

## COMMISSION DECISION

of ... 2007

**adopting the Cross-border programme between Albania and Montenegro under the IPA-Cross-border Co-operation component, for the year 2007**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)<sup>1</sup> and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidates and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country, by group of countries or by component. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning documents referred to in Article 6 of that Regulation.
- (3) The Council has established a European Partnership for Albania<sup>2</sup> and a European Partnership for Montenegro<sup>3</sup>. The Commission has adopted on 31 May 2007 the Multi-annual Indicative Planning Document 2007/2009 for Albania and on 01 June 2007 the Multi-annual Indicative Planning Document 2007/2009 for Montenegro which present the main priorities for pre-accession assistance to those countries<sup>4</sup>.
- (4) The responsible authorities of Albania and Montenegro submitted to the Commission on 31 May 2007 a proposal for a multi-annual cross-border programme between the two countries. This draft programme contains all the elements referred to in Article 94 of 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)<sup>5</sup> (hereinafter referred to as the "IPA Implementing Regulation") and is consistent with the goals and priorities of the Multi-annual Indicative Planning Documents of the countries concerned. The draft programme contains, in particular, a description of priorities and the measures chosen for assistance and an indicative financing plan based on the multi-annual indicative financial framework comprising a table for each participating country specifying for each year covered by the multi-annual indicative financial framework and for each priority axis, the indicative amount

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<sup>1</sup> OJ L 210, 31.7.2006, p. 82.

<sup>2</sup> Council Decision 2006/54/EC of 30 January 2006, OJ L 35, 7.2.2006, p. 1.

<sup>3</sup> Council Decision 2007/49/EC of 22 January 2007, OJ L 20, 27.1.2007, p.16.

<sup>4</sup> For Albania: C (2007) 2245 ; for Montenegro: C (2007) 2269

<sup>5</sup> OJ L 170, 29.6.2007, p. 1.

of the Community contribution and its rate, as well as the amount financed by the national counterparts. The draft programme should therefore be adopted by the Commission, in accordance with Article 91 (6) of the IPA Implementing Regulation.

- (5) The multi-annual cross-border programme between Albania and Montenegro provides assistance to promote cooperation between people, communities and institutions and to foster the sustainable development and stability of the border areas. The first priority will support cross-border economic, environmental and social development and the second will provide technical assistance to implement the programme.
- (6) For the year 2007, this decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002<sup>6</sup> and constitutes thus a financing decision within the meaning of Article 75 (2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>7</sup>.
- (7) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

#### *Article 1*

The "Cross-border programme Albania – Montenegro", as set out in Annex 2 to this Decision, is hereby adopted.

The Financing proposal for the year 2007 of the "Cross-border programme Albania – Montenegro", as set out in Annex 1 to this Decision, is hereby adopted.

The programme shall be implemented by centralised management in both beneficiary Countries.

The programme corresponding to budget year 2007 shall be implemented by means of Financing Agreements to be concluded between the Commission and the Government of each of the participating Countries. Each Financing Agreement shall cover the Community contribution for the beneficiary country and the year concerned.

#### *Article 2*

The maximum amount of Community contribution shall be EUR 853,000 for Albania and EUR 600,000 for Montenegro to be financed through Item 22.02.04.01 of the general budget of the European Communities for the year 2007.

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<sup>6</sup> OJ L 357, 31.12.2002, p. 1 Regulation as last amended by Regulation (EC, Euratom) N° 478/2007 (OJ L 111, 28.4.2007, p. 1).

<sup>7</sup> OJ L 248, 16.9.2002, p.1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

Done at Brussels, [...]

*For the Commission*  
[...]  
*Member of the Commission*

**ANNEX 1**

**FINANCING PROPOSAL FOR THE YEAR 2007**

**OF THE CROSS-BORDER PROGRAMME**

**ALBANIA-MONTENEGRO**

**1. IDENTIFICATION**

Beneficiaries	Albania and Montenegro
CRIS number	Albania 2007/019-366 Montenegro 2007/019-366
Year	2007
Cost	Albania: € 853,000 Montenegro: € 600,000 Total value of IPA contribution: € 1,453,000
Operating structures	In Albania: Unit for Regional Cooperation under the Directorate for Institutional Support and Integration Process - Ministry of European Integration - institution responsible for coordination of the Instrument for Pre-Accession Assistance (IPA 2007-2013)  In Montenegro: Secretariat for European Integration - institution responsible for coordination of the Instrument for Pre-Accession Assistance (IPA 2007-2013)
Implementing Authorities	For Albania: European Commission For Montenegro: European Commission
Final date for concluding the Financing Agreements:	at the latest by 31 December 2008
Final date for contracting	2 years following the date of conclusion of the Financing Agreement.  No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article

	166(2) of the Financial Regulation These dates apply also to the national co-financing.
Final date for execution	2 years following the end date for contracting. These dates apply also to the national co-financing.
Sector Code	15050, 16110, 25010, 33210, 41010
Budget lines concerned	22.02.04.01
Programming Task Manager	For Albania: Unit C1, DG Enlargement For Montenegro: Unit C2, DG Enlargement
Implementation Task Manager	Operational sections in the Delegations of the European Commission in Albania and in Montenegro

## 2. SUMMARY

### 2.1 Introduction

#### – Link with MIPD

The cross-border programme between Albania and Montenegro will contribute to the implementation of IPA Component II "Cross-border cooperation" of the Multi-annual Indicative Planning Documents (MIPDs) 2007-2009 for both countries. This programme will provide assistance for "Democratic stabilisation and administrative capacity building", "Economic and social development", "Infrastructure" and "Technical assistance", identified as major areas of intervention in the MIPD for Albania, and will address the need for "Development of cross-border economic, social and environmental activities of border areas", to "Address common challenges in particular in the field of environment and public health and development" and to "Promote local "people to people" type actions including NGOs and local authorities" identified in the MIPD for Montenegro.

The IPA 2007 areas of intervention have been selected after analysis by the European Commission and consultation with the authorities of both countries, on the basis of the SWOT (Strength, Weakness, Opportunity, Threat) analysis presented in annex 2 of this Financing Decision and after due consideration of implementing capacities.

#### – Programming process

The programming took place from January to May 2007. The programme was developed following a process of wide consultations with the local stakeholders and potential beneficiaries in both sides of the border. The national authorities and joint structures were assisted during this process by the Cross-border Institution Building (CBIB) project funded by CARDS 2003 Regional Programme. It was coordinated in each country by the respective cross-border coordinators: the Ministry of European Integration in Albania and the Secretariat for European Integration in Montenegro.

In January 2007 each country established an Operating Structure (OS) in charge of preparing the cross-border programme. The Joint Programming Committee, consisting of members of the OSs, was also established in January 2007.

The Operating Structures met for the first time on 14 February 2007 in order to identify the responsible institutions for the preparation of the cross-border programme and to develop a preliminary action plan.

The Joint Programming Committee met on 26 February 2007 and agreed on the eligible areas and on the action plan.

During March and April 2007, the main local stakeholders were consulted and the Operating Structures met several times to discuss the analysis of the cross-border region and the SWOT analysis and to identify priorities and measures.

The Joint Programming Committee met on 17 April 2007 to agree on the cross-border region and SWOT analyses and to discuss priorities and measures. The Committee met again on 23 May 2007 to approve the draft cross-border programme.

– List of eligible areas

The eligible areas in Albania are two regions equivalent to the NUTS III level: the Shkoder region and the Kukës region.

Montenegro is divided in 21 municipalities as basic units of self-government. The eligible territory in Montenegro covers a territory of 9 municipalities: Budva; Berane; Andrijevica; Plav; Danilovgrad; Podgorica; Bar; Ulcinj; Cetinje.

– Adjacent areas (in accordance with Art. 97 of the IPA Implementing Regulation)

In Montenegro there is one adjacent area: the Rozaje Municipality.

	Area km <sup>2</sup>	Population
Albania's cross-border region	5,936	337,247
Montenegro's cross-border region (total of eligible and adjacent areas)	5,745	357,654
Total cross-border region	11,681	694,901

The territory of the eligible areas is almost the same in each country and the population is also well balanced.

## 2.2 Global objective(s) of the programme

The global objective of this programme is to promote cooperation between people, communities and institutions in the bordering areas, aiming at the sustainable development, stability and prosperity of these areas in the mutual interest of the citizens of the two countries. This programme will have catalytic effects as it will build the capacities of local stakeholders, municipal, regional institutions and the civil society, and therefore their ability to participate in cross-border initiatives.

## 2.3 Priority axis, the related measures and their specific aspects concerning the implementation of the 2007 budget

**Priority axis I: Promotion of regional cohesion and competitiveness through an approach integrating economic, environmental and social development**

This priority will contribute to the quality of living standards in the programming areas by providing opportunities for economic partnerships and exchanges of common interest across the border. The actions to be implemented are expected to enhance the quality of services, to generate work and entrepreneurial opportunities, to improve environmental protection and to foster cultural exchanges. They will also facilitate the strengthening of local communities and civil society organisations and promote social cohesion.

This priority consists of three specific measures.

#### **Measure I.1: Economic development with an emphasis on tourism**

The specific objective of this measure is to promote the economic development of the programming areas through their tourism and cultural potential. The expected results are the joint management of tourism activities and the enhanced quality of services, competitiveness and attractiveness of the tourism sector.

This measure will encourage initiatives to modernise tourism services by developing joint business advisory services and stimulating regular interaction between businesses located across the cross-border region via: business-to-business networks; joint marketing on domestic and EU markets; cooperation with educational organisations for innovation and vocational training services; selected investments in business infrastructures; promotion of the area's image to potential investors and visitors.

#### **Measure I.2: Environment protection and promotion**

The specific objective of this measure is to support joint initiatives aimed at protecting, promoting and managing sensitive ecosystems and the sustainable environmental development of the programming area. It is expected to result in joint management of protected areas and increased awareness of the population about environmental issues.

This measure will support cooperation between environmental protection organisations active in the programming area to prepare and implement management plans for eco-tourism sites with the main focus on the Shkodra/Skadar Lake and its surroundings.

#### **Measure I.3: Enhancing social cohesion through people-to-people actions**

This specific objective of this measure is to encourage the citizens of the programming area to get involved in a wide range of opportunities for cooperation and partnership building and will result in the establishment of new networks and exchanges between local stakeholders.

The people-to-people actions are expected to directly enhance the flow of information and communication across the bordering area. The actions foreseen under this measure will bring people, local communities and civil society organisations of the border region closer to each other and, inter alia, support cultural exchanges, the promotion of craftsmanship, traditional production and local heritage.

People-to-people actions will also be financed under measure I.1 and I.2. Synergies between the three measures will be ensured.

**Priority axis II: Technical assistance for an efficient programme management and information flow**

Technical assistance will be provided through two measures.

#### **Measure II.1: Programme administration, monitoring and evaluation**

Technical assistance will be used to support the work of the two national Operating Structures (OSs) and of the Joint Monitoring Committee (JMC), ensuring the efficient implementation, monitoring and evaluation of the programme, as well as an optimal use of resources. This will be achieved through the establishment and operation of a Joint Technical Secretariat (JTS) in Albania and a JTS antenna in Montenegro. The JTS will be in charge of the day-to-day management of the programme and will be responsible to the OSs and the JMC.

#### **Measure II.2: Programme Information and Publicity**

The specific objective of this measure is to ensure programme awareness amongst national, regional and local communities and in general among the population in the programming area. It also supports awareness-raising activities at the country level in order to inform citizens in both countries about the programme.

#### **Indicative timetable and amounts for the implementation of the measures**

Measures I.1, I.2 and I.3 will be implemented through grants schemes. The detailed selection and award criteria for the award of grants will be laid down in the Call for proposals–Application Pack (Guidelines for applicants). It is foreseen that the calls for proposals, for a total amount of IPA and national co-financing of around € 1.5 million, will be launched in the fourth quarter of 2008.

Measures II.1 and II.2 consisting in technical assistance will be implemented through individual direct grant agreements without call for proposals to be established between the European Commission and the respective national authorities, in accordance with article 168 1. (c) of the Implementing Rules to the Financial Regulation, considering that the relevant national authorities, i.e. the CBC coordinator in the meaning of Art. 22 (2) (b) of the IPA Implementing Regulation and the Operating structures, enjoy a de facto monopoly situation for the implementation of the cross-border programme. Subcontracting of the activities covered by the direct grant agreements is possible. The direct grant agreements, for a total amount of € 145,300, can be signed as soon as the Financing Agreements are concluded. The IPA allocation for measures II.1 and II.2 will be completed by a total amount of € 25,641 of national co-financing provided by the authorities of both countries.

The calls for proposals will be prepared with the help of the technical assistance provided under Priority axis II of this programme. In particular, the technical assistance will fund the functioning of the Joint Technical Secretariat (JTS) which will draft the calls for proposals' Guidelines for applicants under the supervision of the Joint Monitoring Committee (JMC).

A potential concern could be the lack of absorption capacity in terms of project generation from local stakeholders. This will be addressed with outreaching activities under the technical assistance axis in order to explain the programme to potential beneficiaries.

The activities foreseen under this programme have been designed on the basis of the SWOT (Strengths, Weaknesses, Opportunities and Threats) in Annex 2 of this Financing Decision and taking into account the limited financial allocations. The co-financing guarantees that the EU principle of additionality will be respected.



## **2.4 Overview of past and on-going CBC experience, including lessons learned and donor coordination**

The cooperation between Albania and Montenegro is relatively recent. It has taken place more at the level of central institutions than in the bordering regions.

The cooperation between the two countries is based on the following existing protocols and agreements:

- Free-trade agreement between the two countries.
- The Protocol of Cooperation signed in December 2000 between the Ministry of Tourism of Montenegro and the Albanian Committee for the Development of Tourism.
- The Regional Forum of cooperation between Shkodra and Montenegro. Representatives of local government and the private sector participate in this forum.
- The Navigation Agreement of November 2004, according to which the parties agree with the operation of an international navigation line for Shkodra-Virpazar.
- The Strategic Action Plan for Shkodra/Skadar Lake of March 2007, established between the Ministry of Tourism and Environment of Montenegro and the Ministry of Environment, Forests and Water Administration of Albania.

This programme is also in line with the sectoral strategies of both countries: for Albania, the National Strategy for Social Economic Development (NSSED), the Decentralisation Strategy, the Regional Development Strategy – Millennium Development Goals (MDGs) 2003 for the Region of Shkodra and the document Promoting Local Development through the MDGs 2003 for the Region of Kukesi; for Montenegro, the National Strategy of Sustainable Development of Montenegro (NSSD), the Master Plan for Tourism Development, the Spatial Plan, the Coastal Area Spatial Plan.

In addition, the cross-border programme in annex 2 of this Financing Decision, which was jointly drafted by the authorities of Albanian and Montenegro during the first half of 2007 following an extensive consultation process with stakeholders on both side of the border, provides the basis for multi-annual programming and implementation.

### **Lessons learned**

Most of the cross-border initiatives started only recently, making it premature to define “lessons learned”. However, the following points can be highlighted from cross-border experience in the Western Balkans countries:

- The projects focusing on environment protection reflect the priorities defined by the national and regional institutions, providing for a sound embedding in local and national development priorities. However, it is important to strongly associate civil society and the private sector in programme development.
- The small calls for proposals for cross-border actions launched in previous cross-border programmes showed a low capacity in project preparation of most of the final beneficiaries. This could impede the implementation of the programme. Specific training of potential applicants will be essential throughout the programme.
- A few municipalities have had a leading role in the past and current cross-border initiatives. These municipalities should have a key role when implementing the programme (transfer of know-how, etc.).

In addition, an independent evaluation on the CBC programmes under PHARE was conducted by MWH consortium. Experience has shown that the preconditions for effective implementation include, besides close co-ordination between participating countries at political and operational levels:

- cross-border cooperation between line ministries and effective working relationships between related organisations;
- functioning regional development authorities and local authorities, with appropriate staff in a stable environment;
- close working relationships between regional institutions and the respective Commission Delegations;
- functioning cross-border cooperation between respective organisations of the private sector, such as chambers of commerce, company associations and NGOs.

### **Donor coordination**

The Government of **Albania** is involved in the process of donor coordination through the Integrated Planning System (IPS), a mechanism aiming to reform the way public funds (domestic and foreign) are managed. The IPS was approved by the government in November 2005 and should deploy a coherent strategic framework, ensuring that the Albanian core policy and financial processes function in a coherent, efficient and integrated manner. Under CARDS 2004, an EC contribution is provided to the World Bank trust fund for the implementation of the IPS.

The Government also expects to improve the consultation process with the donor community and to align international assistance with national priorities through the Department of Strategy and Donor Coordination, under the Council of Ministers. The Minister of European Integration has been appointed National IPA Co-ordinator.

The Delegation of the European Commission, in its role as head of the Donor Technical Secretariat, has facilitated coordination hosting project data of all donors since 2003. The donor co-ordination role is in process of being gradually transferred to the authorities. Close working relations are maintained with the IFIs (EIB, EBRD, World Bank, KfW).

In **Montenegro**, donor coordination is substantially underpinned by sectoral strategies across the board as well as by overarching strategies on poverty reduction, sustainable development etc. The Montenegrin authorities have re-organised donor coordination and assigned senior government officials to coordinate donor assistance in all critical sectors. The European Agency for Reconstruction (EAR) in Podgorica participates regularly in coordination meetings with a range of EU and other bilateral donors. It has also developed a close and fruitful relationship with IFIs - especially the EIB, EBRD and World Bank; and with bilateral FIs such as the German KfW.

EC funded activities, managed by the EAR and in the future by the EC Delegation, have catalysed substantial investment by these institutions in Montenegro's environment and transport infrastructure. The EC has also developed good working relationships with UN agencies, in particular with UNHCR on Refugee and IDP issues, and with UNICEF on child protection matters. It is also working closely with the Council of Europe on public administration reform, and with the OSCE on justice, democracy and security issues.

As regards this cross-border programme, the EU Member States and IFIs have been consulted on the draft programme during the programming process in order to identify complementarities between donors' assistance projects.

### **2.5 Horizontal issues**

The joint applications will have to cover both parts of the project and fulfil the following criteria:

- benefit partners from both sides of the border
- support links between relevant institutions and organisations from both sides of the border
- encourage equal participation of women and marginalized groups
- meet particular needs of ethnic minorities
- be environmentally sustainable

Project partners should establish agreed co-ordination mechanisms to synchronise the joint projects throughout their implementation.

## 2.6 Conditions

- Re-organisation of the Operating Structures (OSs) in each country: the existing OSs were established for the purpose of preparation of the cross-border programme. The implementation of the programme may require a different set-up.
- Establishment of the Joint Monitoring Committee.
- Establishment and organisation of the Joint Technical Secretariat in Albania and of its antenna in Montenegro.
- Appointment of relevant staff to participate in training activities, INFO days and monitoring activities.

## 2.7 Benchmarks

These benchmarks are of an indicative nature, in accordance with section 2.3.

	N*(2008)	N+1 (2009) (cumulative)	N+2 (2010) (cumulative)
Number of direct grants in Albania	1		
Number of direct grants in Montenegro	1		
Number of joint calls for proposals launched in Albania and Montenegro	3		
Contracting Rate (%) in Albania	10	100	
Contracting Rate (%) in Montenegro	10	100	

\* n being the date of conclusion of the Financing Agreement

## 2.8 Roadmap for the decentralisation of the management of EU funds without ex ante controls by the Commission

According to Article 8(4)c) of the IPA Implementing Regulation, the beneficiary countries shall establish a roadmap with indicative benchmarks and time limits to achieve decentralisation without ex ante controls by the Commission.

In the case of Albania, an advisory mission from ELARG E.5 audit unit took place in April 2007. During this mission the Albanian authorities received the draft "Roadmap for DIS". The authorities are presently working on a planning. Project 2 funded by IPA Component I programme for Albania for 2007 will provide an in-depth assessment of the current administrative structures in the Ministry of Finance and main line ministries involved in EU assistance and their readiness to assume the responsibilities of the DIS.

In Montenegro, work leading to granting decentralisation with ex-ante controls is at a very preliminary phase. A detailed specific plan and timetable for decentralisation with ex-ante controls shall be established by the beneficiary country, in accordance with the Commission's guidance "Roadmap for DIS". For the time being, under non-EU multilateral assistance, a checklist was prepared on expected qualifications and results in the preparation and implementation of DIS. It is intended to serve as an indicator for all the future training of the public administration bodies designated to deal with IPA. A SIGMA mission took place in June 2007 to cover the DIS gap assessment. Following that mission, the national authorities are expected to make decisions on the organisation and location of the relevant public bodies.

## 3 BUDGET FOR 2007

### 3.1 Indicative 2007 financial table for Albania

	EU – IPA assistance		National Contribution		Total (IPA plus National Contribution)	
	EUR	%	EUR	(%)	EUR	(%)
Priority axis I	767,700	85	135,476	15	903,176	100
Priority axis II	85,300	85	15,053	15	100,353	100
<b>TOTAL</b>	<b>853,000</b>	<b>85</b>	<b>150,529</b>	<b>15</b>	<b>1,003,529</b>	<b>100</b>

### 3.2 Indicative 2007 financial table for Montenegro

	EU – IPA assistance		National Contribution		Total (IPA plus National Contribution)	
	EUR	%	EUR	(%)	EUR	(%)
Priority axis I	540,000	85	95,294	15	635,294	100

<b>Priority axis II</b>	60,000	85	10,588	15	70,588	100
<b>TOTAL</b>	600,000	85	105,882	15	705,882	100

### **3.3 Principle of co-financing applying to the projects funded under the programme**

The Community contribution has been calculated in relation to the eligible expenditure, which for the cross-border programme between Albania and Montenegro is based on the total expenditure, as agreed by the participating countries and laid down in the cross-border programme.

The provisions of Article 90 of Regulation (EC) No. 718/2007 of 12 June 2007 (IPA Implementing Regulation)<sup>1</sup> apply. The rate of the Community contribution for this programme amounts to 85%. The co-financing under priority axis I will be provided by the final grant beneficiaries and it can be from public and private funds. Final grant beneficiaries should contribute with a minimum of 15% of the total eligible cost of the project, both for investment and institution building projects. The co-financing under priority axis II will be provided by the national authorities.

## **4 IMPLEMENTATION ARRANGEMENTS**

The implementation arrangements for both Albania and Montenegro will be based on a centralised management of EC assistance.

### **4.1 Method of Implementation**

This programme shall be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation<sup>2</sup> and the corresponding provisions of the Implementing Rules<sup>3</sup>.

The role of the Commission in the selection of operations under a cross-border programme among beneficiary countries is specified in Article 140 of the IPA Implementing Regulation.

### **4.2 General rules for Procurement and grant award procedures**

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules<sup>4</sup> as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

<sup>1</sup> OJ L 170 29.6.2007, p.1.

<sup>2</sup> See footnote 7 supra in the Commission Decision.

<sup>3</sup> See footnote 6 supra in the Commission Decision

<sup>4</sup> See footnote 7 and 6 supra in the Commission Decision

Where appropriate, the Contracting Authorities shall also use the standard templates and models facilitating the application of the above rules provided for in the Practical Guide to contract procedures for EC external actions (Practical Guide) as published on the EuropeAid website<sup>5</sup> at the date of the initiation of the procurement or grant award procedure.

#### **4.3 Environmental Impact Assessment and Nature Conservation (where appropriate)**

All investments shall be carried out in compliance with the relevant Community environmental legislation.

The procedures for environmental impact assessment as set down in the EIA-directive<sup>6</sup> fully apply to all investment projects under IPA. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive.

If a project is likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made, equivalent to that provided for in Article 6 of the Habitats Directive must be documented<sup>7</sup>.

### **5. MONITORING AND EVALUATION**

#### **5.1. Monitoring**

The implementation of the cross-border programme will be monitored by the joint monitoring committee referred to in Article 142 of the IPA Implementing Regulation, established by the participating beneficiary countries, which include representatives of the Commission.

In Albania and in Montenegro, the Commission may undertake any actions it deems necessary to monitor the programme concerned.

#### **5.2 Evaluation**

Programmes shall be subject to evaluations in accordance with Article 141 of the IPA Implementing Regulation, with an aim to improve the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the cross-border programmes.

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<sup>5</sup> Current

address:[http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

<sup>6</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment(OJ L 175, 5.7.1985, p. 40. Directive as last amended by Directive 2003/35/EC, OJ L 156, 25.6.2003, p. 17.

<sup>7</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L284, 31.10.2003, p. 1)

## **6. AUDIT, FINANCIAL CONTROL, ANTIFRAUD MEASURES**

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegations in the Beneficiary Countries.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>8</sup>.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds.

## **7. LIMITED CHANGES**

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>9</sup>, may be undertaken by the Commission's authorising officer by delegation (AOD), or by the Commission's authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

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<sup>8</sup> Council Regulation (EC, Euratom) 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2.

<sup>9</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

**ANNEX 2**

**Cross-border programme**

**Albania-Montenegro**





*Cross-border programme 2007 - 2009*

***IPA CBC***

***Albania – Montenegro***

*Final : 03.09.2007*

Republic of Albania  
Ministry of European Integration



Republic of Montenegro  
Secretariat for European Integration





Albania

Montenegro



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GLOSSARY OF ACRONYMS

CA	Contracting Authority
CBC	Cross-border Cooperation
CBIB	Cross-border Institution Building
CEFTA	Central European Free Trade Agreement
EU	European Union
GDP	Gross Domestic Product
IPA	Instrument for Pre-Accession Assistance
JMC	Joint Monitoring Committee
JTS	Joint Technical Secretariat
MDG	Millennium Development Goals
MIPD	Multi-annual Indicative Planning Document
NARDS	National Agricultural and Rural Development Strategy
NDP	National Development Plan
NGO	Non Governmental Organization
NSSD	National Strategy for Social Economic Development
NSDI	National Strategy for Development and Integration
NUTS	Nomenclature of Units for Territorial Statistics
OS	Operating Structure
OSCE	Organization for Security and Cooperation in Europe
SAA	Stabilization and Association Agreement
SME	Small and Medium Enterprise
SWOT	Strength, Weaknesses, Opportunities, Threats
TA	Technical Assistance
UNDP	United Nations Development Programme
UNSCR	United Nations Security Council Resolution
VET	Vocational Education and Training
PRAG	Practical Guide for Contract Procedures financed from the general budget of the European Union in the context of external actions
FAQ	Frequently Asked Questions



## SECTION I. DESCRIPTION AND ANALYSIS OF ELIGIBLE AREAS

### 1. Introduction and Programming Process

#### 1.1. Introduction

The Cross-Border Programme between the Republic of Albania and the Republic of Montenegro will provide strategic guidance to implementation of assistance under Component II – “Cross Border Cooperation” of the *Instrument of Pre-Accession Assistance (IPA)*. It is designed following the principles underlined in IPA implementing rules and provisions established in the IPA regulation.

The **overall objective** of this programme is to *promote cooperation between people, communities and institutions on the bordering areas, aiming good neighbourly relations, sustainable development, stability and prosperity in the mutual interest of the two countries.*

The programme is building on the existing partnerships and joint cooperation initiatives between the two countries and the local government units in the bordering area. While there are some achievements made so far towards building local partnerships in particular in trade and environmental protection areas, cooperation between civil society, business communities and cultural institutions is yet at a very modest level. Motivating local institutions and people to make effective use of cooperation opportunities offered by IPA Component II will be the key challenge for Albania and Montenegro in the implementation of this programme.

This Cross-Border Programme will be implemented during the period 2007-2013. The programme will be implemented in both countries under the existing centralised management schemes.

#### 1.2. Programming process

The programming process took place from January to May 2007. The programme was developed following a process of wide consultations with the local stakeholders and potential beneficiaries in both sides of the border. The national authorities and joint structures were assisted during this process by the "Cross-border Institution Building CBIB" project<sup>1</sup>. The following table summarises the process of preparation of this programme.

Timing	Activities and scope
January 2007	Establishment of the Operating Structures (OS) and joint programming committee.
14 February 2007	First meeting of Operational Structures, identification of responsible institutions, for the preparation of the cross-border programme, development of the preliminary action plan.
26 February 2007	Meeting of the Joint Programming Committee. Agreement on the eligible areas and the action plan,
March 2007	Situation and SWOT analysis process and consultation with the main local stakeholders.
March-April 2007	Several meetings of the operating structures, discussions on the situation and SWOT analysis, identification of priorities and measures.
17 April 2007	Meeting of the Joint Programming Committee. Agreement on the situation analyses and discussion on priorities and measures
23 <sup>rd</sup> May 2007	Joint Programming Committee. meeting for approval of the draft cross-border programme

<sup>1</sup> a regional project funded by the European Union



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In addition, the EU Member States and IFIs have been consulted on the draft programme during the programming process in order to identify complementarities between donors' assistance projects.

## 2. Description of the Programming Area

The Cross-border Programme covers a territory of 11.681 km<sup>2</sup>. The length of borderline between the two countries is 210 km of which 172 km are land border and 38 km border waters of Adriatic Sea, Shkodra Lake and mountainous rivers.

Table 1: Cross Border Programming area

ELIGIBLE AREAS	
<b>ALBANIA: Eligible area</b>	
Territory = 5.936 km <sup>2</sup>	
Population = 337,247 inhabitants	
Shkoder Region	
Kukes Region	
<b>MONTENEGRO</b>	
<b>1 . Eligible area</b>	
Territory = 5.745 km <sup>2</sup>	
Population = 357 654 inhabitants.	
Budva Municipality	
Berane Municipality	
Andrijevica Municipality	
Plav Municipality	
Danilovgrad Municipality	
Podgorica Municipality	
Bar Municipality	
Ulcinj Municipality	
Cetinje Municipality	
<b>2. Adjacent Area</b>	
Rozaje Municipality	
<b>Total Cross border Programming area</b>	
Territory = 11.681 km <sup>2</sup> .	
Population = 694,901 inhabitants.	

For the purpose of this programme, in **Albania** the regions are considered equivalent to NUTS III level<sup>2</sup>. The Albanian part of the programming area covers two regions with a total population 337,247 inhabitants<sup>3</sup> living in 8 municipalities and 52 communes or 468 settlements (towns and villages).

<sup>2</sup> The eligibility criteria for defining the cross-border area is determined in accordance with article 88 of the IPA implementing regulation where only NUTS III regions are eligible for cross-border programmes.

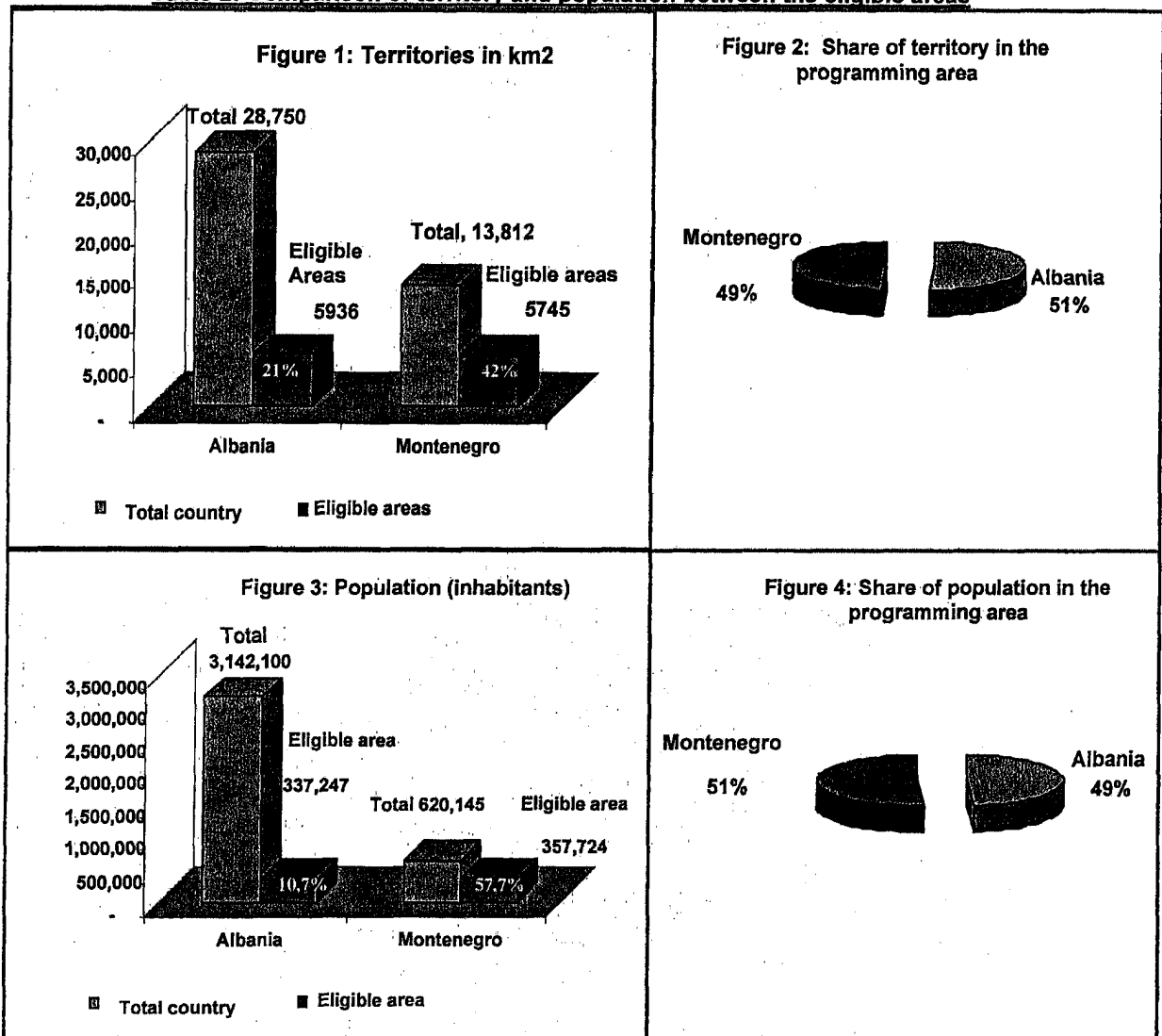
<sup>3</sup> INSTAT population data , 2005



Montenegro is divided in 21 municipalities as a basic unit of self-government<sup>4</sup>. The eligible territory in Montenegro covers a territory of 9 municipalities. In addition, there is one adjacent area (in accordance with Art. 97 of the IPA Implementing Regulation): the Rozaje Municipality. In total, the 10 municipalities and 613 settlements (towns and villages) have a population of 357 654 habitants.

The total population living in the eligible area counts for 694,901 inhabitants.

**Table 2: Comparison of territory and population between the eligible areas**



The Figures 1 and 3 indicate a different situation in terms of the total share of population and territory each eligible area takes within the country. The territory of eligible municipalities in Montenegro constitute 42 % of total Montenegrin's territory and 57.7% of the population, while the eligible regions in Albania constitute 21% of the total Albania's territory and 10.7% of Albanian

<sup>4</sup> Montenegro is divided in three geographic regions: northern, central and southern which don't have managerial or decentralized powers



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population. Population of eligible areas on each side of the border is almost equally shared, as shown in figure 4.

### 3. Current situation and analyses of the Programming Area

#### 3.1. History

Montenegro has been an independent kingdom from the late Middle Ages until 1918. After the First World War, Montenegro became part of Yugoslav Federation and remained in the federation with Serbia even after the collapse of the Yugoslavia in 1991-92.

The independent status of Montenegro was decided by a referendum on independence on May 21<sup>st</sup>, 2006 and immediately after the Parliament of Montenegro declared the independence of the country. On June 28<sup>th</sup>, 2006 Montenegro became the 192<sup>nd</sup> member state of The United Nations.

After 50 years of totalitarian communist regime, in 1991 Albania entered the path of democratic reforms. Rebounding from the financial collapse of 1997, Albania performed very well in sustaining high rates of economic growth. The average annual growth at the rate of 7 % over 1997-2005, is amongst the highest of transition economies. Successful macroeconomic management has been an important contributor to growth, which has been the critical factor in reducing the level of poverty<sup>5</sup> in the country and overall economic development.

Both countries participate in the Stabilisation and Association Process. Albania signed the Stabilisation and Association Agreement on 12 June 2006.

#### 3.2. Demography

The overall population of the programming area accounts for about 0.7 million<sup>6</sup> inhabitants. The bordering areas manifest many *common features* as well as *diversities* regarding demographic developments. The programming area has a sparse population and limited number of big towns (over 50,000 inhabitants). The area is characterised by strong trends of migration over last decade, directed mainly towards urban centres with higher economic potentials.

The population living in the Albanian eligible area accounts for 0.34 million, or 10.7 % of the total Albanian population. This area has a low urbanisation level (particularly Kukesi region). Shkodra town is the biggest urban centre with around 83,000 inhabitants. The significant migratory movements since the fall of communist regime have negatively affected the population growth and population structure of the area. Despite of high fertility rates and positive natural growth, the population in the Albanian bordering area is reduced by 1/3 due to internal and external population migratory movements.

The population living in the Montenegrin eligible is about 0.35 million, accounting for 58% of the total population of Montenegro. This area has high urbanisation level and population is concentrated mostly in economically developed urban centres (like Podgorica, Bar, and Budva). The inter-regional migration has affected population growth trends. In the most economically developed districts occurs a positive population growth hindering somehow the negative trend of natural growth. The opposite happens in less developed areas.

<sup>5</sup> World Bank, "Albania: Restructuring Public Expenditure to Sustain Growth – A Public Expenditure and Institutional Review", December 2006, Volume I, pg 2

<sup>6</sup> Population for Albanian part in year 2005 and the population for Montenegrin part in the year 2003.





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Table 2: Data on population

Cross Border Programming Area	Actual Population	Population change (%)	Urban population (%)	Population density (inhabitants per sq km)	Age dependancy ratio (%)
	2005	2005/1991	2005	2005	2005
Albania	337,247	-31 %	44%	57	22,5 %
Montenegro	357,724	+9,489 %	60.4%	60	55.25 %
Total	694,971	-12 %	52.4%	59	53.4 %

The programming area has a relatively low population density, around 59 inhabitants per km<sup>2</sup>. Both eligible areas have the same average population density 57 inhabitants per km<sup>2</sup>. In the Montenegrin part due to concentration of number of towns the population density is closer to the national average of Montenegro (68 inhabitants per km<sup>2</sup>). In the Albanian part the population density is twice lower than the national average (109 inhabitants per km<sup>2</sup>).

### 3.3. Ethnic Minorities

In the programming area live several ethnic groups, particularly in the Montenegrin part. Heterogeneity of population results in a variety of cultural and social norms in different locations. In the Montenegrin part, apart from Montenegrins majority, other ethnic minorities are Serbs, Albanians, and Bosnians. The largest ethnic groups in Montenegrin part are Serbs who make 27.9 % of total population. The second largest minority groups are Albanians who count for 9.4 %, Bosnians are around 8.9 %. The Albanian part is more homogenous inhabited by ethnic Albanians, with some exception in Shkodra Region where lives a very small minority (less than 1 % of Shkodra Region population) of ethnic Montenegrins.

### 3.4. Geographical Description

The programming area between Albania and Montenegro is positioned in South-Eastern Europe, close to the southern end of East shore of the Adriatic Sea. It borders with Serbia in the north-east and Kosovo in the East. The area is extended across mountains, fields, valleys and lakes. The lowlands in the Shkodra Region together with Valley of Zeta compose the biggest lowlands and the most fertile part of the programming area. Other fertile agriculture land lies along valleys of Drini and Moraca rivers favouring the cultivation of vegetables and fruits.

Mountains are rich with water, timber and mineral resources. Slope, altitude, relief and temperature make mountainous areas variable with differentiated ecosystems. The mountains of this area include some of the most rugged terrain in Europe with average altitude more than 2,000 meters above sea level. In the centre of the programming area, the massif of the Albanian Alps (south-eastern of Montenegro and northern Albania) reach the highest peak in Jezerca with an altitude 2,642 meters above sea level. Dispersion of many small communities in rugged remote areas, particularly in the Albanian part, has implications for their subsistence that is based on limited arable plots and shorter growing seasons.

### 3.5. Infrastructure

The infrastructure in both parts of programming area is obsolete, having suffered greatly from lack of investments. Roads and railways are in bad condition. Port equipments, airstrips (Montenegrin part) are somewhat in better conditions. In order to fully harness their potentials both parts have to



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make significant improvements to their infrastructure, especially in the areas with potential for tourism. This includes guaranteeing uninterrupted power supplies, restoring and modernizing the water and sanitation. The supply of adequate water is a key factor in developing the tourist infrastructure.

### 3.5.1. Road infrastructure

The geographical location of programming area is of great importance, since transport Adriatic – Ionian corridor of the European road network crosses the territory. The road infrastructure accounts for 10.053<sup>7</sup> km. The road density of 866.6 km per 1,000 km<sup>2</sup> is far less than EU average (1,253 km).

Albania and Montenegro participate in the SEETO<sup>8</sup>, the Technical Secretariat to develop the MOU on the South East Europe Core Regional Transport Network. The most important route in this area is the road section Shkoder – Podgorica, which is linked through Hani i Hotit. This route is a part of the European Core Roads Network. There are 5 road border crossing points between Albania and Montenegro, while one of them offers railway connection between the two countries and through Podgorica to the regional railway network. The road infrastructure is being upgraded with the reconstruction of the Shkoder-Muriqan and the rehabilitation of the Shkoder-Zogaj road segments. Other improvements in transport infrastructure are planned which include the construction of a ferry line through the Lake of Shkodra/Skadar and a new bridge over the Buna River, which will significantly shorten the connection between the two sides of the border.

Despite of the ongoing improvements, the connections between the two parts remain incomplete and limited. The transport infrastructure is far from meeting contemporary technical requirements. It requires substantial rehabilitation and reconstruction interventions, in particular in the Albanian part. Furthermore, unevenly distribution throughout the territory and insufficient development to meet intense traffic, hamper the economic development and optimal use of geographic location. A functioning road transport network is essential to the programming area's further economic development and increased level of tourism.

### 3.5.2. Railways

Three railway sections operate in the programming area; one in Albania and two in the Montenegrin part. The Albanian section connects Tirana with Shkodra via Lezha and crosses the border continuing all the way to Podgorica<sup>9</sup>. Since the infrastructure development focuses at roads network, the railway network has received little attention from the respective governments, thus leading to deterioration of physical conditions of this railway over years.

### 3.5.3. Seaports and Airports

*Bar is the major seaport of programming area (in Montenegro). It has a capacity of handling about 5 million tons of cargo, and is a port for ferries to Bari and Ancona in Italy. The main airport is the international airport of Podgorica. There is also an airport at Berane, which is used mostly for general aviation, and it is not equipped to handle larger aircraft. The new airports in Kukesi (Albania) will in near future extent civil aviation services to domestic flights.*

<sup>7</sup> This is total length of modern roads, national roads and rural/communal roads

<sup>8</sup> South East Europe Transport Observatory. Road Corridors & Links involves in: Albania, Bosnia and Herzegovina, Croatia, UNMIK/Kosovo under the UN Security Council Resolution 1244, the former Yugoslav Republic of Macedonia, Serbia, Montenegro.

<sup>9</sup> This is a single-track not electrified rail track, which serves both passenger transport and freight traffic.



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### 3.5.4. Hydropower system

Given the natural resources, programming area has potentials for energy hydropower production. The current installed capacity in Albania is 1,446 MW, representing a utilization rate of only 35 percent of its hydropower potential. Almost 90 percent of this energy is generated in the Albanian part of programming area (along the cascade of Drin river) which encloses the three biggest hydropower plants of the country, Fierza, Koman and Vau i Dejes with a respective installed capacity of 500 MW, 600 MW and 250 MW.

### 3.5.5. Water and Sewage

Water supply, sewage systems and irrigation is another poor infrastructure component in the programming area. Due to insufficient investments over years, the overall water and wastewater treatment infrastructure of the area is poor, more problematic in the Albanian side. In the Montenegrin side there are more investments on modern systems of waste collection, such as "Lovanja" landfill, the first and currently the only regional sanitary landfill in Montenegro that was built in line with EU standards.

### 3.5.6. Telecommunication

Telecommunication in the programming areas is based on both land (fixed) and mobile system. User's access to telephony service is different among countries. There are 134.706 land phone subscribers in the programming area, but the major part of them 88.3% are in Montenegro. With the exception of the main cities, penetration of Albanian telecom in rural areas is low. Malfunctioning of land system in Albania and its low coverage (only 1/5 of households living in the Albanian part) is replaced with the use of mobile communication. In the programming area, the mobile telephony service is one of the greatest penetrations of cellular phones per habitant in Europe. Four operators (two in Albania and two in Montenegro<sup>10</sup>) offer GSM services. All providers have national coverage, and offer advanced services. Extensive communication difficulties result in lack of information and in isolation. Also spread of internet services is low, especially in the Albanian part.

## 3.6. Economic Development

### 3.6.1. General economic description

Both Montenegro and Albania are members of the Central European Free trade Agreement<sup>11</sup> (CEFTA). Free Trade Agreement includes a number of potentials commodities that improve export capacities of both countries. The list of commodities include agricultural and agro industrial products like fresh and processed fruits, vegetables, fish, dairy products, honey, medicinal and aromatic plants, spices, wood products, textile and leather, etc.

The overall economic development of the programming area is unbalanced. The Albanian part has lower economic development not only compared to Montenegrin part but also compared to the rest of Albania. The GDP per capita in Montenegrin area<sup>12</sup> is 33 % higher than the national average, meanwhile in Albania there are no official figures of the GDP per capita at regional level.

In the Albanian part the agriculture sector based on limited agriculture land (in average 0,22<sup>13</sup> ha per capita) occupies 68 % of total employment, compared to 41.15% % in Montenegrin part. In the Albanian part, from around 2,600 private non-agriculture enterprises, 65 % of them operate in trade

<sup>10</sup> The third mobile operator obtain license in Montenegro and it should be in function starting from September.

<sup>11</sup> Montenegro signed CEFTA on 19th Dec, 2006 but the implementation will start on 12st June 2007.

<sup>12</sup> In three municipalities from programming area (Budva, Bara and Podgorica) GDP per capita is higher than national average. The GDP per capita for 2004 amounted 2,645.43€

<sup>13</sup> The figure represent the agrarian divided by total population



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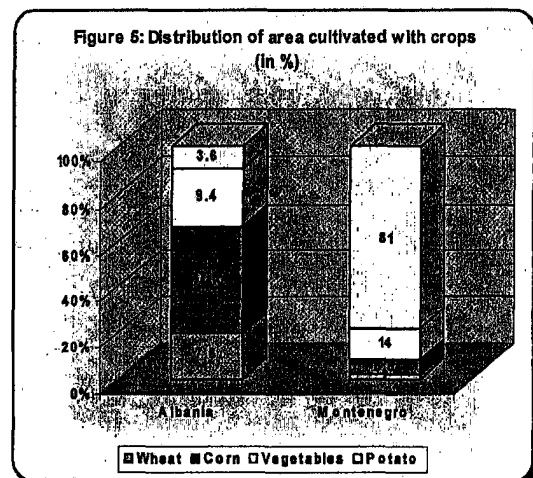


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(44 %) and services (21 %) and only 14 % in light industry. Poor infrastructure provisions and problems related to land ownership have affected heavily development of local businesses and discouraged foreign investors. Even though direct foreign investments have played an important role in restructuring the Albanian economy and boosting the economic growth, only a small fraction of foreign capital is invested in the Albanian part of the programming area, while the situation is slightly better in the Montenegrin part due to investments in tourism. There are no available data for Montenegro on SMEs distribution by main sectors of economy, but judging by the employment data the most dominated sectors result to be trade (15.3%) and processing industry (14.1%).

### 3.6.2. Agricultural and Rural Development

Agriculture land, totalling 227 thousand hectares (Albania 76 thousand ha, Montenegro 151 thousand ha), represents an important economic attribute for the area. The overall agricultural land per capita is 0.33 ha, with Albanian area 0.23 ha per capita and the Montenegrin with 0.42 ha per capita. Agriculture land is not adequately exploited. This is a consequence of the topography and geological composition that predetermines the dominance of low fertile soil. Coastal areas in Montenegrin part and areas around the Shkoder/Skadar Lake (Zeta valley and lowland of Shkodra) are suitable for fruit (subtropical fruits and olives) and field crop production (Figure 5). This area has optimal conditions for potato and vegetable production. Hilly parts of programming area are suitable for breeding of small ruminants; this relief is rich with honey plants, medical herbs etc. Natural conditions are suitable for diversified development of agriculture, and are at the same time extremely complex. Hilly-mountainous zones with distinctive relief and a deficiency of lowland are the main limiting factor in agriculture development. Both Montenegro and Albania agricultural productivity is based on small-scale family households often oriented to self-consumption. In the northern south and southeast part of the area the largest part of the territory is grassland, proper for summer pasture of cattle. In Albania, the large-scale migration of labour force from rural areas has brought about declining of utilisation of arable land and the production too.



### 3.6.3. Industry

The industrial sector of the programming area is based on electricity generation, steel, aluminium, coal mining, forestry and wood processing, textiles, leather industry. The industry sector is more present in the Montenegrin part, with significant capacities especially of agro-industry processing and finishing products, production of cigarettes and confectionary products, etc. In the programming area are located the Montenegrin biggest companies such as Aluminium plant in Podgorica. Industrial sector in the Albanian part is underdeveloped. Copper industry, once very important for the area and country's economy, today has become insignificant. Agro-processing capacities in general are limited. Although there seems to be great interest in establishing agricultural and dairy processing centres there are very limited financial opportunities for investing on contemporary technologies.

**Mining.** In the Montenegrin part there is a brown coal mine in Berane. Also the Albanian part is rich in underground resources, in particular copper. During communism the mining industry was



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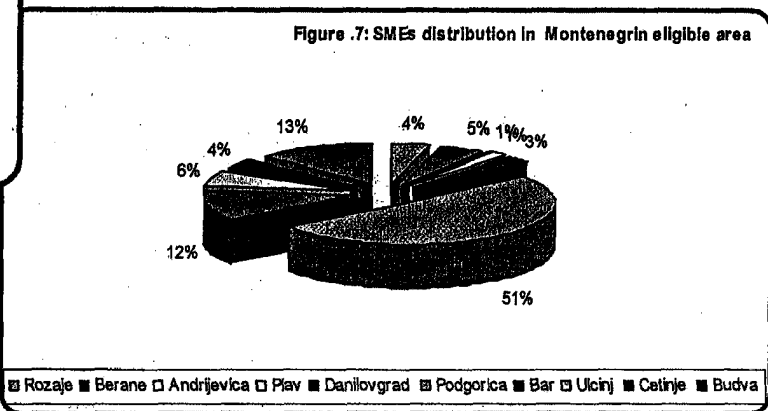
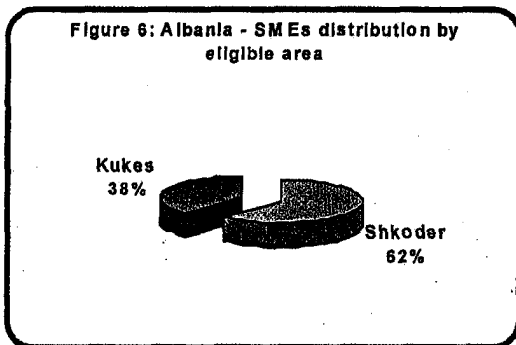


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extensive. Currently all mines in Gjegjan and Nimce, (Kukes district), in Golaj (in Has district) and Kam (in Tropoje) are closed.

### 3.6.4. SMEs Sector

Improvement of the business climate in both parts of the programming area has contributed to increasing the number of SMEs. According to Tax Administrations (Montenegrin and Albanian) there are about 13,000 SMEs registered in the programming area: 80 % in the Montenegrin area and 20 % in the Albanian part. The largest number of SMEs is situated in Podgorica, Budva and Herceg Novi, for the Montenegrin part and in Shkoder for the Albanian part. (see Figure 6 and 7)



The SMEs play an important role for economic development of both areas. They are vital for offering employment opportunities, promoting the diversification of economic activity, supporting sustainable growth, and contributing significantly to exports and trade exchanges. So far there have been efforts to increase the cooperation between the chambers of commerce and SMEs, but there are still enormous opportunities to intensify the level of cooperation and knowledge sharing activities, in particular in the service and tourism sectors.

### 3.6.5. Tourism

Tourism is a sector of potential growth, due to natural resources and cultural and historical sites residing in both parts of the programming area. Each part of the border has its own individual potentials: attractive nature, beautiful sea costs, attractive lakes, national parks, historical sites and possibilities for developing mountain sports and village tourism.

The level of tourism in the Albanian eligible area (with a slight exception of Shkodra) is symbolic. This is due to numerous factors such as: poor condition of infrastructure (roads, energy, water and sanitation), small capacities for accommodation, unprofessional marketing and lack of information and tourist guides. Shkodra is an ancient town with a rich historical background. There are numerous attractive sites for developing tourism. In the vicinity of Shkodra there are: Velipoja beach, Shkodra Lake, Rozafa Castle; Church of Shirgji, Mes Bridge, Illyrian ruins of Gajtani and medieval city of Sarda. Shkodra is also a good starting point for trips to Albanian Alps. Kukes region wilderness is renowned for its rugged beauty and could be of great interest to mountain tourists. The numerous lakes and rivers provide an excellent backdrop for resort and adventure tourism in this area.



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The Montenegrin's eligible area has a much better-developed tourism infrastructure. About 0.8 million tourists visited the area in 2006, with an average stay of 6.4 days. 1/3 of visitors were foreigners. Beautiful sea coast lies along the western part starting from Ulcinj (velika plaža 13 km long), Bar and Budva (21 km long with 17 beaches). Bar is a port town, but well – known for many important historical and cultural sites offering a great number of festivals and cultural events. The Budva coast is the centre of Montenegrin tourism.

Development of tourism in this area is however facing a lot of difficulties due to problems with water supply, town planning, a numerous numbers of non-registered accommodations, and illegal construction and bad road infrastructure (in mountain areas).

### 3.7. Human Resources

#### 3.7.1. Education, Research and Development

The education system in Montenegro is well developed in the three levels. There are 221 primary schools with 44,866 students. There is a low illiteracy rate counting for less than 2%. Only in Podgorica there are 12 secondary schools, in Bar and Cetinje 3, Berane 4 and in every other town one secondary school. The major university center is Podgorica, with 10 faculties. Cetinje and Budva have regional departments of University of Montenegro.

In Albania there are 310 primary and lower secondary schools with 60,678 students and 49 secondary schools with 16,949 students. There is one university in the city of Shkodra with a total number of 10,089 students. Shkodra University represents the most important centre of intellectual, cultural and social development of the Albanian programming area. Dense demographic changes have influenced normal functioning of schools, especially in the rural areas. In some urban areas there is overpopulation of classes. Beside some improvements, still many schools do not offer a qualitative education due to lack of qualified teachers, lack of laboratories and didactic means, insufficiencies in investments, etc.

#### 3.7.2. Labour Market (employment and unemployment)

Even though no big differences are reported between Albania and Montenegro in relation to unemployment rates at national level, the situation in the programming area is the opposite. The average unemployment rate is around 15, 6% in Montenegrin part, while in the Albanian part this is 28.8%. Unemployment rate in the Albanian part is twice higher than the national average, and it counts for about ¼ of total unemployed people in Albania.

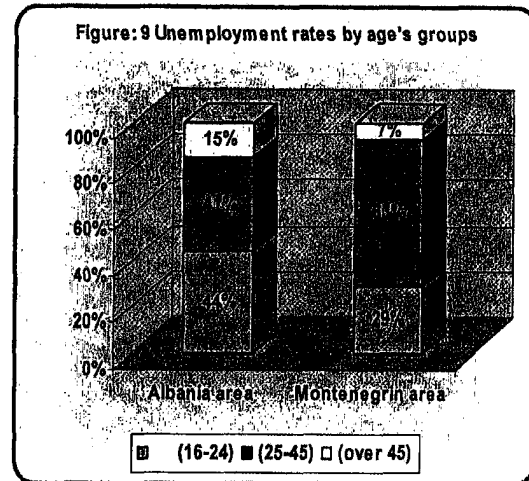
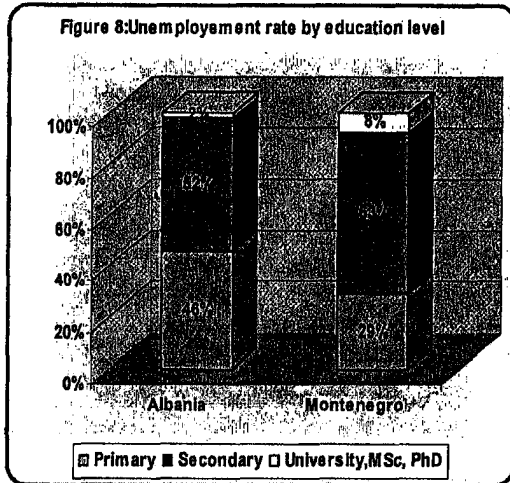
The age group under 45 years old represents 80-90 % of unemployed people (Figure.8 below). Unemployment rates by level of education are different among countries (Figure 7). Unemployment level among people with secondary education in Montenegro is higher (63%) than in Albania (52%), while in Albania the level of unemployment among population with primary education is higher (46%) than in Montenegro (29%).



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The structure of employment by sector is different in each side of the border. In Montenegro the sectors of tourism, services, agriculture, architecture and trade employ the majority of labour force. In the Albanian side the majority of labour force is employed in agriculture, trade light industry (textile and leather) and services.

High unemployment rate and domination of agriculture sector contribute to a higher poverty level in the Albanian part. The indicator of "population share living with less than \$2 USD per day" measured in 2002 showed a high number of total population living under poverty line. Preliminary data from LSMS 2005 showed improvements, but the poverty is still high and persistent in rural and mountain areas.

According to Montenegrin Poverty Reduction Strategy Paper of 2004, 12.2% of the population is poor. The poverty rate is largest among the Roma, Aškelja and Egyptian minority (52.3%).

### 3.8. Environment and Nature

The programming area is rich in natural reserves and protected areas. In the Montenegrin area there are two National Parks (Skadar Lake and Lovćen). In Albanian part there are 7 national parks, natural reserves and protected landscape (Thethi, Tropoja, Shkoder, Buna-Velipoje).

The Lake of Shkodra/Skadar basin is very important for the area due to its biological, scientific, cultural, health, recreational and tourist values. The lake today is one of the most important bird areas of South-eastern Europe with about 270-recorded species breed including rare pelicans. Industries and agriculture farms' deposits, free waste disposal and lack of sufficient sewage treatment are leading to the eutrophication of Shkodra/Skadar Lake. In addition, over fishing in both sides has led to shortage of food for fish-eating birds.

The aluminium company in Podgorica is Montenegro's biggest single polluter. There is no proper filtering in the processing of bauxite to aluminium. High levels of fine dust particles, solvents and fluorides are the result of missing or defective air filters. The soil is polluted with PCBs. The groundwater is polluted with PCBs and fluorides. An agriculture pesticides (selinon) deposit in Kukës Region in Albania is specially toxic to humans and carcinogenic. Also all mines closed in Kukës region create pollution.



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Nature resources in the Albanian part are preserved but there are some locations which are polluted and at high risk of degradation. The forests risk the de-forestation; rivers and lakes risks the pollution from illegal landfills (poor industrial and urban waste management) and intensive agriculture pesticides; fauna is threatened from over fishing and illegal hunting. Land degradation is present in both Kukes and Shkoder regions.

In 2005 Albania and Montenegro organized a high level meeting dedicated to discussions on how to protect the resources and diversity of the Lake of Shkodra/Skadar. The representatives of the two governments decided to establish a committee to deal with Lake Shkoder environmental challenges. The Office for Sustainable Development under the cabinet of the Montenegrin Prime Minister was created with the assistance of the UNDP. Both Albania and Montenegro have given priority to environmental issues. Joint programmes, notwithstanding limited, aim at intensifying the actions for protecting the nature and environment in the area. In Montenegro, the Ministry of Environmental Protection has established few years ago the systems for monitoring air and soil quality, while the Ministry of Agriculture, Forestry and Water Management has the legal obligation to monitor the water quality. However, there is a need for improving the data from environmental monitoring systems to be addressed in both sides.

### 3.9. Culture

The culture in the programming area is, in overall, characterized of elements of different common and individual 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 programming area is also rich in diversified culinary and handicraft traditions that could play an important role in further promotion and tourism development. A few women NGO in both sides has started to work on the valorisation and conservation of these heritages.

Communication and exchange among the public cultural institutions and different associations, even though at the modest level have contributed to establishing the new networks. These contacts should be intensified in the future, thus creating a basis for more active cross border co-operation. Protection of cultural heritage is very important for protecting the identity of this region.

### 3.10. Institutional Arrangements

Montenegro is divided into 21 municipalities as a basic unit of self-government. Albania has different administrative set up. The country is divided into 12 regions, comprising 36 districts. Districts are divided into municipalities (in urban centers) and in communes (in rural territories). The regional development is a core element of the ongoing decentralization reform process in Albania<sup>14</sup>. Recent fiscal reforms are aiming to provide full authority to local government units on the small business tax. Efforts to introduce the municipal borrowing framework will give more freedom to the local unit towards implementing the development programmes.

### 3.11. Major gaps, disparities and potentials for development of the programming area

The analysis of strengths and weaknesses of the eligible areas in both countries contributed to highlight some peculiar aspects of difficulties/problems on the one hand and the

<sup>14</sup> The role of Regional council for coordinating the development activities in the respective regions has increased in parallel with the transfer of power to the local level for provision of the public services.





resources/opportunities on the other hand, which are cumbersome to cross border cooperation in this area.

The situation analysis of the programming area resulted in the following key conclusions on **strengths** of the area:

- *The tourism sector* is recognised to be very important for the economic and social development of the regions situated in the programming area. Further intensification of culture exchange and valorisation of historical culture heritage will contribute to strengthening the region identity. However, tourism development is facing growing difficulties arising from *road connection network and the environmental situation*.
- *The existing natural resources* present significant importance for the life quality and economic benefits of the population in the area through putting these resources in the function of the tourism sector development objective. However, the whole area is facing *environmental problems* in terms of safeguard and preservation. One of the emerging priorities is related to protection of the costal zones from the waste water and solid waste disposals, as well as air pollution from the industrial activities.
- *The local economies* are growing up and their target is to *become more attractive for foreign direct investments*. Strengthening of SMEs networks and service connections existing on each part of the programming area is crucial. Development of infrastructure and the diffusion of networks and services connections able to support *diffusion of knowledge and innovation*, will contribute towards a general increase of wealth and economy.

The following are the main **weaknesses** deriving from the socioeconomic analysis:

- *the labour market structure* presents high unemployment rates at youth and especially female levels.
- *the presence of strong migration flows* has impacted the labour force and resulted in loss of the skilled and educated workers.
- *the standard of living levels* of the whole community in the territory of the programming area during the last years have deteriorated and together with the labour market crisis have increased the phenomenon of marginalization, social hardships and youth emigration;
- *the poor development of economies* is closely linked with inferior use of the existing potentialities of natural and cultural resources and in particular potential of tourism;

In the meantime the territory shows substantial **potentialities, opportunities and resources** such as:

- *a great number of young people seeking employment in possess of middle-high schooling levels*, thanks also to the presence of a wide and qualified educational university system;
- *a system of smaller enterprises diffused* at the programming area, particularly dynamic.
- *an environmental, natural and historic-artistic heritage* important and present on much of the territory of the programming area ;



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- a *system of offer of training and innovation*, wide and diffused over the territory, able to properly support the demands coming from the socioeconomic system as a whole;
- a *geographical location* which gives to the area the role of privileged crossroad of the communication guidelines for the Balkan area at one hand and the Middle-Europe on the other (corridor n.10).

### 3.12. SWOT analyses of the programming area

The following tables provide detailed analysis of the four categories, weaknesses, strengths, opportunities and threats of the programming area:

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STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<b>I LEGAL &amp; INSTITUTIONAL FRAMEWORK</b>			
<ul style="list-style-type: none"> <li>• Existing Protocol of cooperation between Albania and Montenegro</li> <li>• Existence of the Regional Forum of cooperation between Shkodra Region and Montenegro</li> <li>• Implementation of the joint agreements and programmes for the conservation of Shkodra/Skadar Lake</li> <li>• Favourable overall legal and institutional frameworks attractive for FDIs development;</li> </ul>	<ul style="list-style-type: none"> <li>• Discrepancies among the local administrative units in the field of social and economic development.</li> <li>• Limited capacities of the local-self government authorities, coupled by poor level of information and communication infrastructure.</li> <li>• Limited experience in the eligible areas for identifying and implementing joint programmes and cross border projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity to develop various mechanisms and instruments aiming at facilitating the establishment of partnerships for cross border initiatives;</li> <li>• Opportunity for increasing the capacity of the civil society organizations to participate in joint programmes and developing public private partnership initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Delays in the adoption and enforcement of the respective property legal framework ,impact negatively the implementation of strategic regional and local development programmes</li> <li>• Underdeveloped and under equipped local - self government administrations.</li> <li>• Lack of incentives and capacities of the public sector employees to keep up with demanding reform programmes.</li> </ul>
<b>II ECONOMY / PRODUCTION / SMES</b>			
<ul style="list-style-type: none"> <li>• Free-trade agreement between the two countries</li> <li>• Cultural and nature resources suitable for accelerating economic development;</li> <li>• Natural resources, Lake of Shkodra/Skadar, and cultural heritage as potential for development of tourism</li> <li>• Relatively good level of education in the programming area, because of universities and other vocational training centres;</li> <li>• Existence of business incubators (MN) and regional development agencies (AL)</li> <li>• Investments in infrastructure aiming to support development of tourism industry in the areas surrounding Shkoder/Skadar Lake</li> </ul>	<ul style="list-style-type: none"> <li>• Discrepancies between the local-self government units in the area of social and economic development; high inequality in urban and rural development;</li> <li>• Lack of awareness of international standards to improve access to regional and EU markets.</li> <li>• Underdeveloped technology and labour intensive industries and agriculture sector</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity to create and develop integrated tourism product including both lake, coastal and mountain areas</li> <li>• Growing competitiveness in tourism;</li> <li>• Opportunity to attract investments and to increase public/private partnership for building adequate road infrastructure;</li> <li>• Encouragement of cross border cooperation among agencies supporting SMEs, urban centres and development agencies</li> <li>• Opportunities for fostering economic connections of Albanian enterprises with the Montenegrin enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Dominant mountainous relief can have a negative impact on local economic development;</li> <li>• Delays in resolving property issues</li> </ul>

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STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<b>III INFRASTRUCTURE &amp; COMMUNICATION</b>			
<ul style="list-style-type: none"> <li>•The access to the Corridor 10 enables the transport traffic to the inner Balkans and from there to Middle - Europe.</li> <li>•Increased traffic flow at cross-border points in the last few years.</li> <li>•Railway connectivity</li> <li>•Ongoing programmes for improving road networks</li> </ul>	<ul style="list-style-type: none"> <li>•Important shortfalls and problems on the secondary road network coupled by unfavourable weather conditions during the winter time.</li> <li>•Under equipped border crossing points for transport of goods and merchandise.</li> <li>•Unsafe transport, coupled by the hard geographical conditions;</li> <li>•Lack of proper waste water treatment and sewerage</li> </ul>	<ul style="list-style-type: none"> <li>•Adriatic-Ionian main road that could integrate Albania and Montenegro within modern European transport routes.</li> <li>•Better use of the existing communication and transportation networks</li> <li>•Opportunities for making easier the movement of people and goods through improved road and cross – border points infrastructures</li> <li>•Increasing investments in water supply and sewage systems</li> </ul>	<ul style="list-style-type: none"> <li>•Out-dated electrical infrastructure</li> <li>•Underdeveloped roads, railways and ports infrastructure;</li> <li>•Insufficient local financial resources for reconstruction and maintenance of the deteriorated local infrastructure;</li> <li>•Illegal constructions putting additional pressure on infrastructure and having negative impact in protecting the costal areas</li> <li>•Delays in solving property restitutions issues</li> </ul>
<b>IV ENVIRONMENT &amp; QUALITY OF LIFE</b>			
<ul style="list-style-type: none"> <li>•Rich with natural resources and parks</li> <li>•Existence of several Natural Parks suitable for eco-tourism development.</li> <li>•Lake of Shkodra/Skadar and forests of major environmental importance</li> <li>•Rich with medical plants and numerous endemic plant species.</li> <li>•Existence of Programme for development and protection of the National Parks (Lake of Shkodra/Skadar)</li> </ul>	<ul style="list-style-type: none"> <li>•Existence of especially sensitive ecosystems demanding a high level of protection</li> <li>•The natural resources have yet to be recognised as a potentially significant source of revenue</li> <li>•Lack of sewage and waste water treatment systems lead to increased pollution of natural water resources;</li> <li>•Insufficient control, with regard to waste disposal endangers both the quality of water and the quality of the soil.</li> <li>•Low level of implementation of EU environmental related legislation in private and public sectors.</li> </ul>	<ul style="list-style-type: none"> <li>•Area reached with natural resources relatively preserved due to the lack of developed industries;</li> <li>•Opportunity for an expansion of national parks and natural reserves and for a cross border management of natural resources.</li> <li>•Increased public awareness on the environment protection needs</li> <li>•Opportunity for environmental protection activism by non-governmental organizations in the region</li> <li>•Opportunity to develop local capacities (both at local self – government units and non-governmental organisations) to undertake proper environment impact assessment before a license or permission for an investment activity is issued.</li> </ul>	<ul style="list-style-type: none"> <li>•Lack of solid waste dumps built by EU standards;</li> <li>•Lack of proper environment impact assessment before investment is started.</li> <li>•Lack of control and excessive exploitation of the natural resources could seriously jeopardize the environment, living standards and local population welfare</li> <li>•Risk of native species disappearing and loss of biodiversity</li> </ul>

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STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<b>V HUMAN RESOURCES &amp; EDUCATION</b>			
<ul style="list-style-type: none"> <li>•Existence of research institutions and Universities Shkodra and, Podgorica (with faculties and department of faculties in Budva and Cetinje) as well as establishing new private ones has as a result young and educated labour force that keep up with contemporary market needs;</li> <li>•Existence of a network of vocational training institutions and training courses for supporting the upgrade of employees' qualifications;</li> <li>•Implementation of internationally accredited education programme especially at university level (Bologna declaration);</li> <li>•Relatively young population ;</li> </ul>	<ul style="list-style-type: none"> <li>•Lack of skilled workers for specific industry and agro-processing needs</li> <li>•High unemployment level in particular in urban areas</li> <li>•Depopulation, demographic deterioration of the eligible regions and labour migration;</li> <li>•The migration has been growing up over the years.</li> <li>•Ageing population and increasing number of older households in the rural areas, due to migration of the young population</li> <li>•Lack of foreign languages and IT skills especially among older and middle age labour force necessary for accelerating economic development;</li> <li>•Lack of practical exposure and low level of technical knowledge absorbed by the students, impact on creation of a labour force that do not meet the standards of a new labour market.</li> </ul>	<ul style="list-style-type: none"> <li>•Improvement of the level of vocational education, which has a direct impact in the qualification of labour market more attractive for the foreign enterprises.</li> <li>•Development and implementation of different courses for upgrading present qualifications.</li> <li>•Existing opportunities for increasing the employment potentials in the private sector and market demand-driven entrepreneurial initiatives;</li> </ul>	<ul style="list-style-type: none"> <li>•Due to rigid labour regulation, non-registered labour force.</li> <li>•The social infrastructure shows obvious weaknesses. The rural and mountain regions are particularly affected.</li> <li>•Concentration of economic activity and opportunities for employment in the major cities that further deepens the problem with depopulation of the rural settlements.</li> </ul>
<b>VI CULTURE &amp; TOURISM</b>			
<ul style="list-style-type: none"> <li>•Multicultural diversity as a positive force in furthering society's nationhood or cultural identity.</li> <li>•Richness in cultural resources and heritage</li> <li>•Pleasant Mediterranean climate</li> <li>•Existence of tradition in cultural exchange</li> </ul>	<ul style="list-style-type: none"> <li>•Little protection and preservation of historical and archaeological heritage</li> <li>•Inability to develop the shared elements of cultural heritage with the other side of the border</li> <li>•Insufficient practices for development of historical and cultural tourism.</li> </ul> <p>Inadequate service delivery – such as continuity of water supply, drinking water quality, electricity supply will affect the quality of tourism and in turn tourism revenues.</p>	<ul style="list-style-type: none"> <li>•Opportunities for development of eco-spa-cultural and other forms of tourism, inducing the development of cross-border regional tourism.</li> <li>•Potential growth of cultural facilities (Cultural organizations)</li> <li>•Opportunities for development of specialized types of tourism (lake and mountain tourism, city visits, etc.)</li> <li>•Opportunity to develop joint strategies and programmes for tourism development, protection and promotion of historical and cultural heritage;</li> <li>•Opportunity to develop and strengthen local institutional capacities related to cultural and tradition issues.</li> </ul>	<ul style="list-style-type: none"> <li>•Little attention to protection and preservation of monuments and culture and historical heritage</li> <li>•Still low level of economic development doesn't provide enough means for investment in culture;</li> <li>•Lack of understanding of potential that cultural and historical heritage can bring to the region.</li> </ul>



## SECTION II PROGRAMME STRATEGY

### 1. Experience with cross border activities

The level of cooperation between Albania and Montenegro is relatively recent. The cooperation has taken place more at the level of central institutions and less between the bordering regions.

The countries cooperation is based on the following existing protocols and agreements:

- Free-trade agreement between two countries.
- The Protocol of Cooperation<sup>15</sup> between the two countries according to which both parties agree to develop joint activities to promote tourism; to open other border points and modernize the existing ones in order to ensure more facilities for the transportation of people and goods; to develop a convention for cooperation in the area of tourism; to act together for the project of the development of Shkodra/Skadar Lake; and to promote signing of contracts between tourism firms and hotel companies of both countries. The results of this protocol to date have been modest with little impact.
- The Regional Forum of cooperation between Shkodra and Montenegro. This forum aims at promoting cooperation between the two regions. In the forum there are representatives of the local government and the private sector, who should organize joint meetings 3-4 times a year.
- The Navigation Agreement of November 2004, according to which the parties agree for the operation of an international navigation line for Shkodra-Virpazar.
- The Strategic Action Plan for Shkodra/Skadar Lake of March 2007, established between the Ministry of Tourism and Environment of Montenegro and the Ministry of Environment, Forests and Water Administration of Albania.

### Lessons learned

Most of the cross-border initiatives started only recently, making it premature to define "lessons learned". However, the following points can be highlighted from cross-border experience in the Western Balkans countries:

- The projects focusing on environment protection reflect the priorities defined by the national and regional institutions, providing for a sound embedding in local and national development priorities. However, it is important to strongly associate civil society and the private sector in programme development.
- The small calls for proposals for cross-border actions launched in previous cross-border programmes showed a low capacity in project preparation of most of the final beneficiaries. This could impede the implementation of the programme. Specific training of potential applicants will be essential throughout the programme.
- A few municipalities have had a leading role in the past and current cross-border initiatives. These municipalities should have a key role when implementing the programme (transfer of know-how, etc.).

In addition, an independent evaluation on the CBC programmes under PHARE was conducted by MWH consortium. Experience has shown that the preconditions for effective implementation

<sup>15</sup> This Protocol was signed in Ulqin on December 4, 2000 between the Ministry of Tourism of Montenegro and the Albanian Committee for the Development of Tourism.



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include, besides close co-ordination between participating countries at political and operational levels:

- cross-border cooperation between line ministries and effective working relationships between related organisations;
- functioning regional development authorities and local authorities, with appropriate staff in a stable environment;
- close working relationships between regional institutions and the respective Commission Delegations;
- functioning cross-border cooperation between respective organisations of the private sector, such as chambers of commerce, company associations and NGOs.

## 2. Strategy of the Cross Border Cooperation Programme

The cross-border programme between Albania and Montenegro will contribute to the implementation of IPA Component II "Cross-border cooperation" of the Multi-annual Indicative Planning Documents (MIPDs) for both countries. This programme will provide assistance for "Democratic stabilisation and administrative capacity building", "Economic and social development", "Infrastructure" and "Technical assistance", identified as major areas of intervention in the MIPD for Albania, and will address the need for "Development of cross-border economic, social and environmental activities of border areas", to "Address common challenges in particular in the field of environment and public health and development" and to "Promote local "people to people" type actions including NGOs and local authorities" in the MIPD for Montenegro.

**Rationale.** The above SWOT and situation analyses reveal that the programming area is very rich in natural and cultural resources but significant parts of it are underdeveloped compared to respective national standards. There is a great potential for tourism and economic development that is generally underexploited. There is a high level of unemployment and unskilled labour force and the economy of the area is mainly based on agriculture, fishing and small uncompetitive industries. As of 1990 the level of exchanges across the border has increased rapidly, but still based on some low cross border trade transactions of foreign goods. The relations between Albanian and Montenegrin economic operators and regional and local organisations are weak and there seem to be little common understanding of the cross-border region's economic opportunities.

### 2.1. Overall strategic objective of the programme

The strategy of this programme defines appropriate priorities and measures necessary for ensuring a harmonized and integrated cooperation of stakeholders in the programming area, also supporting and fostering both countries' aspirations for deepening regional cooperation.

As mentioned earlier, the overall strategic objective of this programme, proportional to the disposed financial allocations, is to:

- ⇒ *promote cooperation between people, communities and institutions on the bordering areas, aiming sustainable development, stability and prosperity in the mutual interest of citizens of the two countries.*

In addition the programme will aim to build capacities of local stakeholders, municipal, regional institutions and civil society to participate in cross-border initiatives.

### 2.2. Specific objectives



The specific objectives of the programmes include:

- ⇒ *Promotion of economic development of the programming area through the economic valorisation of its tourist and cultural potentials*
- ⇒ *Support joint initiatives and actions aimed at protecting, promoting and managing sensitive ecosystems and sustainable environmental development*
- ⇒ *Encourage citizens cooperation and partnership building across the border*
- ⇒ *Strengthen capacities of national and joint structures to manage cross-border programme*
- ⇒ *Prepare and disseminate programme information and improving capacities of potential beneficiaries to prepare and implement projects*
- ⇒ *Provide technical expertise for external programme evaluations*

### 3. Priorities and measures

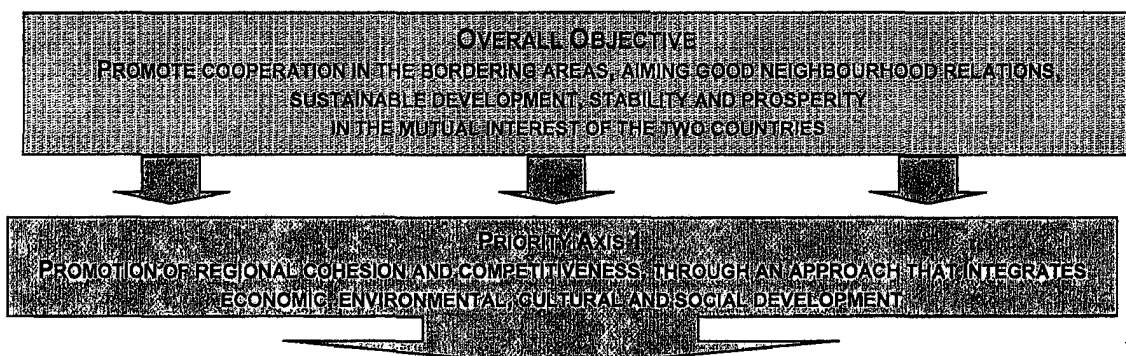
Taking into account both strengths and weaknesses of the eligible areas, the strategic framework of the programme is structured into **two major priority interventions** which are further detailed into measures:

Nr.	Priority
Priority Axis I	Promotion of regional cohesion and competitiveness through an approach that integrates economic, environmental, cultural and social development
Priority Axis II	Technical assistance for an effective programme management and information flow

The rationale behind selecting these two priorities is based on identification of potential interventions of common interest and benefits to a broad spectrum of beneficiaries located on both sides of the border.

The first priority will promote joint cross border initiatives and actions aiming to improve regional economy in a socially and environmentally sustainable way, while the second priority will ensure effective management and implementation of the whole programme through technical assistance support.

While substantial attention is given to social, economic and environmental sustainability, the cross border programme will encourage the design and implementation of projects emphasizing two vital horizontal principles, *cross-border partnership* and *equal opportunities*. Creation of real partnerships with cross-border effects is indispensable to the implementation of this programme. The programme will support initiatives that promote equal opportunities and gender mainstreaming. Priority will be given to projects that will clearly demonstrate their efforts to create equal opportunities for gender, ethnicities and disabled according to EU principles.





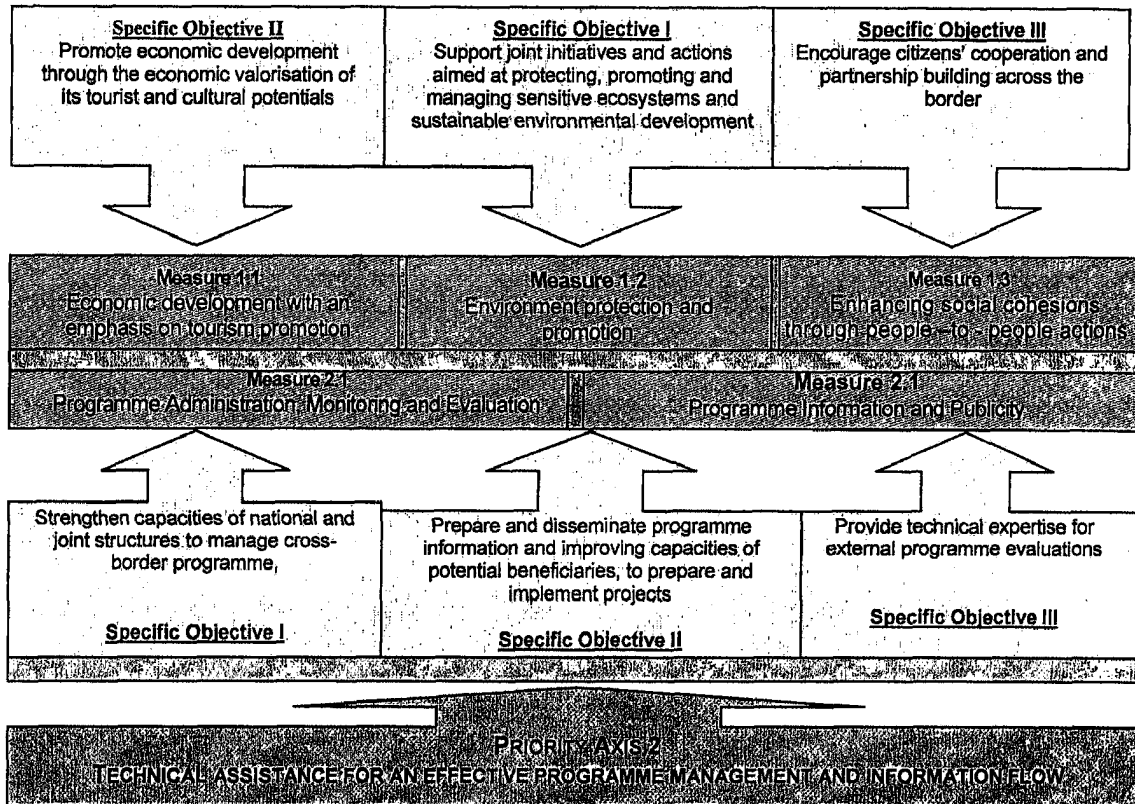
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Capacity building will be an important element of the programme. It will aim to intensify and consolidate cross border dialogue and institutional relationships between local, regional institutions and civil society in order to improve collaboration, cooperation and sharing of experience between relevant stakeholders and enhance capacities to manage cross-border projects.

The measures presented above provide detailed information on related activities as well as the beneficiary groups. For each measure a set of indicator is proposed which will serve to properly evaluate the effectiveness in the process of implementing the cross-border cooperation programme. They provide a concrete useful instrument in order to measure the quantitative as well as the qualitative results of the programme.

### 3.1. PRIORITY AXIS I Promotion of regional cohesion and competitiveness, through an approach that integrates economic, environmental, cultural and social development

The situation & SWOT analyses and feedback received from beneficiaries on both sides of the border clearly indicate the need for interventions in areas supporting economic development, environment, culture and social cohesion. After ample joint consultations with stakeholders it was decided to specifically put the focus of this programme on interventions aiming to promote regional cohesion and competitiveness through an approach which integrates economic, environmental and social development.

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The rationale of this priority is based on the fact that both eligible areas are compatible in terms of their individual resources and needs. There is a missed opportunity of cooperation over decades for sharing common values and potentials for economic development and social cohesion, while the countries are overcoming their immediate transitional problems. This programme aims to capitalise further on existing national initiatives targeting individually development of these regions.

This priority of the programme will contribute to quality of life and living standards by providing opportunities for wider economic partnerships and exchanges of common interest across the border. Actions to be implemented are expected to effect improvement of quality of services, generate jobs, entrepreneurial opportunities, business-support facilities and environmental situation.

The measures under this priority of the programme have a relatively wide scope of interventions.

Interventions will support economic development with focus on tourism (but not exclusively), as tourism is considered to have a great potential for the region as a whole. In addition, cultural and other social exchanges will be supported.

Part of the programme is designed to support environmental protection measures, awareness and respect of environmental aspects focusing in particular at Shkodra/Skadar Lake.

The people-to-people partnership and cooperation is a core element of the programme. It will seek to enhance the flow of exchanging experience and communication across the bordering area. Actions under this measure will intensively facilitate the strengthening of local communities and NGOs and promote social cohesion.

It should be noted that the measures and actions envisaged under this programme tend to be realistic on how much it can be achieved considering the limited financial resources available. Certainly a significant part of problems identified in the situation and SWOT analyses cannot be supported. A regrettable area is in particular modernisation of infrastructure, which requires substantial funding.

This priority will include **three specific measures**:

No.	Measure
Measure I.1	Economic development with an emphasis on tourism promotion
Measure I.2	Environment protection and promotion
Measure I.3	Enhancing social cohesions through people-to-people actions

### 3.1.1. MEASURE I.1 - Economic development with an emphasis on tourism

The specific objective of this measure is:

⇒ *promotion of economic development of the programming area through economic valorisation of its tourist and cultural potentials.*

This measure will focus mainly on actions supporting the promotion of this bordering area as a



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tourist destination.

Actions will aim to help promoting local economic activities and create favourable conditions for enhancing quality of services, competitiveness and attractiveness in tourism and cultural exchanges. The rationale of interventions under this measure is based on the fact that existence of rich and favourable natural resources and climate, as well as cultural and historical sites residing in both parts of the programming area, make tourism the most potential sector that can contribute not only to promotion of economic development, but also intensification of culture exchange and valorisation of historical heritage and identity of the programming area. The promotion of tourism in the programming area will provide incentives and support for cross-border cooperation and exchanges through a process of sharing and transferring of know-how and information.

The programme will encourage initiatives of modernizing tourism services by development of joint business advisory services, stimulating regular interaction between businesses located across the cross-border region via: business-to-business networks; joint marketing & promotion on domestic & EU markets; enhancement of innovativeness by cooperation with educational organisations for innovation and vocational training services; selected investments in business infrastructure, 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 border and enhancing exchanges of cultural and historical values and cultural diversity as a unique feature of those areas on each side of the border share.

The following table provides a summary of indicative activities and potential beneficiaries to be supported under this measure, as well as beneficiaries and monitoring indicators.

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PRIORITY AXIS <sup>16</sup>	Promotion of regional cohesion and competitiveness through an approach which integrates economic, environmental, cultural and social activities	
MEASURE I.1	Economic development with an emphasis on tourism promotion	
	Indicative Actions	Beneficiaries
	<ul style="list-style-type: none"> <li>• Support to joint innovative actions aiming at introducing new tourist practices;</li> <li>• Establish networks and associations for the purpose of achieving a coordinated development of joint entrepreneurial activity</li> <li>• Know-how transfer for improving knowledge and skills of people in entrepreneurship, new technologies, marketing, promotion;</li> <li>• Joint activities for development of basic infrastructures for protection of historical, cultural, artistic, and linguistic heritage in the cross-border area;</li> <li>• Marketing and joint activities to enhance typical products in the cross-border area;</li> <li>• Development of activities aiming to support cooperation between SMEs, education, research &amp; development organisations for improving business innovativeness and technology</li> <li>• Joint vocational /adult training projects addressing market demanding and sectoral needs skills</li> <li>• Research studies to identify market gaps, market opportunities, high value products, dissemination of results across border region</li> <li>• Joint initiatives for establishing cross-border clusters (e.g. multi-media, tourisms, ICT, food processing, electronics, biotechnology)</li> <li>• Stimulate use of ICT in production, for tourism information and marketing &amp; management of SMEs.</li> <li>• Support to re-building or up-grading of small-scale tourism infrastructure (walking paths, cycle routes, equipping visitor centre, information points, networking tourism centres)</li> </ul>	<ul style="list-style-type: none"> <li>o Local Government Units (Regions, Municipalities and Communes)</li> <li>o Professional association,</li> <li>o Chambers of commerce;</li> <li>o National and local institutions/agencies;</li> <li>o Public enterprises;</li> <li>o Educational and research institutions;</li> <li>o Vocational Training Centres</li> <li>o Business Support Organisations</li> <li>o SMEs</li> <li>o Local labour offices</li> <li>o NGOs</li> </ul>
INDICATORS <sup>16</sup>		
Objective Verifiable Indicators	Number of interventions to be implemented (45)	
	Number of joint activities for promoting new tourist practices (6)	
	Number of research studies to identify market gaps, market opportunities, high value products, dissemination of results across border region (4)	
	Number of actions focusing on the innovative actions (11)	
	Number of bussiness contacts and partnership activities organised (6)	
	Number of joint trainings/workshops and conferences organised (11)	
	Number of small -scale infrastructure projects implemented (7)	
Result Indicators	Cross-border territory experiencing the joint management of tourist areas	
	Firms and institutions involved in projects regarding tourism/regional development related activities	
	Promotional initiatives and events	
	Heritage and cultural sites up-graded/improved	
Impact Indicators	Increased stable cooperation between public entities in the tourist and cultural sectors	
	Increased variety of the tourist and cultural offers/products	
	Increased volume of business in the cross border tourist sector	
	Increased potential for use of innovative business methods and applications	
	Increased level of cooperation between the public and private institutions in the bordering area	
Procedural and progress indicators	Number of applications submitted	
	Ratio (%) of approved projects versus application submitted	
	Ratio (%) of approved projects versus financed projects	
	Number of projects started	
	Ratio (%) of finished projects versus started projects	
	Number of projects withdrawn	
	Number of projects cancelled	

This measure will be implemented through grants schemes. Specifications on size of projects, other requirements and selection criteria will be detailed in the "Call for Proposals/Guidelines for applicants".

<sup>16</sup> Indicators are calculated only for the period of 2007-2009 for which the level of financing is already defined



### 3.1.2. MEASURE I.2 - Environment protection and promotion

The programming area is rich in natural resources and protected areas. The Montenegrin part includes three National Parks, while in the Albanian regions reside 7 National Parks, natural reserves and protected landscapes. Shkodra/Skadar Lake constitutes a crucial ecosystem key to the overall development and environmental balance of the whole area. Its basin encloses exceptional natural values due to its biological, scientific, cultural, and recreational and tourist values. The lake is one of the most important bird areas of South-Eastern Europe.

There is great concern for the protection of natural resources in both sides of the border. Industrial pollution, poor waste and water management, use of agriculture pesticides, over fishing and illegal hunting, illegal constructions in urban and tourist areas are all elements that have already damaged and continue to be a serious threat to the sustainability of environment in this area. There is low level of awareness of population and business community on the importance of environmental matters.

The objective of this measure is to:

⇒ **support joint initiatives and actions aimed at protecting, promoting and managing sensitive ecosystems and sustainable environmental development of the area.**

The measure will support cooperation of environmental protection organisations active in the programming area to prepare and implement management plans for eco-tourism sites with the main focus at Shkodra/Skadar Lake and its surroundings.

The actions envisaged to take place under this measure will seek to strengthen cross-border collaboration through joint activities designed to protect environment and the natural heritage.

The following table provides a summary of indicative activities and potential beneficiaries to be supported under this measure, as well as beneficiaries and monitoring indicators.

PRIORITY/AXIS 1	Promotion of regional cohesion and competitiveness through an approach that integrates economic, environmental and social activities	
MEASURE I.2	Environment protection and promotion	
	Indicative Actions	Beneficiaries
	<ul style="list-style-type: none"> <li>• Support to integrated protection and management of sensitive ecosystems and good use of surface waters, giving priority to the protection of Shkodra/Skadar Lake basin;</li> <li>• Support development of integrated environmental monitoring systems and data bases;</li> <li>• Actions designed to reduce the negative effects on environment and encourage environmentally-friendly economic activities;</li> <li>• Support improvements of the waste water and solid waste disposal systems, aiming at protecting the area from the on-going pollution.</li> <li>• Actions designed to prevent and manage natural disasters and man-made environmental hazards</li> <li>• Cross-border cooperation between organisations involved in environmental protection and management of protected sites</li> <li>• Actions designed to deal jointly with pollution in the eligible region;</li> <li>• Cooperation on the matters pertaining to the provision of information and awareness raising of the population about the importance, protection and promotion of the environment and natural heritage.</li> <li>• Preparation of feasibility studies and other technical documentation for large-scale infrastructure interventions, to be financed by sources other than this programme</li> </ul>	<ul style="list-style-type: none"> <li>○ Local Government Units (Regions, Municipalities and Communes)</li> <li>○ Professional associations,</li> <li>○ National Parks;</li> <li>○ National and local agencies;</li> <li>○ Public organisations at national and local levels</li> <li>○ Educational and research institutions;</li> <li>○ NGOs</li> </ul>

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INDICATORS <sup>17</sup>	
Objective Verifiable Indicators	Number of interventions to be implemented (16)
	Number of awareness raising actions (5)
	Number of actions related to integrated environmental monitoring systems and data bases; (4)
	Number of feasibility studies and technical documentations for other small-scale infrastructure interventions (2)
	Number of actions for supporting integrated protection and management of sensitive ecosystems and good use of surface waters, giving priority to the protection of Shkodra/Skadar Lake basin (3)
Result Indicators	Cross border territory covered by the joint management of protected areas
	Involvement of institutions concerned by territory management and protection projects
	Cross border territory covered by monitoring system
	% Decrease in number of cross border pollution episodes
	Natural resources in the cross border areas included under protection and monitoring systems
	Increased awareness of population on the environmental issues
Impact Indicators	Balanced development of Lake' surrounding areas
	Improved compliance with environmental standards in the cross border area
	Improvement of waste management systems
	Improved management of natural resources and reduced level of pollution
Procedural and progress indicators	Number of applications submitted
	Ratio (%) of approved projects versus application submitted
	Ratio (%) of approved projects versus financed projects
	Number of projects started
	Ratio (%) of finished projects versus started projects
	Number of projects withdrawn
	Number of projects cancelled

This measure will be implemented through grants schemes. Specifications on size of projects, other requirements and selection criteria will be detailed in the "Call for Proposals/Guidelines for applicants".

**3.1.3. MEASURE I.3 - Enhancing social cohesions through people-to-people actions**

This measure aims at encouraging the citizens of the programme area to get involved in a wide variety of opportunities for cooperation and partnership building. The people-to-people kinds of actions are expected to directly enhance the flow of information and communication across the bordering area. Actions under this measure will intensively facilitate the strengthening of local communities and NGOs and encourage these actors to engage in cross-border partnerships. People-to-people actions will also be financed under the two other measures above. Synergies between the three measures will be particularly looked at.

Actions under this measure will eventually aim to bring people, local communities and civil society organisations of the border region closer to each other, supporting the exposure and promotion of local heritage through local exhibitions, support to craftsmanship and traditional production, development of culinary or aesthetic propensity, valorisation and recognition of the old traditions, etc.

The following table provides a summary of indicative activities and potential beneficiaries to be supported under this measure, as well as beneficiaries and monitoring indicators.

PRIORITY AXIS	Promotion of regional cohesion and competitiveness through an approach that integrates economic, environmental and social activities
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<sup>17</sup> Indicators are calculated only for the period of 2007-2009 for which the level of financing is already defined

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MEASURE 1.3		Enhancing social cohesions through people-to-people actions	
Indicative Actions		Beneficiaries	
<ul style="list-style-type: none"> <li>• Actions to improve the flow of information and communication between border regions;</li> <li>• Local cultural exchanges;</li> <li>• Support to non government organisations active in social inclusion activities</li> <li>• Support of joint programmes based on utilization of multiethnic assets;</li> <li>• Education and training initiatives;</li> <li>• Support of joint health protection related activities</li> <li>• Youth exchange activities from both sides of the borders</li> <li>• Organization of local exhibitions or fairs;</li> <li>• Promotional events for cultural heritage or natural attractions;</li> <li>• Bilateral actions for the joint solution of common social problems.</li> <li>• Support introduction of EU practices and models for promoting health in schools and building sustainable health protection awareness system in particular for vulnerable and roma groups.</li> </ul>		<ul style="list-style-type: none"> <li>o Local Government Units (Regions, Municipalities and Communes)</li> <li>o Professional associations,</li> <li>o Chambers of commerce;</li> <li>o National and local agencies;</li> <li>o Public institutions at national and local level</li> <li>o Universities and research institutions;</li> <li>o VET institutions</li> <li>o Cultural and sport associations</li> <li>o NGOs</li> </ul>	
INDICATORS <sup>18</sup>			
Objective Verifiable Indicators	Number of developed and implemented programmes (32)		
	Number of joint programmes on social inclusion supported (7)		
	Number of joint programmes based on utilization of multiethnic assets (4)		
	Number of joint cultural events and activities supported (11)		
	Number of project and activities related to health protections organised (4)		
	Number of project and activities supporting R&D institutions and local government (7)		
Result Indicators	Cross border territory covered by the joint management of protected areas		
	New networks established		
	Level of exchange between institutions and NGOs		
	Cross border territory covered by monitoring system		
	Increased awareness of population on the environmental issues		
Impact Indicators	Improvement in the level of cooperation of the bordering area increased		
	Enhanced level of information on common and individual traditions of the localities in the bordering areas		
	Social cohesion in the bordering area increased		
	Improved level of cooperation between the local communities		
Procedural progress indicators	Number of applications submitted		
	Ratio (%) of approved projects versus application submitted		
	Ratio (%) of approved projects versus financed projects		
	Number of projects started		
	Ratio (%) of finished projects versus started projects		
	Number of projects withdrawn		
Number of projects cancelled			

This measure will be implemented through grants schemes. Specifications on size of projects, other requirements and selection criteria will be detailed in the "Call for Proposals/Guidelines for applicants".

### Project selection criteria:

In general, the eligible actions within each measure must fulfil the following criteria:

- *includes partners from both side of the border*
- *establish contacts and links between local communities in the programming area*
- *support links between relevant institutions/ organisations form both side of the border*
- *encourage equal participation by women and marginalized groups*
- *are environmentally sustainable*

<sup>18</sup> Indicators are calculated only for the period of 2007-2009 for which the level of financing is already defined.



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**3.2. PRIORITY AXIS II: Technical assistance for an effective programme management and information flow**

Provisions for technical assistance are made under this programme to ensure an effective programme management and information flow.

Specific objectives of this priority are to:

- *improve the capacity of national and joint structures to manage cross-border programme,*
- *prepare and disseminate programme information to national authorities, the general public and programme beneficiaries and improve the capacity of potential beneficiaries to prepare and subsequently implement high quality projects, and*
- *provide technical expertise for external programme evaluations*

Technical assistance will be used to support the work of the two national Operating Structures (OS) and the Joint Monitoring Committee (JMC) ensuring the efficient and effective implementation, monitoring, control and evaluation of the programme. This will be achieved, inter alia, through the establishment and operation of a Joint Technical Secretariat (JTS) in Albania and its antenna in Montenegro. The JTS will be in charge of the day-to-day management of the programme and will be responsible to the Operating Structures and the JMC.

The technical assistance will support actions which ensure the preparation and selection of high quality programme operations and the dissemination of information on programme activities and achievements.

The technical assistance will cover staffing and operational costs of the JTS and its antenna (with the exception of the salaries of public officials) required for an effective and efficient implementation of the programme. The technical assistance budget will also cover costs dealing with provision of information and publicity to potential beneficiaries and wider population of the eligible area. If deemed necessary the technical assistance will also cover costs of technical expertise for external programme evaluations.

A potential concern, which is commonly related to this type of assistance programs, can be the lack of absorption capacity especially in terms of project generation from local actors and stakeholders who will benefit from the programme. This will be addressed with outreaching activities such as awareness raising and information, training of local stakeholders, promoting results to be achieved and aims pursued.

The Technical Assistance component will account for maximum up to 10% of the total financial allocation.

This priority will be implemented through two measures.

Measure	Measure
Measure II.1	Programme administration, monitoring and evaluation
Measure II.2	Programme Information and Publicity

Technical assistance will be implemented through individual direct grant agreements without call for proposals to be established between the European Commission's Delegations and the respective





national authorities (CBC coordinators or Operating Structures). The implementation of the Measures may require subcontracting by the national authorities for the provisions of services or supplies. The direct grant agreements can be signed as soon as the Financing Agreements are concluded.

### 3.2.1. MEASURE II.1 - Programme administration, monitoring and evaluation

The specific objective of this measure is the creation of the conditions for effective and efficient Programme execution to guarantee the optimal and efficient use of resources. Operating Structures and the Joint Management Committee will be supported through this measure. The following table provides a summary of indicative activities and potential beneficiaries to be supported under this measure, as well as beneficiaries and monitoring indicators.

Priority Axis	Technical assistance for an effective programme management and information flow	
Measure II.1	Programme Administration , Implementation and Monitoring	
	<b>Indicative Actions</b>	<b>Beneficiaries</b>
	<ul style="list-style-type: none"> <li>• Appropriate staffing of the JTS and its antenna</li> <li>• Support to national Operating Structures in carrying out their responsibilities during the programme management process</li> <li>• Support to the JMC in carrying out its responsibilities in project selection and programme monitoring</li> <li>• Provide logistical and technical support for JMC meetings.</li> <li>• Provide training for staff in national Operating Structures</li> <li>• Support to potential final beneficiaries in the preparation of projects</li> <li>• Provision of appropriate technical expertise in the assessment of project applications</li> <li>• Support to final beneficiaries in project implementation</li> <li>• Establishment of project monitoring and control systems</li> <li>• On-the-spot visits to programme operations</li> <li>• Preparation of project monitoring reports and programme implementation reports</li> </ul>	<ul style="list-style-type: none"> <li>o Operational Structures</li> <li>o Joint Monitoring Committee</li> <li>o Local Government Units (Regions, Municipalities and Communes)</li> <li>o Professional association,</li> <li>o National agencies;</li> <li>o Educational institutions;</li> <li>o NGOs</li> </ul>
<b>INDICATORS</b>		
Objective Verifiable Indicators	Number of JTS staff recruited	
	Number of JMC meetings organised	
	Number of training events for potential final beneficiaries	
	Number of beneficiaries assisted	
	Number of project proposals assessed	
	Number of on-the-spot visits carried out	
	Number of monitoring reports drafted	
Result Indicators	JTS and its antenna established	
	Publicity of notices and activities	
	Actions of assistance to the beneficiaries in the preparation of projects	
	Publication of studies and analyses	
Impact Indicators	Increased capacity of staff in Operating Structures	
	Increased effectiveness of the programme	
	Decreased % of non-eligible costs claimed by final beneficiaries	
	Increased overall quality of the project proposals	
	Increased overall number of project submitted by final beneficiaries over the year	
Financial Indicators	Increased efficiency, effectiveness and visibility of interventions	
	Ratio (%) of payments / planned versus resources	
	Ratio (%) of payments / committed versus resources	
	Ratio (%) of funds used versus of funds allocated	



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### 3.2.2. MEASURE II.2 - Programme Information and Publicity

The specific objective of this measure is to ensure programme awareness amongst national, regional and local communities and in general among the population in the programming area. It also supports awareness raising activities, at the country scale in order to inform citizens in both countries about the programme. The following table provides a summary of indicative activities and potential beneficiaries to be supported under this measure, as well as beneficiaries and monitoring indicators.

Priority Axis	Technical assistance for an effective programme management and information flow	
Measure II.2	The specific objective of this measure is to ensure programme awareness amongst national, regional and local communities and in general among the population in the programming area.	
	Indicative Actions	Beneficiaries
	<ul style="list-style-type: none"> <li>• Website development and operation</li> <li>• Organisation of awareness raising events (meetings, seminars, press conferences, TV /radio broadcasts)</li> <li>• Development of info material and other promotional documents;</li> <li>• Partner search forums;</li> <li>• Regular production and dissemination of news letters</li> </ul>	<ul style="list-style-type: none"> <li>○ Operational Structures</li> <li>○ Joint Monitoring Committee</li> <li>○ Local Government Units (Regions, Municipalities and Communes)</li> <li>○ Professional association,</li> <li>○ National agencies;</li> <li>○ Educational institutions;</li> <li>○ NGOs</li> </ul>
INDICATORS		
Objective Verifiable Indicators	Number of events organised	
	Website developed	
	Number of information distributed	
	Number of news letters issued	
	Number of users visiting the website	
Result Indicators	Publicity of notices and activities	
	Publication of best practices	
	Publication of studies and analyses	
Impact Indicators	Efficiency and effectiveness of communication system	
	Increased awareness of the general public about the programme itself and its intervention	
	Increased transparency of the programme operations and results amongst the potential beneficiaries	
	Ratio (%) of funds used versus of funds allocated	

## 4. Coherence with other programmes

### Albania

In Albania the cross-border programme is defined within the framework of the *Multi-annual Indicative Planning Document (MIPD)*. It also complies with the following strategic documents:

- The *National Strategy for Social Economic Development (NSSED)*, which provides an overall strategic framework for development of the country. It also puts emphasis on sectors that are compatible with areas considered by this programme, such as economic development, environmental infrastructures, urban and rural development in particular in the poorest and most remote areas, development and diversification of tourism industry, etc.



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- The *Decentralization Strategy* which establish the bases for enhancing the role of the local government units in relation to socio- economic development activities and especially regional development.
- *The Regional Development Strategy – Millennium Development Goals 2003*, for the *Region of Shkodra* and the document *Promoting Local Development through the MDGs 2003 – Region of Kukesi*. Both documents emphasize the cross border cooperation as a tool for supporting economic and social development of the regions. They put high emphasis on environmental issues, health situation and other social issues, labour market prospects, social integration.

### Montenegro

In Montenegro the cross-border programme is defined within the framework of *the National Strategy of Sustainable Development of Montenegro – NSSD*. It complies with the following objectives of the NSSD aiming to:

- *Accelerate economic growth and development, and reduce regional development disparities;*
- *Reduce poverty; ensure equitable access to services and resources;*
- *Ensure efficient pollution control and reduction, and sustainable management of natural resources;*
- *Improve governance system and public participation; mobilise all stakeholders, and build capacities at all levels;*
- *Preserve cultural diversity and identities*

Other important documents include:

- *The Master Plan for Tourism Development*. The Master Plan reflects the sustainability requirements at the level of tourism development plans, as well as at the level of individual projects. Securing sufficient quantity of good quality drinking water and necessary legal and institutional changes and improvements in the quality control and monitoring of waters according to EU standards and WFD provisions present the main orientations of the Master plan for water supplying and institutional and legal reforms in this area according to EU accession process.
- *Spatial Plan of the Republic of Montenegro* which is currently in draft version and *Coastal Area Spatial Plan* which is in the process of Parliament adoption. Both documents define use of space for the purpose of planned development up to 2020. This is of special importance in coastal area where there is evident high pressure of urbanisation on the natural sources protection and there is valorisation for the purpose of sustainable tourism.
- Strategic Action Plan for Shkodra/Skadar Lake of March 2007, established between the Ministry of Tourism and Environment of Montenegro and the Ministry of Environment, Forests and Water Administration of Albania. The aim of Strategic Action Plan is to assist the government institutions and other interested groups/institutions in Montenegro and Albania to define actions and projects at local, national or bilateral level, aiming to improve the environmental management and supporting sustainable economic use of the natural resources of Shkodra/Skadar Lake and its surrounding areas. The Strategic Action Plan also aims to facilitate the provision of information and its exchange among the stakeholders, to create a broad-based framework for future cross-border and cross-sectoral actions for the management of the Lake and to define the initiatives and procedures that should be taken for accomplishment of these objectives.

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This cross-border programme is also coherent with other IPA interventions such as the IPA Adriatic Programme and ERDF European Territorial Co-operation transnational programmes.

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**Section III. Financial Provisions**

**1. Financial Allocation Plan 2007-2009**

The financial allocation plan is based on the MIPD. The EU and national co-financing amounts proposed for the IPA Cross-border Programme Albania – Montenegro is shown in the Table below. The Community contribution has been calculated in relation to the eligible expenditure, which for this cross-border programme is based on the total expenditure, as agreed by the participating countries and laid down in the cross-border programme.

PRIORITY/AXIS		ALBANIA				MONTENEGRO			
		Community funding	National funding	Total funding	Rate of Community contribution	Community funding	National funding	Total funding	Rate of Community contribution
		(a)	(b)	(c) = (a)+(b)	(d) = (a)/(c)	(a)	(b)	(e) = (a)+(b)	(d) = (a)/(c)
2007	Promotion of regional cohesion and competitiveness	767,700	135,476	903,176	85%	540,000	95,294	635,294	85%
	2. Technical Assistance	85,300	15,053	100,353	85%	60,000	10,588	70,588	85%
	<b>TOTAL</b>	<b>853,000</b>	<b>150,529</b>	<b>1,003,529</b>	<b>85%</b>	<b>600,000</b>	<b>105,882</b>	<b>705,882</b>	<b>85%</b>
2008	Promotion of regional cohesion and competitiveness	675,000	119,118	794,118	85%	540,000	95,294	635,294	85%
	2. Technical Assistance	75,000	13,235	88,235	85%	60,000	10,588	70,588	85%
	<b>TOTAL</b>	<b>750,000</b>	<b>132,353</b>	<b>882,353</b>	<b>85%</b>	<b>600,000</b>	<b>105,882</b>	<b>705,882</b>	<b>85%</b>
2009	Promotion of regional cohesion and competitiveness	765,000	135,000	900,000	85%	540,000	95,294	635,294	85%
	2. Technical Assistance	85,000	15,000	100,000	85%	60,000	10,588	70,588	85%
	<b>TOTAL</b>	<b>850,000</b>	<b>150,000</b>	<b>1,000,000</b>	<b>85%</b>	<b>600,000</b>	<b>105,882</b>	<b>705,882</b>	<b>85%</b>
<b>GRAND TOTAL</b>		<b>2,453,000</b>	<b>432,882</b>	<b>2,885,882</b>	<b>85%</b>	<b>1,800,000</b>	<b>317,646</b>	<b>2,117,646</b>	<b>85%</b>

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### Section IV Implementing Provisions

The implementing provisions for the Albania – Montenegro IPA Cross-border programme are in accordance with Commission Regulation (EC) No 718/2007 (hereinafter referred to as the 'IPA Implementing Regulation'), implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance.

In line with Article 10(2) IPA Implementing Regulation, both countries will be managing the programme according to the centralised management model, where the respective Delegations of the European Commission will be the Contracting Authorities.

#### 1. Programme Structures

##### 1.1. Organisational structures at the national level

In accordance with Art. 32(2) IPA Implementing Regulation, in each country the National IPA Co-ordinators has designated an IPA-Component II Co-ordinator:

**In Albania:** The Ministry of European Integration (MEI) is the National IPA Co-ordinator. Within the MEI, the Directorate for Institutional Support and Integration Process, Unit for Regional Cooperation, coordinates the activities under IPA Component II.

**In Montenegro:** Person responsible for IPA Coordination (National IPA Coordinator) in Montenegro is Deputy Prime Minister for European Integration. Secretariat for European Integration is the IPA-Component II Co-ordinator. Person responsible is Secretary of the Secretariat for European Integration.

##### 1.2. Operating Structures at Programme level

The implementation of the cross-border programme will operate through an Operating Structure (OS) (Art. 139 IPA Implementing Regulation) that will be appointed in each country. These are:

Albania	Montenegro
<i>Unit for Regional Cooperation</i> under the Directorate for Institutional Support and Integration Process in the Ministry of European Integration - institution responsible for coordination of the Instrument for Pre-Accession Assistance (IPA 2007-2013)	<i>Secretariat for European Integration</i> - institution responsible for coordination of the Instrument for Pre-Accession Assistance (IPA 2007-2013)

The OS of each country will co-operate closely in the programming and implementation of the relevant cross-border programmes establishing common co-ordination mechanisms.

The OSs are responsible for the implementation of the programme in their respective country.

The Operating Structures are, inter alia, responsible for:

- Preparing the cross-border programme in accordance with Article 91 IPA Implementing Regulation;
- Preparing the programme amendments to be discussed in the Joint Monitoring Committee (JMC);

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- Nominate their representatives to the JMC;
- Setting up of the Joint Technical Secretariat (JTS) (Art. 139.4 IPA Implementing Regulation) and guiding its work;
- Preparing and implementing the strategic decisions of the JMC, where necessary with the support of the Joint Technical Secretariat;
- Reporting to the respective NIPAC/IPA–Component II co-ordinators on all aspects concerning the implementation of the programme;
- Establish a system, assisted by the JTS, for gathering reliable information on the programme's implementation and provide data to the JMC, the IPA–Component II coordinator and the Commission;
- Ensuring the quality of the implementation of the cross-border programme together with the Joint Monitoring Committee;
- Ensuring the monitoring of commitments and payments at programme level;
- Ensuring that grant beneficiaries make adequate provisions for financial reporting (monitoring) and sound financial management (control);
- Sending to the Commission and the respective national IPA co-ordinators the annual report and the final report on the implementation of the cross-border programme after examination by the Joint Monitoring Committee;
- Guiding the work of the Joint Technical Secretariat in information and publicity actions;
- Promoting information and publicity-actions [cf. amended version of Art. 62 IPA IR];

**1.3. Contracting Authorities (art. 139.6)**

In both countries the European Commission will be the Contracting Authority (CA)

Albania	Montenegro
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In both countries, in line with Article 140(1) of the IPA Implementing Regulation, the European Commission retains overall responsibility for ex-ante evaluation on calls for proposal and for awarding grants, tendering, contracting and payment functions.

The Contracting Authorities' responsibilities are, *inter alia*, the following:

- Approving calls for proposals documentation;
- Approving composition of joint Steering committees;
- Approving the evaluation reports and list of projects;
- Sitting in the joint monitoring committee in an advisory capacity;
- Signing contracts with grant beneficiaries, including budget revisions (with support provided as appropriate by OSs and JTS);



#### 1.4. Joint Monitoring Committee

Within three months after the entry into force of the first financing agreement relating to the programme, the beneficiary countries will establish a **Joint Monitoring Committee (JMC)** under Article 142 of the IPA Implementing Regulation.

The JMC is the Cross-border Programme's decision making authority, and is made up of representatives at national, regional and local level of the beneficiary countries, including representatives of the Operating Structures and of socio-economic stakeholders in the eligible area. The European Commission shall participate in the work of the JMC in an advisory capacity.

The Joint Monitoring Committee shall meet at least twice a year, at the initiative of the participating countries or of the Commission and is chaired by a representative of one of the participating countries on a rotating basis.

At its first meeting, the joint monitoring committee shall draw up its rules of procedure, and adopt them in order to exercise its missions pursuant to the IPA Implementing Regulation

##### 1.4.1. Responsibilities of the Joint Monitoring Committee

The responsibilities of the Joint Monitoring Committee are, inter alia, as follows:

- Oversees the programming and effective implementation of the Programme;
- Considers and approve the criteria for selecting the operations financed by the cross-border programme and approve any revision of those criteria in accordance with programming needs;
- It shall periodically review progress made towards achieving the specific (and quantified) objectives of the programme on the basis of documents submitted by the Operating structures.
- It shall examine the results of implementation, particularly achievement of the targets set for each priority axis and the evaluations referred to in Article 57(4) and Article 141 IPA Implementing Regulation;
- It shall examine the annual and final implementation reports prior to their transmission, by the OSs, to the respective NIPAC and to the Commission (*Art 144 IPA Implementing Regulation*);
- It shall be responsible for selecting operations. To this aim, as appropriate (and on a case-by-case basis), it may delegate this function to a Steering Committee (to perform the role of an evaluation committee) whose members should be designated by the OSs. The composition of the Steering Committee shall be endorsed by EC Delegations;
- It may propose any revision or examination of the cross-border programme likely to make possible the attainment of the objectives referred to in Article 86(2) IPA Implementing Regulation or to improve its management, including its financial management;
- It shall consider and approve any proposal to amend the content of the cross-border programme;
- It shall approve the framework for the Joint Technical Secretariat's tasks.

#### 1.5. Joint Technical Secretariat

According to Article 139(4) of the IPA Implementing Regulation, the Operating Structures shall set up a **Joint Technical Secretariat (JTS)** to assist the JMC and the Operating Structures in carrying out their responsibilities. Job descriptions of the JTS members, as well as detailed Rules of Procedures for JTS will be developed conjunctly by the OSs.

JTS is jointly managed by both OSs.





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The Joint Technical Secretariat is the administrative body of the programme responsible for its the day-to-day management and for administrative its arrangements. The costs of the Joint Technical Secretariat and its antenna are co-financed under the programme's Technical Assistance budget provided they relate to tasks eligible for co-financing according to EU rules.

The JTS will be located in **Shkodra, Albania** and will have an antenna in **Podgorica, Montenegro**.

The JTS will consist of employees from both sides of the border thus providing different, versatile, language skills, and specific/targeted background knowledge. The staff should be contracted by the respective Operating Structures.

#### **1.5.1. Responsibilities of the JTS and its antenna**

The JTS will be responsible, *inter alia*, for the following tasks:

- It will assist the JMC and the OS in carrying out their duties, including the drafting of all monitoring and evaluation reports and the annual and final report.
- It will organise JMC meetings and will plan and organise information campaigns and other activities related to raising public awareness on the programme.
- It shall assist potential beneficiaries in partner research and project definition.
- It shall manage the Call for Proposals process, including receiving and registering project applications, carrying out the initial assessment (e.g. examination of the application documents for completeness, and meeting eligibility criteria) and preparing documentation for the evaluation process.
- It shall assist the JMC or the Steering Committee in the evaluation and selection of projects.
- It shall prepare standardized forms for project application, assessment, contracting, and implementation, monitoring and reporting based as much as possible on templates and models included in the PRAG.
- It will organise and manage an ad-hoc data base of the programme, on the basis of the information direct collected during the call for proposal process and those transferred regularly by the OSs;
- It will plan it activities according to a work plan annually approved by the JMC.

The JTS in co-operation with the JMC will develop an overall strategy for the information and publicity for the implementation of the programme and to develop an overall system for the public relations related to the programme;

- To develop and maintain the internet site;
- To maintain necessary public relations and media communications;
- To develop information and publicity materials;
- To organize joint project development seminars and conferences;
- To involve representatives of the European Commission in the information and publicity,
- To appoint a person responsible for the information and publicity.

#### **1.6. Programme Beneficiaries**



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4. When launching the Call for Proposals, the OSs, with the assistance of the JTS, take all appropriate measures to ensure that the nationally and regionally publicised call for proposals reaches the target groups in line with the requirements of the Practical Guide. The Application pack is made available on the programme website and the websites of the EC Delegations (Contracting Authority) and in paper copy;
5. The JTS is responsible for information campaign and answering questions of potential applicants. JTS provides advice to potential project applicants in understanding and formulating correct application forms.
6. FAQs should be available on both the Programme and ECDs websites

### 2.3. Selection of projects following a call for proposals

As provided by the IPA Implementing Regulation, the submitted project proposals will undergo a joint selection process. The project evaluation should follow PRAG rules (Chapter 6.4.) as amended by the provisions of the IPA Implementing Regulation (e.g. Article 140 on the role of the Commission in the selection of operations)<sup>19</sup>. A Joint Steering Committee, designated by the JMC, will evaluate projects against the criteria set in the Application Pack and will establish a ranking list according to PRAG. On that basis, the Joint Monitoring Committee will then bring the final decision on the projects to be recommended for financing to the Contracting Authorities (EC Delegations).

The main steps of the procedure should be as follows:

- Incoming project proposals are collected and registered by the JTS.
- The JMC is responsible for evaluating project proposals according to the eligibility criteria, however, when deemed necessary, it can designate a **Joint Steering Committee** for the assessment of administrative compliance, eligibility and assessment of technical and financial quality of proposals.
- Members of the Joint Steering Committee are designated exclusively on the basis of technical and professional expertise in the relevant area. The EC Delegations endorse the composition the Joint Steering Committee. An observer designated by the EC Delegation (the contracting authority) may participate in its proceedings.
- Both OS may propose the same number of external assessors to be financed from the respective TA allocations.
- The Steering Committee assesses the projects against the conditions and criteria established in the Call for proposal–Application Pack and according to PRAG procedures.
- The JMC receives from the Steering Committee the Evaluation Report and the ranking list of projects and votes on accepting the proposed ranking list. The members of the Steering Committee are present at the JMC meeting to present the evaluation process. The JMC has the possibility to:
  - accept the Evaluation Report and recommend the contracting authorities to contract the projects selected;

<sup>19</sup> IPA Implementing Regulation for Component II provides, *inter alia*, a certain degree of decentralisation in the evaluation and selection process, namely in beneficiary countries where IPA funds are managed under a centralised approach (e.g. where the evaluation committee is nominated by the national authorities sitting in the JMC, not by the Commission i.e. the Contracting Authority).



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- request one round of re-examination of the project proposals if a qualified majority of its voting members vote for such a process and under the condition that there is a clearly stated technical reason affecting the quality of the Evaluation Report i.e. it is not clear how the projects were assessed and ranked;
- reject the Evaluation Report and the list of project, if there is a justified reason to suspect the objectivity or the qualifications of the Steering Committee;
- Under no circumstances is the JMC entitled to change the Steering Committee's scores or recommendation and must not alter the evaluation grids completed by the evaluators.
- EC Delegations (Contracting Authorities) approve the evaluation report on the selection process and the final list of grants to be awarded. If required, the EC Delegations may request clarifications from the JMC.
- The JTS notifies each applicant in writing of the result of the selection process.
- EC Delegations in each country issue the grant contract to the respective lead beneficiary of each selected project.

### 3. Information, Publicity and Consulting

The beneficiary countries and the national IPA Co-ordinators shall provide information and publicise the programme and operations with the assistance of the JTS, as appropriate.

In accordance with Article 90 of Regulation (EC, Euratom) No 1605/2002, the Commission shall publish the relevant information on the contracts. The Commission shall publish the results of the tender procedure in the Official Journal of the European Union, on the EuropeAid website and in any other appropriate media, in accordance with the applicable contract procedures for Community external actions.

The information and publicity measures are presented in the form of a communication plan whereby the implementation shall be the responsibility of the respective OSs and IPA-Component II Co-ordinators. Such detailed information and publicity plan will be presented in a structured form to the JMC by the JTS (see below), clearly setting out the aims and target groups, the content and strategy of the measures and an indicative budget funded under the Technical Assistance budget of the CBC programme.

The particular measures of information and publicity will focus mainly on:

- *Ensuring a wider diffusion of the cross-border programme (translated in the local language) among the stakeholders and potential beneficiaries*
- *Providing publicity materials, organising seminars and conferences, media briefings and operating a programme web site to raise awareness, interest and to encourage participation;*
- *Providing the best possible publicity for the Calls for proposal.*
- *Publishing the list of the final beneficiaries.*

### 4. Monitoring and Evaluation

#### 4.1. Monitoring on Project Level

##### 4.1.1. Contractual obligations

