vulnerable groups) within and across the borders
- Actions aiming at creation of job opportunities and skills for disadvantaged groups of the society
- Research work to promote employment, labour mobility and social inclusion
- Encourage local government – CSO partnership on social inclusion (local actions plans on disadvantaged groups, increase capacities of local government to manage social programs and provide for the sustainability of actions)
- Organise youth exchange programs, for example through school exchange programmes or other non-Governmental Organisation (NGO) initiatives

The beneficiaries shall be legal entities and be established in an IPA II beneficiary participating in the CBC programme.

Potential beneficiaries could be: local authorities, legal entities managed by local authorities, associations of municipalities, development agencies, local business support organisations, economic factors such as SMEs, tourism and cultural organisations, NGOs, public and private bodies supporting the workforce, vocational and technical training institutions, bodies and organisation for nature protection, public bodies responsible for water management, fire/emergency services, schools, colleges, universities and research centres including vocations and technical training institutions.

- b) The essential selection criteria are financial and operational capacity of the applicant.
- c) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- d) Maximum rate of EU co-financing for grants under the calls is 85% of the eligible cost of the action.
- e) Indicative amount of the call(s): 4,590,000 EUR

The responsible structures may decide to publish more than one call for proposals. Every call for proposals will have the same objectives, results, and essential eligibility, selection and award criteria as described above. Each grant contract will be funded from one budgetary commitment.

- f) Indicative date for launch of the call(s) for proposals: tentatively first semester of 2017.

### 3 BUDGET

2015				2016				2017				Total Financing Decision
	Union contribution*	Grant beneficiary/ies Co-financing**	Total expenditure		Union contribution	Grant beneficiary/ies Co-financing	Total expenditure		Union contribution	Grant beneficiary Co-financing	Total expenditure	
CBC operations	1,700,000	300,000	2,000,000	CBC operations	1,700,000	300,000	2,000,000	CBC operations	1,190,000	210,000	1,400,000	4,590,000
<b>in %</b>	85	15	100		85	15	100		85	15	100	
<b>TOTALS 2015</b>	<b>1,700,000</b>	<b>300,000</b>	<b>2,000,000</b>	<b>TOTALS 2016</b>	<b>1,700,000</b>	<b>300,000</b>	<b>2,000,000</b>	<b>TOTALS 2017</b>	<b>1,190,000</b>	<b>210,000</b>	<b>1,400,000</b>	<b>4,590,000</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 cost of the project*



## **4 IMPLEMENTATION**

### **4.1 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES**

#### **INDIRECT MANAGEMENT:**

This programme shall be implemented by indirect management by Montenegro in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the Financing Agreement between the Commission and the IPA II beneficiaries participating in the cross-border cooperation programme

## **5 PERFORMANCE MONITORING ARRANGEMENTS**

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Indicative Strategy Papers.

The National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Neighbourhood and Enlargement Negotiations (NEAR) and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by the Joint Monitoring Committee, which will ensure a monitoring process at programme level.