



ANNEX 2

Cross-border programme 2007 - 2013

IPA CBC

Albania – Montenegro

Updated version (Nov. 2011)

[Covering 2007-2013 period]

Republic of Albania
Ministry of European Integration



Republic of Montenegro
Ministry of Foreign Affairs and
European Integration





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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
EUD	Delegation of the European Union
FAQ	Frequently Asked Questions
GDP	Gross Domestic Product
IPA	Instrument for Pre-Accession Assistance
JMC	Joint Monitoring Committee
JTS	Joint Technical Secretariat
JSC	Joint Steering Committee
MDG	Millennium Development Goals
MoEI	Ministry of European Integration (Albania)
MFAEI	Ministry of Foreign Affairs and European Integration (Montenegro)
MIPD	Multi-annual Indicative Planning Document
NARDS	National Agricultural and Rural Development Strategy
NDP	National Development Plan
NGO	Non Governmental Organisation
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	Organisation for Security and Cooperation in Europe
PHARE	Poland and Hungary: Assistance for Restructuring their Economies programme
PRAG	Practical Guide for Contract Procedures financed from the general budget of the European Union in the context of external actions
SAA	Stabilisation 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



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 Montenegro shall provide strategic guidance to implementation of assistance under Component II – “Cross Border Cooperation” of the *Instrument for 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 at 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 shall be implemented during the period 2007-2013. The Programme shall 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 on both sides of the border. The national authorities and joint structures were assisted during this process by the “Cross-border Institution Building CBIB” project¹. The following table summarises the process of preparation of this Programme.

Timing	Activities and scope
January 2007	Establishment of the Operating Structures (OSs) and the 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 rd May 2007	Meeting of the Joint Programming Committee for the approval of the draft cross-border programme.
3 December 2009	Start of the written procedure launched by the Joint Technical Secretariat for the approval of the

¹ A regional project funded by the European Union.

Cross-border Programme



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	draft revised cross-border programme for the financial period 2007-2011 by the Joint Monitoring Committee (inclusion of the 2010-2011 appropriations in the financial table)
9 December 2009	Decision on approval of the draft revised version of the cross border programme for the financial period 2007-2011 by the Joint Monitoring Committee
... November 2011	Decision on approval of the revised version of the cross border programme for the financial period 2007-2013 by the Joint Monitoring Committee

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 km². The length of borderline between the two countries is 210 km, of which 172 km are land border and 38 km are border waters of Adriatic Sea, Shkodra Lake and mountainous rivers.

Table 1: Cross Border Programming area

ELIGIBLE AREAS	
ALBANIA: Eligible area	
Territory = 5,936 km²	
Population = 337,247 inhabitants	
Shkodër Region:	
Municipality of Shkodër; Municipality of Vau i Dejës; Commune of Ana e Malit; Commune of Bushat; Commune of Bërdicë; Commune of Dajç; Commune of Gur i Zi; Commune of Hajmel; Commune of Postrribë; Commune of Pult; Commune of Rrethina; Commune of Shalë; Commune of Temal; Commune of Shosh; Commune of Velipojë; Commune of Mnel-Vig; Commune of Shllak; Municipality of Koplik; Commune of Gruemirë; Commune of Kastrat; Commune of Këlmend; Commune of Qendër; Commune of Shkrel; Municipality of Pukë; Municipality of Fushë-Arrëz; Commune of Blerim; Commune of Iballë; Commune of Fierzë; Commune of Gjegjan; Commune of Qafë-Mali; Commune of Qelëz; Commune of Qerret; Commune of Rrapë.	
Kukes Region:	
Municipality of Kukës; Commune of Bushtricë; Commune of Gryk-Cajë; Commune of Kalis; Commune of Shishtavec; Commune of Malzi; Commune of Surroj; Commune of Zapod; Commune of Ujmish; Commune of Bica; Commune of Topojan; Commune of Shtiqën; Commune of Kolsh; Municipality of Krumë; Commune of Golaj; Commune of Gjinaj; Commune of Fajza; Municipality of Bajram Curri; Commune of Tropojë; Commune of Bytyq; Commune of Llugaj; Commune of Lekbibaj; Commune of Bujan; Commune of Markgegaj; Commune of Fierzë.	
MONTENEGRO: 1. Eligible area	
Territory = 5,745 km²	
Population = 377,366 inhabitants	

Legend:
 Eligible areas
 ● Montenegro
 ○ Albania
 ○ Adriatic Sea



Cross-border Programme



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Montenegro

Budva Municipality	
Berane Municipality	
Andrijevica Municipality	
Plav Municipality	
Danilovgrad Municipality	
Podgorica Municipality	
Bar Municipality	
Ulcinj Municipality	
Cetinje Municipality	
2. Adjacent Area	
Rozaje Municipality	
Total Cross border Programming area:	
Territory = 11,681 km² Population = 714,613 inhabitants	

For the purpose of this Programme, in **Albania** the regions are considered equivalent to NUTS III level². The Albanian part of the programming area covers two regions with a total population of 337,247 inhabitants³ living in 8 municipalities and 50 communes, or in 468 settlements (towns and villages).

Montenegro is divided in 21 municipalities as a basic unit of self-government⁴. The eligible territory in Montenegro covers 9 municipalities. In addition, there is one municipality as the 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 377,366 inhabitants⁵.

The total population living in the eligible area accounts for 714,613 inhabitants.

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

² 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.

³ INSTAT population data, 2005

⁴ Montenegro is divided in three geographic regions: northern, central and southern, which don't have managerial or decentralised powers.

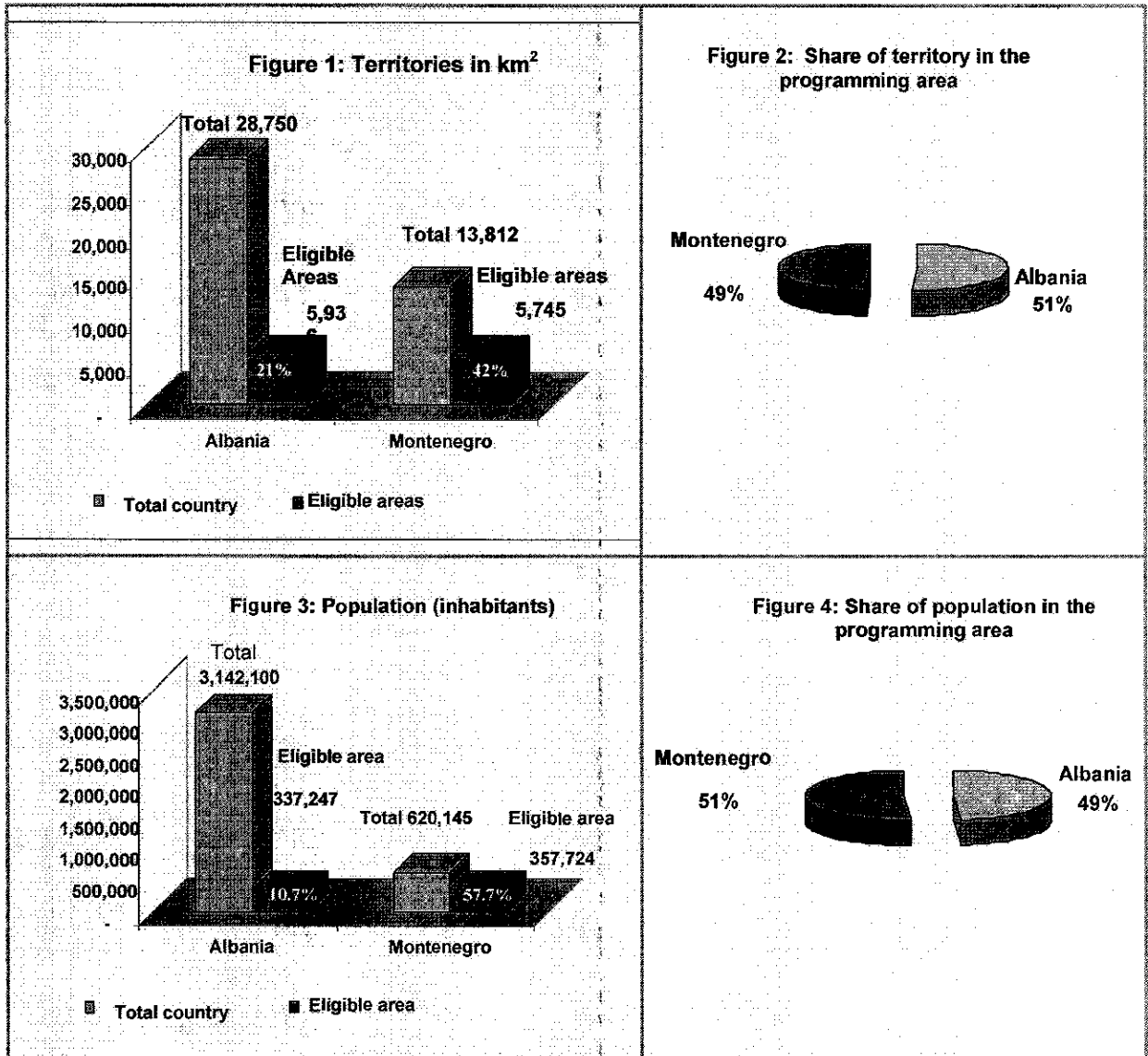
⁵



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Montenegro



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 60.86% of total population, while the eligible regions in Albania constitute 21% of total Albania's territory and 10.7% of total Albanian 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 a part of the Yugoslav Federation and remained in the federation with Serbia even after the collapse of the Yugoslavia in 1991-92.



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Montenegro



The independent status of Montenegro was decided by a referendum on independence on 21 May 2006 and the Parliament of Montenegro declared the independence of the country. On 28 June 2006 Montenegro became the 192nd 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 poverty⁶ in the country and overall economic development.

Both countries participate in the Stabilisation and Association Process. Albania signed the Stabilisation and Association Agreement (SAA) with the EU on 12 June 2006. The Albania-EU SAA entered into force in April 2009. Albania applied for EU membership in 2009 and the Commission's questionnaire on Albania's application for membership was handed over to Albania in December 2009.

Montenegro signed the Stabilisation and Association Agreement with the EU on 15 October 2007. The Montenegro-EU SAA is currently ongoing the ratification process by Member States. The Interim Agreement on Trade-Related Matters entered into force on 1 January 2008. Montenegro applied for EU membership in December 2008 and was granted the status of candidate for full membership in the EU on December 17, 2010.

3.2. Demography

The overall population of the programming area accounts for about 0.7 million⁷ 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 inhabitants, or 10.7% of the total Albanian population. This area has a low urbanisation level (particularly Kukësi 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 area is about 0.38 million inhabitants, accounting for 61% of the total population of Montenegro. This area has high urbanisation level and the 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.

⁶ World Bank, "Albania: Restructuring Public Expenditure to Sustain Growth – A Public Expenditure and Institutional Review", December 2006, Volume I, pg 2

⁷ Population for Albanian part in year 2005 and the population for Montenegrin part in the year 2003.



Table 2: Data on population

Cross Border Programming Area	Actual Population	Population change (%)	Urban population (%)	Population density (inhabitants per sq km)	Age dependency 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 km². Both eligible areas have almost the same average population density. 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 km²). In the Albanian part, the population density is twice lower than the national average (109 inhabitants per km²).

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 28.73% of total population. The second largest minority groups are Albanians who count for 4.91% and Bosnians, around 8.65%. The Albanian part is more homogenous inhabited by ethnic Albanians, with some exception in Shkodra Region where lives a very small minority of ethnic Montenegrins (less than 1% of Shkodra Region population).

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 Montenegro and northern Albania) reach the highest peak in Jezerca, with an altitude of 2,642 meters above the 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 make significant improvements to their infrastructure, especially in the areas with the potential for tourism. This includes guaranteeing uninterrupted power supplies, restoring and modernising the



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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 10,053⁸ km. The road density of 866.6 km per 1,000 km² is far less than EU average (1,253 km).

Albania and Montenegro participate in the SEETO⁹, 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 Shkodër – Podgorica, which is linked through Hani and 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 Shkodër-Muriqan and the rehabilitation of the Shkodër-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 shall 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 Podgorica¹⁰. 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 airport in Kukësi (Albania) shall in near future extent civil aviation services to domestic flights.

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 utilisation rate of only 35% of its hydropower potential. Almost 90% of this energy is generated in the Albanian part of

⁸ This figure corresponds to the total length of modern roads, national roads and rural/communal roads.

⁹ South East Europe Transport Observatory. Road Corridors & Links involves : Albania, Bosnia and Herzegovina, Croatia, UNMIK/Kosovo under the UN Security Council Resolution 1244, the former Yugoslav Republic of Macedonia, Serbia, Montenegro.

¹⁰ This is a single-track not electrified rail track, which serves both passenger transport and freight traffic.



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programming area (along the cascade of Drin river) which encloses the three biggest hydropower plants of the country, Fierza, Koman and Vau and Dejës 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. Six operators (three in Albania and three in Montenegro) 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 Agreement¹¹ (CEFTA). Free Trade Agreement includes a number of potential 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, diary 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 area¹² 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 0.22¹³ 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 (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

¹¹ Montenegro signed the CEFTA on 19 December 2006, but the implementation started on 12 June 2007.

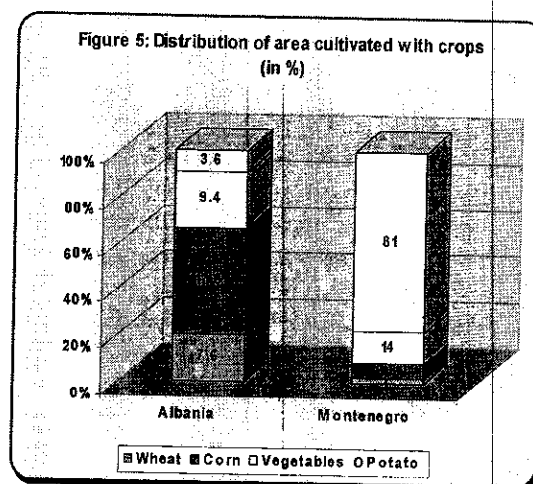
¹² In three municipalities from programming area (Budva, Bar and Podgorica) GDP per capita is higher than national average. The GDP per capita for 2004 amounted at 2,645.43€

¹³ The figure represents the agrarian land divided by the total population.

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 ha (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 0.22 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 Shkodra/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 factors in agriculture development. Both Montenegro and Albania agricultural productivity is based on small-scale family households, often oriented to self-consumption. In the northern, southern and south-eastern 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 in contemporary technologies.

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

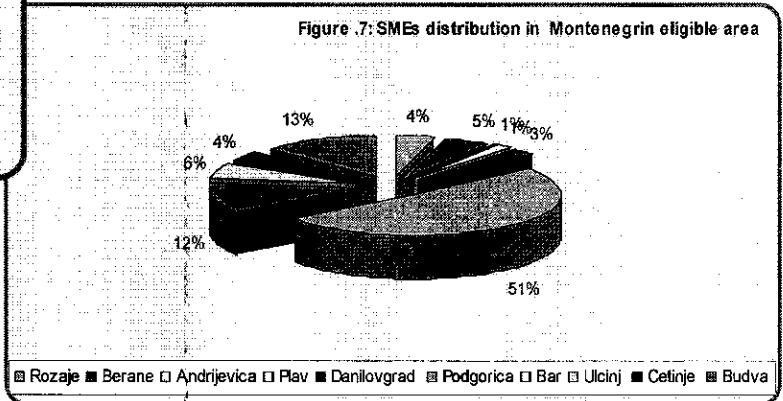
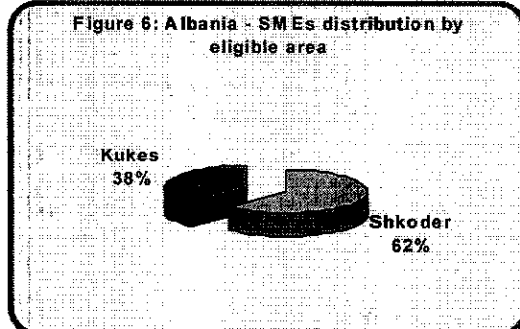


Albania



Montenegro

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 Shkodra, 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 Shirqi, Mes Bridge, Illyrian ruins of Gajtan and medieval city of Sarda. Shkodra is also a good starting point for trips to Albanian Alps. Kukës region wilderness is renowned for its rugged beauty and could be of great interest to mountain tourists. Numerous lakes and rivers provide an excellent backdrop for resort and adventure tourism in this area.

The Montenegrin's eligible area has a much better-developed tourism infrastructure. About 0.9 million tourists visited the area in 2010, with an average stay of 6.2 days. 1/3 of visitors were foreigners. Beautiful sea cost 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



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non-registered accommodations, and illegal construction and bad road infrastructure (in mountain areas).

3.7. Human Resources

3.7.1. Education, Research and Development

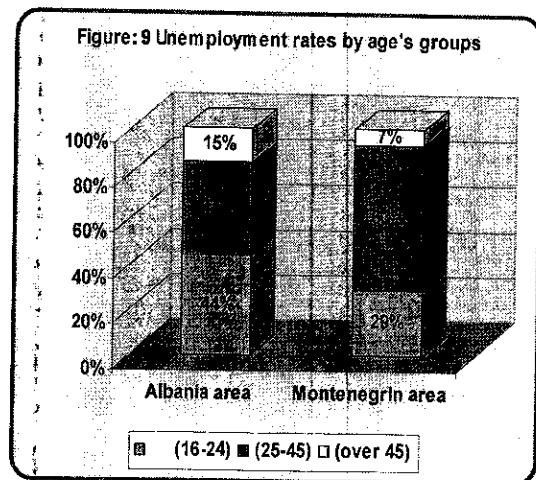
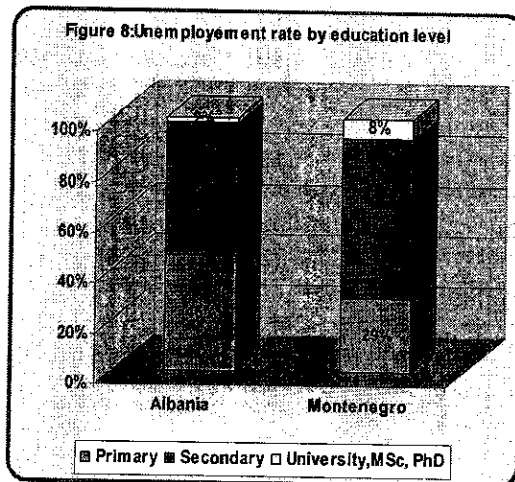
The education system in Montenegro is well developed on three levels. There are 221 primary schools with 44,866 students. There is a low illiteracy rate, counting for less than 2%. Only in Podgorica there are 12 secondary schools, in Bar and Cetinje 3, Berane 4 and in every other town one secondary school. The major university centre is Podgorica, with 10 faculties. Cetinje and Budva have regional departments of the 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, many schools still 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 it is 28.8%. Unemployment rate in the Albanian part is twice higher than the national average, and it counts for about 1/4 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, Askali 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 Lovcen). In the Albanian part, there are 7 national parks, natural reserves and protected landscape (Thethi, Tropoja, Lake of Shkodra, Buna river, – Velipojë).

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, 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, overfishing 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.

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 overfishing and illegal hunting. Land degradation is present in both Kukës and Shkodër regions.

In 2005 Albania and Montenegro organised 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 Shkodra Lake 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 a 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



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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, characterised by 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 NGOs on both sides have 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 cooperation. 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 centres) and into communes (in rural territories). The regional development is a core element of the ongoing decentralisation reform process in Albania¹⁴. 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 shall give more freedom to the local units 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 highlighting some peculiar aspects of difficulties/problems on one hand and the 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 and cultural heritage shall 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

¹⁴ 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.



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protection of the coastal 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*, shall contribute towards a general increase of wealth and economy.

The following are the main **weaknesses** deriving from the socio-economic 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 marginalisation, 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 school 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;
- *a system of offer of training and innovation*, wide and diffused over the territory, able to properly support the demands coming from the socio-economic 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:

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

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

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



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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 Cooperation¹⁵ between the two countries, according to which both parties agree to develop joint activities to promote tourism; to open other border points and modernise 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 organise joint meetings 3-4 times a year.
- The Navigation Agreement (November 2004), according to which the parties agree for the operation of an international navigation line 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 for 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.).

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



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 Delegations of the European Union;
- 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 shall contribute to the implementation of IPA Component II "Cross-border cooperation" of the Multi-annual Indicative Planning Documents (MIPDs) for both countries. This programme shall 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 shall 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 seems 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 harmonised 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 good neighbourhood relations, cooperation between people, communities and institutions on the bordering areas, aiming at sustainable development, stability and prosperity in the mutual interest of citizens of the two countries.*



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

2.2. Specific objectives

Specific objectives of the Programme include:

- ⇒ *Promote 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 improve 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

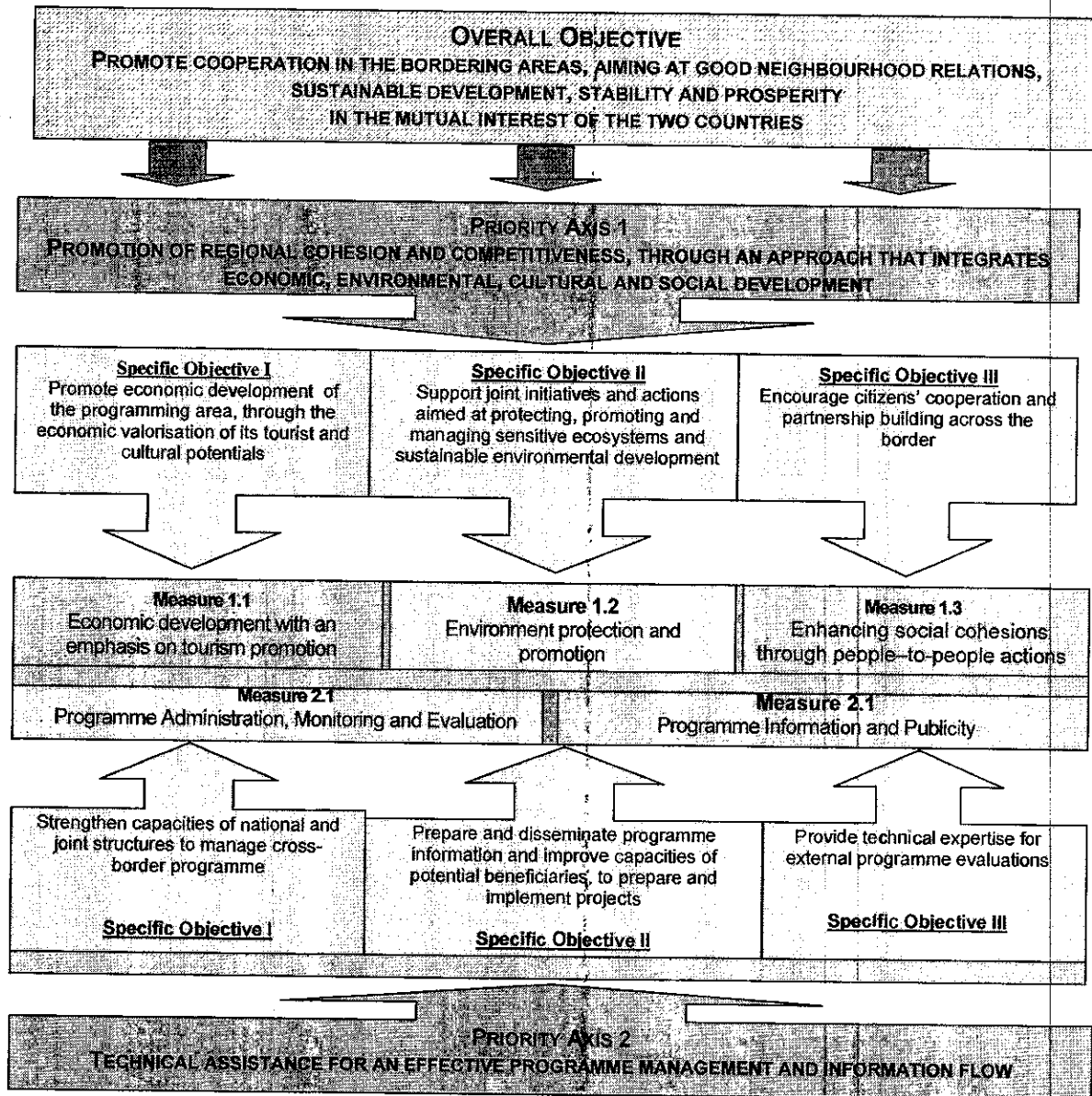
The rationale behind selecting these two priorities is based on identification of potential interventions of common interest and benefits to a broad spectrum of beneficiaries located on both sides of the border.

The first priority shall promote joint cross border initiatives and actions aiming to improve regional economy in a socially and environmentally sustainable way, while the second priority shall 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 shall 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 shall 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 the EU principles.

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Capacity building shall be an important element of the Programme. It shall aim at intensifying 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 indicators is proposed, which shall 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.



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

The situation and 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, cultural and social development.

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 shall contribute to the 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 affect the improvement of quality of services, the generation of jobs, the entrepreneurial opportunities, the business-support facilities and the environmental situation.

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

Interventions shall 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 shall 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 shall seek to enhance the flow of exchanging experience and communication across the bordering area. Actions under this measure shall 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:

Nr.	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



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

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 shall focus mainly on actions supporting the promotion of this bordering area as a tourist destination.

Actions shall aim at helping 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 shall provide incentives and support for cross-border cooperation and exchanges, through a process of sharing and transferring of know-how and information.

The programme shall encourage initiatives of modernising tourism services by developing joint business advisory services, stimulating regular interaction between businesses located across the cross-border region via: business-to-business networks; joint marketing and promotion on domestic and EU markets; enhancement of innovativeness by cooperation with educational organisations for innovation and vocational training services; selected investments in business infrastructure and promoting the area's image to potential investors and visitors, etc.

The expected results shall 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.

PRIORITY AXIS I	Promotion of regional cohesion and competitiveness through an approach that integrates economic, environmental, cultural and social development
MEASURE I.1	Economic development with an emphasis on tourism promotion
Indicative Actions	
<ul style="list-style-type: none"> • Support to joint innovative actions aiming at introducing new tourist practices • Establishing networks and associations for the purpose of achieving a coordinated development of joint entrepreneurial activity • Know-how transfer for improving knowledge and skills of people in entrepreneurship, new technologies, marketing, promotion • Joint activities for development of basic infrastructures for protection of historical, cultural, artistic and linguistic heritage in the cross-border area • Marketing and joint activities to enhance typical products in the cross-border area; • Development of activities aiming to support cooperation between SMEs, education, research and development organisations for improving business innovativeness and technology • Joint vocational /adult training projects, addressing market demand and sector needs skills • Research studies to identify market gaps, market opportunities, high value products, dissemination of results across border region • Joint initiatives for establishing cross-border clusters (e.g. multi-media, tourism, ICT, food processing, electronics, biotechnology) 	

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OBJECTIVELY VERIFIABLE INDICATORS ¹⁶				
Type	Indicator	Measurement	Target	Source of Information
Output	Interventions fostering economic development	Number	40-60	Annual Implementation Reports, Evaluation Reports, Monitoring Reports, Project reports
	Joint initiatives for promoting new tourist practices	Number	4-8	
	Joint initiatives for promoting and marketing typical products of the cross-border region	Number	4-8	
	Research studies to identify market gaps, market opportunities, high value products; and including dissemination of results across the border region	Number	3-6	
	Initiatives supporting cooperation among SMEs and education/R&D organisations for improving business innovativeness and technology	Number	3-6	
	Initiatives fostering an increased use of ICT, or focusing on innovative technologies and products	Number	3-6	
	Cross-border clusters, business partnerships, networks and associations organised	Number	4-8	
	Joint trainings/workshops and conferences on economic development, entrepreneurship, new technologies, marketing, promotion organised	Number	4-8	
	Small-scale interventions improving the existing infrastructures having concrete impact on services, tourism and trade in the eligible area	Number	4-8	
Result	Tourist areas experiencing joint management in the cross-border region	Number	At least 2	Annual Implementation Reports, Evaluation Reports, Monitoring Reports, Project reports
	Organisations and institutions involved in projects regarding tourism/regional development related activities	Number	12-20	
	Heritage and cultural sites upgraded/improved	Number	2-5	
	Institutions/organisations that improved their IT systems regarding production, marketing, management and tourist information	Number	8-10	
	Innovative technologies and innovative products introduced in the cross-border territory	Number	At least 3	
	Tools for promotion of tourism on offer at cross-border level created	Number	2-5	
	People benefiting directly and indirectly from the interventions implemented	Number	25,000	

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

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.

¹⁶ Indicators are calculated only for the period of 2007-2011 for which the level of financing is already defined



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, overfishing 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 aim at supporting cooperation of environmental protection organisations active in the programming area in order 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 shall 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, cultural and social development			
MEASURE I.2	Environment protection and promotion			
Indicative Actions				
<ul style="list-style-type: none"> • 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 • Support development of integrated environmental monitoring systems and data bases • Actions designed to reduce negative effects on the environment and encourage environmentally-friendly economic activities • Support improvements of the waste water and solid waste disposal systems, aiming at protecting the area from the on-going pollution • Actions designed to prevent and manage natural disasters and man-made environmental hazards • Cross-border cooperation between organisations involved in environmental protection and management of protected sites • Actions designed to deal jointly with pollution in the eligible region • 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 • Preparation of feasibility studies and other technical documentation for large-scale infrastructure interventions, to be financed by sources other than this programme 				
OBJECTIVELY VERIFIABLE INDICATORS¹⁷				
Type	Indicator	Measurement	Target	Source of Information
Output	Joint initiatives for the protection of natural resources, their protection and improvement of environmental management implemented	Number	14-20	Annual Implementation Reports, Evaluation Reports, Monitoring Reports, Project reports
	Awareness raising interventions	Number	2-5	
	Initiatives designed to deal jointly with pollution in the cross-border region and to reduce negative effects on the environment and encouraging environmentally-friendly economic activities	Number	3-6	
	Initiatives supporting improvements of waste water and solid waste disposal systems	Number	2-5	
	Initiatives aimed at preventing and managing natural disasters and man-made environmental hazards	Number	2-5	
	Initiatives for supporting integrated protection and management of sensitive ecosystems and good use of surface waters, giving priority to the	Number	2-5	

¹⁷ Indicators are calculated only for the period of 2007-2011 for which the level of financing is already defined



	protection of Shkodra/Skadar Lake basin			
	Joint initiatives for awareness raising and provision of information on environment and cultural heritage protection aimed at the population of the border region	Number	3-6	
	Feasibility studies and technical documentations for large-scale infrastructure interventions	Number	2-5	
Result	Protected areas in the cross border territory covered by joint management	Number	At least 2	Annual Implementation Reports, Evaluation Reports, Monitoring Reports, Project reports
	Relevant institutions involved in territory management and protection projects	Number	At least 2 per country	
	Decrease in number of cross border pollution episodes	Percentage	6%	
	People whose awareness on environmental issues has increased	Number	30.000	
	People benefiting from the interventions implemented	Number	60.000	

This measure shall be implemented through grants schemes. Specifications on size of projects, other requirements and selection criteria shall 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 shall intensively facilitate the strengthening of local communities and NGOs and encourage these actors to engage in cross-border partnerships. People-to-people actions shall also be financed under the two other measures above. Synergies between the three measures will be particularly looked at.

Actions under this measure shall 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 I	Promotion of regional cohesion and competitiveness through an approach that integrates economic, environmental, cultural and social development			
MEASURE I.3	Enhancing social cohesions through people-to-people actions			
Indicative Actions				
<ul style="list-style-type: none"> • Actions to improve the flow of information and communication between border regions • Local cultural exchanges • Support to non government organisations active in social inclusion activities • Support of joint programmes based on utilisation of multiethnic assets • Education and training initiatives • Support of joint health protection related activities • Youth exchange activities from both sides of the border • Organisation of local exhibitions or fairs • Promotional events for cultural heritage or natural attractions • Bilateral actions for the joint solution of common social problems • Support to the 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 				
OBJECTIVELY VERIFIABLE INDICATORS¹⁸				
Type	Indicator	Measurement	Target	Source of Information

¹⁸ Indicators are calculated only for the period of 2007-2011 for which the level of financing is already defined



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Output	Joint initiatives implemented	Number	20-40	Annual Implementation Reports, Evaluation Reports, Monitoring Reports, Project reports
	Cross-border youth and cultural exchanges	Number	5-8	
	Joint initiatives supporting social inclusion	Number	5-8	
	Joint initiatives based on utilisation of multiethnic assets	Number	4-6	
	Initiatives supporting the organisation of local exhibitions and fairs	Number	4-8	
	Joint cultural events and activities supported	Number	4-8	
	Joint initiatives addressing social problems in the cross-border region	Number	4-8	
	Education and training initiatives	Number	5-8	
	Initiatives related to health protection	Number	4-6	
Result	Youth and cultural exchanges across the border region	Number	At least 3	Annual Implementation Reports, Evaluation Reports, Monitoring Reports, Project reports
	Organisations participating in cross-border exhibitions and fairs	Number	8-12	
	Increase in the level of interaction between institutions and NGOs	Percentage	6%	
	Organisations participating in cross-border cultural events	Number	10-15	
	People whose awareness on social inclusion and health protection issues has increased	Number	30,000	

This measure will be implemented through grants schemes. Specifications on size of projects, other requirements and selection criteria shall 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:

- *include partners from both side of the border*
- *establish contacts and links between local communities in the programming area*
- *support links between relevant institutions / organisations from both side of the border*
- *encourage equal participation of women and marginalised groups*
- *be environmentally sustainable*

3.1.4. Potential beneficiaries of Measures 1-3 under Priority Axis I

- National authorities/institutions and state agencies;
- Local Government Units (Regions, Districts and Municipalities) and their institutions;
- Associations of municipalities;
- Professional associations;
- Development agencies;
- Tourism and cultural organisations/associations;
- Sport associations;
- Organisations/associations for nature protection;
- Chambers of commerce and other Business Support Organisations;
- Bodies supporting the labour force;
- Health care institutions/organisations;
- Public organisations at national and local level;
- Public enterprises;

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- SMEs;
- Public bodies responsible for water management;
- Fire/emergency services;
- Universities, schools, educational and research institutions;
- Vocational and Technical Training Centres;
- National Parks;
- Non-governmental organisations, including the Red Cross and Red Crescent national societies;
- International inter-governmental organisations.

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 the following:

- *improve the capacity of national and joint structures to manage cross-border programme*
- *prepare and disseminate programme information to national authorities, 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 shall 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 shall be achieved, inter alia, through the establishment and operation of the Joint Technical Secretariat (JTS) in Albania and its Antenna in Montenegro. The JTS shall be in charge of the day-to-day management of the Programme and shall be responsible to the Operating Structures and the JMC.

The technical assistance shall 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 shall 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 shall 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 shall 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 shall benefit from the Programme. This shall be addressed with outreaching activities such as awareness raising and information, training of local stakeholders, promoting results to be achieved and aims pursued.



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

This priority will be implemented through two measures:

Nr.	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 Union'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 II	Technical assistance for an effective programme management and information flow			
Measure II.1	Programme administration, implementation and monitoring			
Indicative Actions		Potential beneficiaries		
<ul style="list-style-type: none"> • Appropriate staffing of the JTS and its Antenna • Support to national Operating Structures in carrying out their responsibilities during the programme management process • Support to the JMC in carrying out its responsibilities in project selection and programme monitoring • Logistical and technical support for JMC meetings • Training for staff in national Operating Structures • Support to potential final beneficiaries in the preparation of projects • Technical assistance in the assessment of project applications • Support to final beneficiaries in project implementation • Establishment of project monitoring and control systems • On-the-spot visits to programme operations • Preparation of project monitoring reports and programme implementation reports 		<ul style="list-style-type: none"> ○ Operational Structures ○ Joint Monitoring Committee ○ Local Government Units (Regions, Municipalities and Communes) ○ Professional association, ○ National agencies; ○ Educational institutions; ○ NGOs 		
OBJECTIVELY VERIFIABLE INDICATORS ¹⁹				
Type	Indicator	Measurement	Target	Source of Information
Output	Officers recruited and successfully performing their duties in JTS and Antenna	Number	5+1	Annual Implementation Reports, Evaluation Reports, Monitoring Reports
	JMC meetings organised	Number	14	
	Training events for potential final beneficiaries	Number	8	
	Training events for evaluators and assessors	Number	4	
	Number of officers acquiring skills in programme management and successfully	Number	10	

¹⁹ Indicators are calculated only for the period of 2007-2011 for which the level of financing is already defined



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	performing their duties at JTS and other programme bodies			
	Project proposals assessed	Number	160	
	On-the-spot visits carried out	Number	40	
	Monitoring reports drafted	Number	40	
	CfP finalised	Number	4	
Result	JTS and its Antenna operational	Number	1 + 1	Annual Implementation Reports, Evaluation Reports, Monitoring Reports
	Project proposals received	% 1 st - last	200%	
	Increased quality of project proposals	% 1 st - last	130%	
	IPA funds absorbed	Percentage	95%	

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 II	Technical assistance for an effective programme management and information flow			
Measure II.2	Programme information and publicity			
Indicative Actions			Potential beneficiaries	
<ul style="list-style-type: none"> • Website development and operation • Organisation of awareness raising events (meetings, seminars, press conferences, TV/radio broadcasts) • Development of info material and other promotional documents • Partner search forums • Regular production and dissemination of news letters 			<ul style="list-style-type: none"> ○ Operational Structures ○ Joint Monitoring Committee ○ Local Government Units (Regions, Municipalities and Communes) ○ Professional association, ○ National agencies; ○ Educational institutions; ○ NGOs 	
OBJECTIVELY VERIFIABLE INDICATORS²⁰				
Type	Indicator	Measurement	Target	Source of Information
Output	Information and promotion events organised	Number	5	Annual Implementation Reports, Evaluation Reports, Monitoring Reports
	Printed publications	Number	5	
	Publicity material disseminated	Number	1,500	
	Website operational	Number	1	
Result	Users visiting the website	Number	1,000	Annual Implementation Reports, Evaluation Reports, Monitoring Reports
	Participants at information and promotion events	Number	1,000	
	Published newspaper articles and TV and radio features	Number	20	
	Publications of best practices	Number	1	
	Studies and analyses published	Number	1	

4. Coherence with other programmes

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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

²⁰ Indicators are calculated only for the period of 2007-2011 for which the level of financing is already defined

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the poorest and most remote areas, development and diversification of tourism industry, etc.

- The *Decentralisation Strategy* which establishes 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* and *Coastal Area Spatial Plan*. 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 resources protection and where 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 support 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-



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sectoral actions for the management of the Lake and to define the initiatives and procedures that should be taken for accomplishment of these objectives.

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

Section III. Financial Provisions

1. Financial Allocation Plan 2007-2011

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				
	EU funding	National funding	Total funding	Rate of EU contribution	EU funding	National funding	Total funding	Rate of EU contribution	
	(a)	(b)	(c) = (a)+(b)	(d) = (a)/(c)	(a)	(b)	(c) = (a)+(b)	(d) = (a)/(c)	
2007	1. 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%
	TOTAL	853,000	150,529	1,003,529	85%	600,000	105,882	705,882	85%
2008	1. 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%
	TOTAL	750,000	132,353	882,353	85%	600,000	105,882	705,882	85%
2009	1. 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%
	TOTAL	850,000	150,000	1,000,000	85%	600,000	105,882	705,882	85%
2010	1. 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%
	TOTAL	850,000	150,000	1,000,000	85%	600,000	105,882	705,882	85%
2011	1. 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%
	TOTAL	850,000	150,000	1,000,000	85%	600,000	105,882	705,882	85%
2012	1. Promotion of regional cohesion and competitiveness	765,000	135,000	900,000	85%	765,000	135,000	900,000	85%
	2. Technical Assistance	85,000	15,000	100,000	85%	85,000	15,000	100,000	85%
	TOTAL	850,000	150,000	1,000,000	85%	850,000	150,000	1,000,000	85%



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2013	1-Promotion of regional cohesion and competitiveness	765,000	135,000	900,000	85%	765,000	135,000	900,000	85%
	2-Technical Assistance	85,000	15,000	100,000	85%	85,000	15,000	100,000	85%
	TOTAL	850,000	150,000	1,000,000	85%	850,000	150,000	1,000,000	85%
GRAND TOTAL		5,853,000	1,032,882	6,885,882	85%	4,700,000	829,410	5,529,410	85%

Section IV. Implementing Provisions

The implementing provisions for the IPA Cross-border programme Albania – Montenegro 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 Union 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 Coordinator has designated an IPA-Component II Coordinator:

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

In Montenegro: The person responsible for IPA Coordination (National IPA Coordinator) in Montenegro is the State Secretary for European Integration. The Ministry of Foreign Affairs and European Integration (MFAEI), Directorate for cross-border cooperation programmes, is the IPA-Component II Coordinator.

1.2. Operating Structures at Programme level

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

Albania	Montenegro
<i>Ministry of European Integration</i> - institution responsible for coordination of the Instrument for Pre-Accession Assistance (IPA 2007-2013)	<i>Ministry of Foreign Affairs and European Integration</i> - institution responsible for coordination of the Instrument for Pre-Accession Assistance (IPA 2007-2013)



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The OSs of both countries cooperate closely in the programming and implementation of the relevant cross-border programmes, establishing common coordination mechanisms.

The OSs are responsible for the implementation of the Programme in their respective countries.

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);
- Nomination of 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 coordinators on all aspects concerning the implementation of the Programme;
- Establishing a system, assisted by the JTS, for gathering reliable information on the Programme's implementation and providing 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 coordinators 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 Implementing Regulation];

1.3. Contracting Authorities (art. 139.6)

In both countries, the Delegation of the European Union is the Contracting Authority (CA):

Albania	Montenegro
Delegation of the European Union to Albania APA Business Centre - 17th floor Rr. Papa Gjon Pali II Tirana, Albania Tel.: +355-4-2228 320	Delegation of the European Union to Montenegro Vuka Karadzica No. 12 20000 Podgorica Montenegro Tel.: +382-20-444 600



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Fax: +355-4-2230 752

Fax: +382-20-444 666

In both countries, in line with Article 140(1) of the IPA Implementing Regulation, the European Commission retains overall responsibility for ex-ante evaluation of calls for proposals 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 – in compliance with a joint monitoring committee mandate set out by the Commission – 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 approves the criteria for selecting the operations financed by the cross-border programme and approves 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 of the 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 of the IPA Implementing Regulation*);



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- 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 the 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) of the 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.

The Joint Technical Secretariat is the administrative body of the Programme, responsible for its day-to-day management and for its administrative 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 the EU rules.

The JTS is located in **Shkodra, Albania** and has 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 OSs 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 standardised forms for project application, assessment, contracting, and implementation, monitoring and reporting, based as much as possible on templates and models included in the PRAG;



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- It will organise and manage an ad-hoc data base of the Programme, on the basis of the information directly collected during the Call for proposals process and those transferred regularly by the OSs;
- It will plan its activities according to a work plan annually approved by the JMC.

The JTS in cooperation with the JMC will develop an overall strategy for the information and publicity, for the implementation of the Programme and will develop an overall system for the public relations related to the Programme:

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

1.6. Programme Beneficiaries

Definition of Lead beneficiaries and other beneficiaries

According to Article 96(3) of the IPA Implementing Regulation, if there are several final beneficiaries of an operation in each participating country, they shall appoint a lead beneficiary among themselves prior to the submission of the proposal for an operation. The Lead beneficiary shall assume the responsibilities, set out below, regarding the implementation of the operation.

Responsibilities of Lead beneficiaries and other beneficiaries

Responsibilities of Lead beneficiaries

According to the provisions of Article 96(3) of the IPA Implementing Regulation, the Lead beneficiary shall assume the following responsibilities for the part of the operation taking place in the respective country :

- It shall lay down the arrangements for its relations with the final beneficiaries participating in the part of the operation taking place in the respective country in an agreement comprising, *inter alia*, provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;
- It shall be responsible for ensuring the implementation of the part of operation taking place in the respective country;
- It shall be responsible for transferring the EU contribution to the final beneficiaries participating in the part of operation taking place in the respective country;
- It shall ensure that the expenditure presented by the final beneficiaries participating in the part of operation taking place in the respective country has been paid for the purpose of implementing the operation and that it corresponds to the activities agreed between the



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final beneficiaries participating in the operation.

The Lead beneficiaries from the participating countries shall ensure a close coordination among them in the implementation of the operation.

Responsibilities of other beneficiaries

Each beneficiary participating in the operation shall:

- Participate in the operation;
- Be responsible for ensuring the implementation of the operation under its responsibility, according to the project plan and the agreement signed with the Lead beneficiary;
- Cooperate with the other partner beneficiaries in the implementation of the operation, reporting and monitoring;
- Provide the information requested for audit by the audit bodies responsible for it;
- Assume responsibility in the event of any irregularity in the expenditure which was declared, including eventual repayment to the Commission;
- Be responsible for information and communication measures for the public.

Functional Lead Beneficiary

In case of joint projects (where Lead beneficiaries from both sides are participating and are separately contracted by the Contracting Authorities of Albania and of Montenegro), the two Lead beneficiaries shall appoint among themselves a Functional Lead Beneficiary prior to the submission of the project proposal.

The Functional Lead Beneficiary is:

- Responsible for the overall coordination of the project activities on both side of the border;
- Responsible for organising joint meetings of project partners;
- Responsible for reporting to the JTS on the overall progress of the joint project.

2. Implementing Rules

2.1. Basic Implementation Rules

This Cross-border Programme shall finance joint operations which have been jointly selected by the participating countries through a single Call for proposals covering the whole eligible area.

Operations selected shall include final beneficiaries from both countries which shall cooperate in at least one of the following ways: joint development, joint implementation, joint staffing and joint financing (Art. 95 of the IPA Implementing Regulation).

The JMC is responsible for selecting the projects.

The Contracting Authority is responsible for issuing the grant contracts, as well as ex-ante control of the grant award process.

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2.2. Call for proposals

Grant award procedures shall be compliant with provisions of the IPA Implementing Regulation (e.g. Articles 95, 96, 140, 145, etc.)

Where appropriate, PRAG procedures and standard templates and models should be followed, unless the provisions of the IPA Implementing Regulation and/or the joint nature of calls request adaptations.

a) Preparation of the Application Package

1. The JTS, under the supervision of the JMC, drafts the single Call for proposals, the Guidelines for applicants and the Application form and other documents related to the implementation of the grant schemes, explaining the rules regarding eligibility of applicants and partners, the types of actions and costs which are eligible for financing and the evaluation criteria, following as close as possible the formats foreseen in the PRAG;
2. The Application Form should cover both parts of the project (on Albanian/Montenegrin sides of the border, i.e. joint application), but with clear separation of the activities and costs on each side of the border. The elements contained in the Application Pack (eligibility and evaluation criteria, etc.) must be fully consistent with the relevant Financing Agreement;
3. Once approved by the JMC, the respective OSs submit the Call for proposals, the Guidelines for applicants and its annexes to the respective EU Delegations for endorsement.

b) Publication of the single Call for Proposals

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 PRAG. The Application pack is made available on the programme website and the websites of the EU Delegations (Contracting Authorities) 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 EU Delegations' 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)²¹. A Joint Steering Committee, designated by the JMC, will evaluate projects according to 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 (EU Delegations).

²¹ 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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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 EU Delegations endorse the composition the Joint Steering Committee. An observer designated by the EU Delegation (the Contracting Authority) may participate in its proceedings.
- Both OSs may propose the same number of external assessors to be financed from the respective TA allocations.
- The Joint Steering Committee assesses the projects according to the conditions and criteria established in the Call for proposals--Application Pack and according to PRAG procedures.
- The JMC receives from the Joint Steering Committee the Evaluation Report and the ranking list of projects and votes on accepting the proposed ranking list. The members of the Joint 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 to the Contracting Authorities to contract the projects selected;
 - request one round of re-examination of the project proposals if a qualified majority of its voting members votes 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 Joint 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.
- EU Delegations (Contracting Authorities) approve the Evaluation Report on the selection process and the final list of grants to be awarded. If required, the EU Delegations may request clarifications from the JMC.
- The JTS notifies each applicant in writing of the result of the selection process.
- EU 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 coordinators 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 EU external actions.



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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 Coordinators. 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 proposals;
- Publishing the list of the final beneficiaries.

4. Monitoring and Evaluation

4.1. Monitoring on Project Level

4.1.1. Contractual obligations

Lead Beneficiaries send narrative and financial Interim and Final Reports to their respective Contracting Authorities, according to the standard terms of their grant contracts.

4.1.2. Cross-border project level reporting

In addition, where relevant, the Functional Lead Beneficiary of the project submits Project Progress Reports to the JTS, giving an overview of the project activities and achievements on both sides of the border and their coordination according to the indicators defined in the joint project proposal.

4.2. Monitoring on Programme Level

Based on the project progress reports collected, the JTS drafts the Joint Implementation Report and submit it for the examination of the Joint Monitoring Committee.

The Operating Structures of the beneficiary countries shall send the European Commission and the respective National IPA coordinators an annual report and a final report on the implementation of the cross-border programme, after examination by the JMC.

The annual report shall be submitted by 30 June each year and for the first time in the second year following the adoption of the cross-border programme.

The final report shall be submitted at the latest 6 months after the closure of the cross-border programme.

The content of reports shall be in line with the requirements of Article 144 of the IPA Implementing Regulations.

4.3. Programme Evaluation

Evaluations shall take place in compliance with Article 141 of the IPA Implementing Regulation. The evaluation shall aim to improve the quality, effectiveness and consistency of the assistance from the EU funds and the strategy and implementation of cross-border



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programme, while taking into account the objective of sustainable development and the relevant EU legislation concerning environmental impact.

An ex-ante evaluation has not been carried out in line with the provisions of Article 141 in the light of the proportionality principle.

During the programming period, participating countries and/or the European Commission shall carry out evaluations linked to the monitoring of the cross-border programme in particular where that monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of cross-border programme. The results shall be sent to the Joint Monitoring Committee for the cross-border programme and to the Commission.

Evaluations shall be carried out by experts or bodies, internal or external. The results shall be published according to the applicable rules on access to documents. Evaluation shall be financed from the technical assistance budget of the Programme.

5. Financial Management

The European Commission contribution shall not exceed 85% of the eligible expenditure and shall not be less than 50% of the eligible expenditure of the action. The national co-financing shall amount to a minimum of 15% and a maximum of 50% of the total eligible expenditure of the action.

Under centralised management, the European Commission will handle all tendering, contracting and payment functions, on the basis of documents provided by beneficiaries, and in accordance with the contracting and procurement rules set out in the EC's Practical Guide to Contracting (PRAG).

The Joint Monitoring Committee will ensure that reliable computerised accounting, monitoring and financial reporting is in place, that will provide an adequate audit trail.

The European Commission and national auditing authorities will have power of audit over the Cross-border Programme.

