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ANNEX

**to the Commission Implementing Decision on the financing of the cross-border cooperation programme Montenegro – Republic of Albania for 2021-2027**

**Action Document for: cross-border cooperation programme Montenegro – Republic of Albania for 2021-2027**

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## PROGRAMME SYNOPSIS

Basic Act	Instrument for Pre-accession Assistance (IPA III)
Programme title	Cross-border cooperation programme Montenegro – Republic of Albania for 2021-2027
OPSYS number	ACT-60806 2022 JAD.976622 2025 JAD.976628 2027 JAD.976631
Programming document	IPA III Programming Framework
Window	Window 5 Territorial and cross-border cooperation
Programme area	Montenegro: - Andrijevica, Berane, Plav, Petnjica, Rožaje, Podgorica, Cetinje, Danilovgrad, Budva, Ulcinj, Bar, Gusinje, Tuzi, Kolašin Albania: - Shkodra and Lezha Regions - Municipality of Tropoja
Programme overall objective/impact	To promote good neighbourly relations, foster Union integration and contribute to social, economic and territorial development by improving the quality of life of the population in the programme cross-border area by tourism development based on cultural/natural heritage and by protecting the environment
Programme thematic clusters (TC), thematic priorities (TP) and specific objectives/outcomes (SO) per thematic priority	<p><b>TP0:</b> Technical Assistance  <b>SO1:</b> To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.</p> <p><u>Thematic Cluster 2: Greener and Improved resource efficiency</u>  <b>TP2:</b> Environment protection, climate change adaptation and mitigation, risk prevention and management  <b>SO1:</b> The cross-border territory is more environmentally sustainable and resilient</p> <p><u>Thematic Cluster 4: Improved business environment and competitiveness</u>  <b>TP5:</b> Tourism and cultural and natural heritage  <b>SO1:</b> Cross-border tourism and cultural/natural heritage contributes more to cross-border economic development  <b>SO2:</b> To upgrade the competitiveness of service providers/SMEs in the tourism sector</p> <p>NB: The thematic cluster TC 5: Improved capacity of local and regional authorities to tackle local challenges will be mainstreamed. Beneficiaries' proposal for the mainstreaming of this thematic cluster is presented in Section 3.3 of this document.</p>

Sustainable Development Goals (SDGs)	<p><i>Main SDG:</i> Goal 8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</p> <p>In the framework of the implementation of the 7 years cross border cooperation programme, the operations selected will also contribute to the following SDGs</p> <p>Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>Goal 5. Achieve gender equality and empower all women and girls</p> <p>Goal 10. Reduce inequality within and among countries</p> <p>Goal 11. Make cities and human settlements inclusive, safe, resilient, and sustainable</p> <p>Goal 13. Take urgent action to combat climate change and its impacts</p> <p>Goal 15. Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>
DAC code(s) <sup>1</sup>	<p>15110 – Public sector policy and administrative management – 10%</p> <p>33210 – Tourism policy and administrative management – 45%</p> <p>410 – General Environmental Protection – 25%</p> <p>43060 – Disaster Risk Reduction – 10%</p> <p>74020 – Multi-hazard response preparedness – 10%</p>
<b>BUDGET INFORMATION</b>	
Budget Line	15.020300
Total cost 2021-2027	EUR 13 790 000
Total EU contribution 2021-2027	EUR 11 900 000
Yearly EU contribution	<p>For the year 2022 - EUR 3 400 000</p> <p>For the year 2025 - EUR 5 100 000</p> <p>For the year 2027 - EUR 3 400 000</p> <p>Subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p>
<b>MANAGEMENT AND IMPLEMENTATION</b>	
Method of Implementation	<p><i>For Operations:</i> Indirect Management by Montenegro</p> <p><i>For Technical Assistance</i> Direct management by the European Commission</p>

<sup>1</sup> DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab 'purpose codes' in the following document: <http://www.oecd.org/dac/financing-sustainable-development/development-financestandards/dacandcrscodelists.htm>

Responsible CBC structures/ relevant authorities in the IPA III participating countries <sup>2</sup>	<p>In Montenegro:</p> <ul style="list-style-type: none"> <li>- Government of Montenegro, European Integration Office (Managing authority)</li> <li>- Ministry of Finance and Social Welfare, Directorate for Finance and Contracting of the EU Assistance Funds (Intermediate body for financial management)</li> </ul> <p>In Albania:</p> <ul style="list-style-type: none"> <li>- The Government of Albania, National IPA Coordinator (NIPAC) and CBC Structure established under IPA III legal framework</li> </ul>
JTS/Antenna Offices of the joint technical secretariat (JTS)	JTS Main office: Podgorica, Montenegro Antenna office: Shkodra, Albania
Final date for concluding <u>Financing Agreement</u>	For the budgetary commitment of 2022 at the latest by 31 December N+1
Final date for agreement (exchange of letters) of all parties on further yearly budget allocations for implementation of the Financing Agreement	<p>For the budgetary commitment of 2025 at the latest by 31 December N+1</p> <p>For the budgetary commitment of 2027 at the latest by 31 December N+1</p>
Final date for concluding <u>procurement and grant contracts</u>	3 years following the date of conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments) except for the cases provided for in Article 114 FR
Indicative operational implementation period	6 years following the date of conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments)
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments)

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<sup>2</sup> Responsible structures and responsibilities will be defined in accordance with the IPA III legislative framework and corresponding Framework partnership Agreement and Financial Agreement.

## LIST OF ACRONYMS

AL	Albania
CA	Contracting Authority
CBC	Cross-border cooperation
CBC-Forum	CBC regional consultative forum
CBIB+3	Cross-border Institution Building Plus Phase III
CFCU	Central Finance and Contracting Unit
CfPs	Call for Proposals
CSO	Civil Society Organisation
DEU	Delegation of the European Union
EIO	European Integration Office, Montenegro
EU	European Union
EUSAIR	EU Strategy for the Adriatic Ionian Region
EUSDR	EU Strategy for Danube Region
FDI	Foreign direct investment
GDP	Gross Domestic Product
INSTAT	The National Institute of Statistics
IPA	Instrument for Pre-accession Assistance
IPARD	Instrument for pre-accession assistance for rural development
JMC	Joint Monitoring Committee
JTF	Joint Task Force
JTS	Joint Technical Secretariat
ME	Montenegro
MEFA	Ministry for Europe and Foreign Affairs, Albania
MONSTAT	Montenegro Statistical Office
NGO	Non-Governmental Organisation
OS	CBC Structure (if the text refers to IPA II, Operating Structure)
PESTLE	Political, Economic, Social, Technological, Legal, Environmental
RCC	Regional Cooperation Council
MSMEs	Micro and Small and Medium-Sized Enterprises
SO	Specific Objective/Outcome
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Technical Assistance
TC	Thematic Cluster
TP	Thematic Priority
WB	Western Balkans

## **1. PROGRAMME SUMMARY**

The IPA III cross-border cooperation programme 2021-2027 between Montenegro (ME) and Albania (AL) will be implemented under the framework of the Instrument for Pre-Accession Assistance (IPA III) with a view to promoting good neighbourly relations, fostering Union integration and promoting socio-economic development through joint local and regional initiatives.

The legal provisions for the implementation of the programme are stipulated in the following EU legislation: Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III).

### **1.1. Summary of the Programme**

A detailed socio-economic situational analysis of the municipalities and regions included in the programme area has provided a snapshot of the reality on the ground, based on available statistical data, reports, national, regional and municipal strategies.

The programme area for the IPA III cross-border cooperation programme between Montenegro and Albania covers a territory of 12,781 km<sup>2</sup>, slightly larger in Montenegro accounting for around 52 % as against 48 % in Albania. The population living in the programme area is 754,190 and accounts for around 64,91 % of total population of Montenegro, and 12.31 % of Albania's. Overall, the programme area has 23 municipalities and a total of 1 305 settlements, including many towns and villages. As per the programme area, nine municipalities are directly on the border. The borderline length is 244 km, out of which 38 km are water borders composed of Skadar/Shkodra Lake, the Adriatic Sea and a number of rivers. The programme area of both countries has experienced internal migration flows. Over the last years a movement of population towards the central and the coastal regions, which are broadly more developed and provide more socio-economic opportunities, as well as from rural to urban centres, has taken place in the programme area. Internal migrants settle in towns in search of employment, particularly in the tourism and construction sectors. Contrasting geographical elements enrich the environment and the flora and fauna of the programme area. Its natural resources are attractive for the development of tourism and sustainable agriculture and can be the main economic drivers towards increasing the prosperity of the programme area. Due to their environmental value, the CBC area is home to several protected areas, natural reserves, and national parks.

Based on a round of consultations with several organisations, and institutions, a number local authorities requested and stressed the importance of including the municipality of Kolašin in the programme area. This was supported by members of the Joint Task Force unanimously. In addition, along with the chosen thematic priorities and specific objectives/outcomes of the Programme, it is noted that gender mainstreaming remains as an important horizontal part of this programme. The purpose of this is to ensure that this CBC programme maximises its benefits for all and contributes to addressing issues of inequality.

The programme area is a diverse one, but has however a number of common features, such as geography, demographic trends – young population, economic development, tourism potential, environmental and anthropogenic assets, entrepreneurial spirit and commitments undertaken towards increasing competitiveness, innovation and skills; all of which represent potential opportunities for CBC initiatives. In this context, the main findings and needs of the programme area involve economic features, such as tourism investment, renewable energy, and agriculture. The issue of Environmental protection also needs serious consideration in future development plans of the programme area. With the overall development of the programme area largely relying on natural resources, environmental protection and preservation of these resources is crucial for the sustainable development and biodiversity of the area. The programme area also has a high tourism potential and so CBC initiatives aiming to produce a joint touristic offer should be



considered. Moreover there are a number of synergies, potentially which can be supported by the CBC programme. There is a rich **historic-cultural**-artistic-religious **heritage** in the programme area which needs to be preserved. In addition, much more value can be out of its historical and cultural heritage. In turn synergies with religious tourism could also contribute to strengthening the identity of the area. **Competitiveness** as a topic also requires attention as it is still under development on both sides of the border taking into consideration that both countries have an increased interest to invest in it. **Local and regional governments** also require capacity building actions in order to better absorb EU-funded projects. Cooperation between local and regional governments between the two countries may also be improved.

The key issues emphasized by the above noted socio-economic analysis were confirmed and complemented through extensive consultations with a wide range of stakeholders at national, regional and municipal level both by face-to-face interviews and a structured questionnaire (provided by the CBIB+3 project) that enabled gathering views on strengths, weaknesses, opportunities and threats (SWOT), as well as looking at what were the key priorities for the region.

Against this background, and based on the situation and SWOT analyses, including a range political, economic, social, technological, legal and environmental (PESTLE) aspects, on the current situation in both countries and specifically in the programme area, the Joint Task Force (JTF) overseeing programming selected the following thematic clusters/thematic priorities:

#### **Thematic Cluster 2: Greener and Improved resource efficiency**

**TP2:** The cross-border territory is more environmentally sustainable and resilient;

The main areas of intervention in this context emphasise that the programme area is rich on environmental resources and has a high biological diversity which includes mountains, hills, plains, coastline, natural parks, lakes and rivers. Environmental preservation and protection of these resources are pillars of all development strategies in both countries and considered as high priority by both Governments.

#### **Thematic Cluster 4: Improved business environment and competitiveness**

**TP5:** Tourism and cultural and natural heritage.

The programme area is characterised by a high tourism potential, but such economic opportunities still need to be developed by increasing attention and focus from both national and local policymakers. The programme area is also rich in diversified culinary and handcraft traditions that play an important role in tourism promotion and development. Cross-border cooperation among cultural institutions is already present, but this can be further intensified.

The programme area has many business entities dominated by MSMEs, which play a crucial role in its economic development. However, competitiveness requires due attention as it is still weak on both sides of the border. Higher productivity and further investment in know-how and use of innovation technologies are preconditions to becoming more competitive both nationally and internationally. With the horizontal involvement of public authorities in all/most operations (based on their legal capacities), their capacity will be strengthened, and they will be empowered to play an active role in supporting the above.

The programme design has also relied on experience from the implementation of the two preceding programmes under the 2007-2013 and 2014-2020 financial cycles, as well as from other CBC and transnational programmes where both countries participate. Additionally, it also considers as relevant other interventions that are occurring or planned in the programme area.

The support to be provided under this multi-annual action plan will directly contribute and create synergies with the priorities of the Economic and Investment Plan<sup>3</sup> and the Green Agenda<sup>4</sup> for the Western Balkans.

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

The 2021-2027 IPA III CBC programme between Montenegro and Albania is the result of joint programming work, carried out by the participating countries' operating structures (OSs) in coordination with representatives from relevant central institutions, local institutions of the programme area and local organizations, and with the support of the CBIB+3 project and in close coordination with the DG NEAR and respective DEUs. A JTF has been established with all these members from both countries to prepare this programme document under the leadership of the OSs and support from the Joint Technical Secretariat (JTS). The purpose of the JTF is to prepare the strategic planning and programming of the IPA III CBC 2021-2027. It is composed by line ministries of both countries, councils of regions from the eligible areas and members from the municipalities and representatives of CSOs. Secondary resources, including statistics at EU, national, regional and local levels were also collected and analysed. Existing studies, evaluations, strategic documents and actions plans at sector and different territory levels and reports on the implementation of the IPA II programme were screened and relevant information included in the Situation Analysis.

The programming process took place from end of April 2020 to July 2021. The programme was then designed through a consultation process involving local stakeholders and potential beneficiaries from both sides of the eligible territory. Questionnaires were drafted by the CBIB+3 team and disseminated by the OSs with the support of the JTS to institutions at central and local level, and CSOs. The responses collected, along with the situation and SWOT analyses, greatly helped in identifying joint priorities for the cross-border area. Furthermore, the AL OSs, assisted by the JTS, organized a series of meetings with local authorities from the 8 municipalities and 2 regions in the Albanian programme area after having circulated the questionnaires among them.

As envisaged, on 11 December 2020, a public consultation was launched on the programme website, on the website of the European Integration Office of Montenegro, the Ministry for Europe and Foreign Affairs of Albania, with deadline for the submission of comments on 30 December 2020. Moreover, the first draft of the programme document was sent to 534 email addresses belonging to the programme database of stakeholders. Comments were thoroughly considered and most of them have been incorporated in the draft programme document.

During the programming process, consultations with the JTF members from both participating countries were made through many meetings large and small. These members provided input on both the situation analysis also giving feedback on the information on specific sections. Since most of them represent bodies under public law at central, regional and municipal level, the programming consultations within the JTF should be seen as the most important input provided by public authorities at all administrative levels. Furthermore, these bodies played an instrumental role in ranking the programme priorities when responding to the questionnaires that served as background material for the SWOT analysis of the programme area. As noted, the Municipality of Kolašin was unanimously decided to be included in the Programme Area by the JTF on 20 April 2021, following the consultation process of December 2020.

In line with the Commission comments to the 1st draft of the programme document, the OSs supported by the CBIB+3 project and experts worked on the 2nd draft during April 2021. An

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<sup>3</sup> COM(2020) 641, 6.10.2020

<sup>4</sup> SWD(2020) 223, 6.10.2020

additional coaching event was held with the representatives of the PROMEL project on the programme intervention logic. Commission comments on the 2nd draft were then received in early June 2021 with a deadline for submission of a 3rd draft programme document by 16 July 2021. The important milestones, meetings and other events that took place during the programming process are depicted in table 1.1.

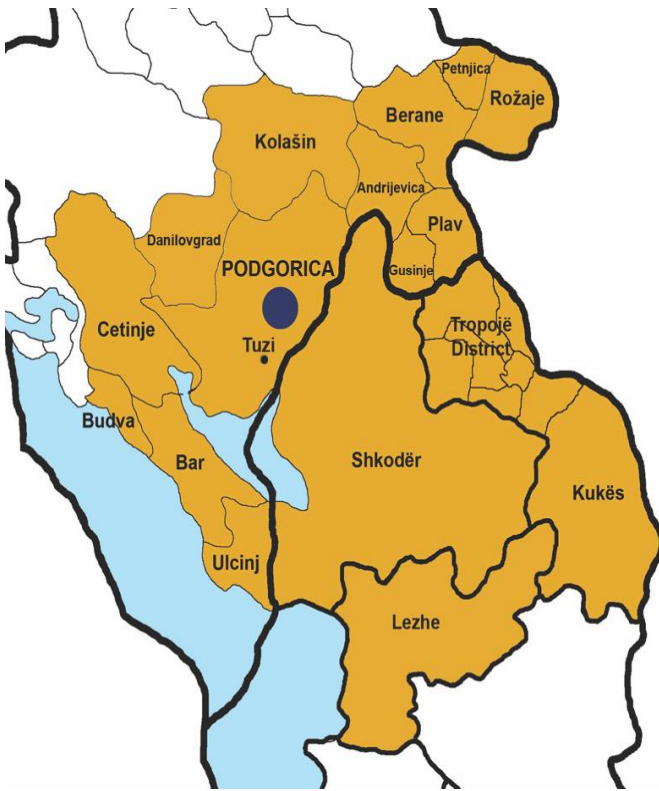
**Table 1.1 Events and milestones in the IPA III CBC ME-AL programming process**

<b>Timing and Place</b>	<b>Activities and Scope</b>
22 April 2020	A letter from the European Commission regarding IPA III and the start of the programming process was received by the NIPAC Office
5 May 2020	Kick-off meeting between ME OS and the CBIB+3 on the IPA III CBC programming process (required steps and draft working plan)
6 May 2020	Kick-off meeting between AL OS and the CBIB+3 on the IPA III CBC programming process (required steps and draft working plan)
End of July 2020	The process of appointing JTF members started
4-7 August 2020	The JTS dispatched the questionnaires to the relevant CBC stakeholders
End of August 2020	Mobilisation of the programming expert for this programme
3 September 2020	The AL OS meets representatives of Lezha municipality and Regional Council of Lezha
4 September 2020	The AL OS meets representatives of Kurbin and Mirdita municipalities
8 September 2020	The AL OS meets representatives of V. Dejes, Puke and F. Arrez municipalities
11 September 2020	The AL OS meets representatives of Tropoja municipality
14 September 2020	The AL OS meets representatives of M. Madhe municipality and the Regional Council of Shkoder
23 September 2020	Online meeting with the CBIB+3 team and the programming experts (ME-AL & AL-KS)
28 September 2020	11 answers from the collected questionnaires were delivered to the programming expert for further elaboration and analysis
9 October 2020	Online webinar organized by CBIB+ for IPA III CBC strategy formulation and development for the Albanian JTF members.
13 October 2020	Online webinar organized by CBIB+ for IPA III CBC strategy formulation and development for the Montenegrin JTF members, OS and JTS staff. Follow up meeting of the OSs, CBIB+3 team and the JTS on technicalities of the programming process.
29 October 2020	1 <sup>st</sup> JTF online meeting: results of questionnaires and preliminary priorities
11 November 2020	2 <sup>nd</sup> JTF online meeting: situation and SWOT analyses and preliminary priorities
19 November 2020	3 <sup>rd</sup> JTF online meeting: discussion on and adoption of the selection of priorities based on scenarios resulting from the analyses
1 December 2020	4 <sup>th</sup> JTF online meeting: discussion on and adoption of the programme strategy
4 December 2020	Submission of the 1 <sup>st</sup> draft of the Programme Document to the European Commission
11 to 30 December 2020	Public consultation, via relevant websites (OS, JTS)
23 February 2021	The NIPAC in Montenegro receives officially the EC comments on the submitted 1 <sup>st</sup> draft of the programme document
10 March 2021	Coordination meeting following the Commission comments received

<b>Timing and Place</b>	<b>Activities and Scope</b>
12 March 2021	Coaching event on the intervention logic of the programme ME-AL, by Promel
16 April 2021	Coordination meeting on the 2 <sup>nd</sup> draft of the programme document
20 April 2021	5 <sup>th</sup> JTF meeting on the 2 <sup>nd</sup> draft of the programme document
29 April 2021	Submission of the 2 <sup>nd</sup> draft of the programme document to the European Commission
8 June 2021	The NIPAC in Montenegro unofficially receives the Commission comments on the submitted 2 <sup>nd</sup> draft of the programme document
16 June 2021	Coordination meeting following the Commission comments received
21-29 June 2021	Written procedure for the adoption of the 3 <sup>rd</sup> draft of the programme document by the JTF
16 July 2021	Submission of the final draft of the programme document to the Commission

## 2. PROGRAMME AREA

### 2.1. Situation Analysis



The programme area of the IPA III cross-border cooperation programme between Montenegro and Albania covers a territory of 12,781 km<sup>2</sup>. The programme area has changed with the inclusion of the municipality of Kolašin in the programme. The territory of the programme area is slightly larger in Montenegro accounting for around 52 % as against 48 % in Albania. The borderline length is 244 km out of which 38 km are water borders composed of the Skadar/Shkodra lake, Adriatic Sea and some rivers. There are three operational land border-crossing points and a 4<sup>th</sup> under construction. Montenegro's programme area covers 14 municipalities: Kolašin, Andrijevica, Berane, Plav, Gusinje, Petnjica, Rožaje, Podgorica, the capital of Montenegro, Tuzi, Cetinje, Danilovgrad, Budva, Ulcinj and Bar. Albania's programme area covers the regions of Shkodra (which includes the municipalities of Shkodra, Malësi e Madhe, Vau i Dejës, Puka and Fushë-Arrës), and Lezha (municipalities of Lezha, Mirditë and Kurbin), and the municipality of

Tropoja. The programme area has 23 municipalities with a total of 1 305 settlements, including towns and villages.

The process of designing the priorities and needs for the IPA III CBC programme for the period 2021 – 2027 involved a thorough analysis of the local situation and a SWOT analysis. This analysis indicates that the needs and priorities of the local region have not changed substantially from the IPA II CBC Programme. The EU Enlargement Policy (EEP) country reports of the European Commission note advancements in the development in Montenegro and Albania. The business competitiveness and the agricultural production still remain low, unemployment remains relatively high, education level unequal, and the high tourism potential of and environmental protection in the cross-border region still requires significant development, of which the thematic and specific priorities set in the operational programme can contribute.

Enhancing tourism, as one of the selected thematic priorities, will serve to strengthen the local economies. Further, the country reports note the need for better quality employment measures aimed at young people, women, minorities and other job seekers and to intensify efforts in implementing social protection, especially for vulnerable groups and strengthening the capacity and resources of local government. Additionally, significant efforts are still needed on implementation and enforcement of environmental measures, mostly on waste management, water quality, nature protection and climate change.

The Revised Indicative Strategy Papers 2014-2020 for Montenegro<sup>5</sup> and Albania<sup>6</sup>, published in 2018 indicate that needs targeted by the IPA CBC Programme are still relevant for the border area. Additionally in this document, the needs analysis for Montenegro notes that high unemployment represents a significant problem for the country, while for Albania this confirms that tourism still faces challenges related to the lack of skills amongst tourism professionals, and the low accessibility of tourism services, the absence of a sustainable natural and cultural offer, and the weak coordination and planning in the sector. In addition, a better aligning of educational outcomes with the labour market needs remains a key challenge for the country.

A lesson learnt from the previous programme (IPA II) identified that not all aspects of a specific thematic priority were addressed, and the results were lower than expected. This dictated the need to assessing progress towards the defined programme indicators prior to the launch of a call for proposals.

All these findings and recommendations are taken into consideration when preparing this draft document through the selection of the relevant thematic priorities.

## **Geography**

The programme area is home to several national parks, protected zones and landscapes illustrating a rich but highly sensitive biodiversity and environmental differences. The programme area in Montenegro is characterized by significant regional differences. It has a contrasted geographic and climate profile, loaded with mountain ranges, plains, valleys, rivers, lagoons and lakes. The programme area in Albania presents sharp contrasts as it alternates mountains, hills, rivers, lakes and the sea coastline very close to each other. As suggested during public consultation, the municipality of Kolašin is home to a rich variety of landscapes and reliefs (rivers, high mountains and glacial lakes).

## **Demography**

The population living in the programme area is 754,190 and accounts for around 64.91 % of total population of Montenegro, and 12.31 % of Albania's. On the other hand, the population in the programme area of Montenegro accounts for 403 730 inhabitants or 53.6 %, and the Albanian stands at 350 460 inhabitants or 46.4 % of the total in the programme area. Podgorica has the biggest population at both country and programme area within ME.

## **Migration and Density**

The programme area of both countries has experienced internal migration flows. A population movement towards the central and the coastal regions, which are broadly more developed and provide more socio-economic opportunities, as well as from rural to urban centres, is present in the programme area. Internal migrants settle in towns in search of employment, particularly in the tourism and construction sectors. Lower population density, long distances for commuting and poor availability of social facilities increase the difficulties of people residing in rural areas.

## **Poverty**

In Montenegro regional disparities are obvious – poverty is more evident in the northern regions and diminishes substantially southward in the central and coastal regions. An increased poverty rate is much more emphasized in rural areas, 35.6 % as against urban areas where it was 17.3 % in 2018. The regions in the programme area of Albania are poorer compared to the national average of poverty rate (14.3 %). Lezha region registers a 17.5 % poverty rate while Shkodra region is slightly better with a 15.7 % poverty rate. Poverty has become an urban concern,

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<sup>5</sup> <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180817-revised-indicative-strategy-paper-2014-2020-for-montenegro.pdf>.

<sup>6</sup> <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180817-revised-indicative-strategy-paper-2014-2020-for-albania.pdf>.

indicating a sluggish performance of economy over the last years, while the revival of the already exhausted urban potential to lead economic growth has become imperative.

During programming, like the rest of the world, Montenegro and Albania were affected in many economic and social areas by the COVID-19 pandemic. The subsequent crisis has exposed the limits of Montenegro's fiscal buffers and its general vulnerability to external shocks. Montenegro must now deal with its deepest recession in two decades. Economic activity was expected to soften from the 4.1 % growth in 2019, but in 2020 the COVID-19 crisis dragged the economy into a recession estimated at -12.4 %.

Albania has been impacted by the difficulties of the Eurozone, which is the destination of almost 80 % of its exports and the largest investor in the country. Furthermore, the economic crisis caused by the COVID-19 pandemic has significantly reduced growth to a negative 7.5 % of GDP in 2020, reflecting its dependence on tourism and remittances.

There is of course global evidence that COVID-19 is exacerbating poverty, inequality and vulnerability experienced by families and their children. Social protection schemes are among the most effective interventions in the fight against child poverty and vulnerability and are key in creating a more protective environment for children. Although the social assistance programme has proved effective at targeting the poorest, it still might end up excluding several vulnerable groups such as the working poor (especially informal workers), women, minorities, refugees, and those with assets and income just above the eligibility threshold.

### **Private Sector**

In the programme area there is an increasing number of SMEs with diversified activities.

In Montenegro, the number of businesses in the programme area account for around 71 % of the total number of businesses of the country. The biggest number of business entities in Montenegro and the programme area is in Podgorica, which constitutes around 50 % of the total number of businesses in the programme area.

In Montenegro the largest number of business units falls under micro and small business entities (98.7 %). The pandemic situation has altered many indicators in this sector. The impact of the crisis in Montenegro is further reflected in falling sales and rising losses. The MSMEs and individual entrepreneurs are most at risk, given that they usually have the least liquidity and lowest margins of return, not only in Montenegro, but also globally.

The structure of economic operators in the Albanian programme area is also dominated by MSMEs. The total number of active enterprises in Albania as a whole is 162 343, while Shkodra accounts for 10 999 (7<sup>th</sup> in Albania) and Lezha for 5 167 (9<sup>th</sup>) and Tropoja (within the Kukës region, which is at the bottom of the ranking list). The surveys showed almost the same situation in this sector for Albania and Montenegro. There are several ways the coronavirus pandemic has affected businesses, especially MSMEs, on both the supply and demand sides in Albania.

### **Agriculture and Rural Development**

The programme area is rich in agricultural resources with the potential for investment and development. The common feature is that it is based on small scale holdings being ideal operators for investment in genuine sustainable agro-products, that could become bio-products.

The agricultural sector plays an important role in Montenegro's economy and is responsible for a significant share of the GDP (6.4 % in 2019). Statistics show that employability in the agriculture sector (including forestry and fishing) stands at 8.3 %. This sector is one of the sectors with high economic potential for development in Kolašin, supplying the domestic market with certain

products of a modern agricultural sector<sup>7</sup>. Nevertheless, Montenegrin agriculture is characterized by a low productivity where labour efficiency is the lowest in the Western Balkan region and fertility decreased in the previous decade due to inadequate usage.

The agriculture sector is one of the most important in the Albanian economy. Agricultural products are part of the regional identity in a wide range of environmental, natural and climatic conditions. Agricultural and rural development policy is especially relevant in Albania, as agriculture contributes around 20 % of the country's GDP and employs nearly half of the country's workforce. About 37 % of the country's labour force are employed in the agricultural sector. Most farms in Albania are family-owned and operated, meaning farm production is mainly for self-consumption and have limited surpluses available for the market.

## **Tourism**

Montenegro's economy is strongly dependent on tourism, a key source of GDP growth, foreign exchange, employment and fiscal revenue, with a share of almost 22 % of the total GDP and with a strong tendency toward growth. Tourism revenues substantially impact both on the current account balance and employment. The programme area, bordering with Albania, provides a diversity of touristic destinations offering seaside and mountain tourism activities, rich cultural heritage assets, rural traditions, handicrafts and a developed tradition of local feasts, celebrations and pilgrimages. Komovi, as mountain massif that stretches between Montenegro and Albania is one of the attractive areas with cultural and sports activities mainly located in Kolašin and more frequented during the last years by many Albanian tourists.

The coast of the programme area attracts many tourists that enter Montenegro especially during the summer. But with the pandemic situation caused by COVID-19, everything changed. As mentioned above Montenegro is particularly affected by plummeting tourism, which is the critical driver of growth: tourism receipts account for more than 20 % of GDP. According to MONSTAT data, following economic growth of 2.7 % in the first quarter, in the second quarter Montenegro recorded a decline of 20.2 %, which is among the highest rates of decline in Europe.

In Albania, tourism has continued to grow steadily over the last 3 years and become very important for the economy. Along 2017, the tourism sector recorded a direct contribution of \$ 1.12 bn, accounting for about 8.5 % of the GDP. The programme area of Albania is very important for the sustainable tourism development, based on national parks and protected areas at the seashore and hinterland, rural traditions and handicrafts and on a very developed tradition of pilgrimage. It has a wide nature, cultural and historical touristic potential, which is largely unexploited. The pandemic in Albania has had a similar effect as in Montenegro. Tourism, representing more than 20 % of Albania's GDP, was one of the sectors most affected. Among all economic sectors, tourism is the most affected with a 75 % activity closure.

## **Environment and Nature**

The programme area is rich in environmental resources. **Montenegro** has a high biological diversity due to its geological background, climate and the proximity of the sea and mountain ranges. Environmental preservation and protection are pillars of all development strategies of the country. Together with mountains and water, forests form a substantial part of Montenegro's brand in the area of sustainable and green tourism.

In **Albania**, the programme area has a wealth of biodiversity and climate as it includes mountains, hills, plains, lakes, rivers and coastline. It has natural parks, managed nature reserves and protected landscapes with the largest natural value and biodiversity in the country.

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<sup>7</sup> Source: Strategic Development Plan of Kolašin Municipality 2018-2022



Social and economic changes of recent years, demographic shifts in both Albania and Montenegro have put pressure on the environment and biodiversity in the programme area. Energy efficiency measures will be an additional incentive to ensure resource efficiency and cleaner production. The main environmental challenges to be coped with in the programme area are the enforcement of strategic urban planning, pollution reduction, land protection from natural and man-made disasters, risk management and the capacity to protect people's life, property and natural heritage.

The programme area is also vulnerable to climate change. The Western Balkan region is already witnessing changes in climatic conditions demonstrated by an increased duration and frequency of heat waves and droughts; increased risk of flooding, forest degradation due to increased fire frequency and changes in tree cover; early growing season start and high risk of late spring frost; decrease in yield quality during the years with warmer and/or drier growing period; and decreased average river discharge and problem with drinking water quality and supply especially during summer season.

### **Infrastructure**

The position of the programme area highlights the importance of a good transport infrastructure in the future development of tourism, trade, agriculture, cultural exchanges, competitiveness, and other related sectors affecting GDP growth.

Montenegro continues to actively participate in the EU strategy for the development of the Danube Region (EUSDR) and both countries participate in the EU strategy for the Adriatic and Ionian Region (EUSAIR). Albania participates actively in around 35 regional organisations and initiatives, such as the Central European Free Trade Agreement (CEFTA), the Energy Community, the Transport Community, the South East European Cooperation Process (SEECP) and the Regional Cooperation Council.

### **Roads**

The total length of Montenegro's roads is approximately 7 000 km, of which around 1 850 km consists of main and regional roads, while the remaining length consists of local roads. The connections between Podgorica and the coastal towns have significantly improved, journey times have become shorter and routes safer with the completion of Sozina tunnel in 2005 and numerous upgrades of roads towards Cetinje, Budva and Bar. Currently, on the section 1 (Smokovac – Matesevo) of the new motorway, began in 2015 and should be completed by 2021 (only section 1). In the Albanian programme area, the road infrastructure has been substantially improved in the last 5 years. Transport of commodities and people is easier and faster now. Travelling to Lezha, and Shkodra from Tirana takes no more than 120 minutes.

### **Railway Transport**

Montenegro's railway network consists of three (mostly) electrified, standard gauge railway corridors with a total length of 150 km. These railways connect the Port of Bar with Podgorica and Podgorica with Albania (Podgorica-Shkoder railway). It is noted that Montenegro and Albania have agreed to integrate procedures of organizing railway transport between countries.

### **Air and Maritime Transport**

The Podgorica airport in Montenegro is the major airport in the programme area. There is also the Berane airport that is not functioning (the last flights happened during the 1980s) and the Špiro Mugoša airport in Podgorica, a non-commercial airport frequently used for parachuting, gliding, and other air sports. The programme area in Montenegro is home to the port of Bar, the biggest in Montenegro, and the marina in Budva. There is another marina in Bar, close to the port of Bar, and a small harbour in Ulcinj. In the Albanian programme area, there is the port of Shengjin (Lezha region) which serves the needs of the northern part of Albania for maritime transport.

## **Telecommunication, Information Technologies**

Telecommunication in the programme area benefits from both land (fixed) and mobile telephony. In Montenegro, 72 % of households have home internet access. The developments of telecommunication networks largely rely on the private sector. In Albania, the number of households enjoying home internet access has increased (from 80.7 % in 2017 to 82.2 % in 2018).

## **Energy**

The 2019-2021 Economic Reform Program for Montenegro set out a priority reform measure entitled "enhancing the legislative-regulatory and institutional framework for integration into the regional electricity market" for a period of three years. The completion of the 400 kV interconnection line between Albania and Montenegro (Elbasan-Podgorica) increases the capacities of energy exchanges between the two countries and connects Albania with regional and European networks, thus increasing the security of electricity supply in the country.

## **Social**

### *Labour Market*

Unemployment in both Montenegro and Albania is relatively high by international standards. It is still a major economic problem in both countries and is characterized by significant regional differences. In Montenegro, the structure of persons in employment by sectors of activity shows that the highest share of them works in the service sector, 74 %; then in industry and construction, 17.7 %, and 8.3 % in agriculture, forestry and fishing. Long-term unemployment remains a major structural challenge. The most vulnerable groups on the labour market remain women, youth, Roma and low skilled workers. In 2019 the unemployment rate of the working age population was 15.4 % (15 % for men and 15.9 % for women).

Factors influencing the economic position of women are also their lack of political representation, as well as the lack of political will of decision-makers to systematically address the issues related to economic empowerment of women. It is found that a male focused political and business culture often does not provide an ideal environment for public discussions related to the uneven economic power between women and men. Moreover, policies related to economic empowerment are rather ad-hoc than systematic and their implementation is not monitored by the state authorities.<sup>8</sup>

With the pandemic situation administrative data show that by July 2020 employment had plunged 9 %. Over 80 % of jobs in Montenegro are in services, which have been heavily affected by the crisis. While all sectors registered declining employment, the labour-intensive tourism, retail, and construction sectors were hit the hardest.

Albania is a transition economy, not highly integrated into global capital flows, but showing strong economical performances. The annual growth rate of employment for the population aged 15 and over, from the second quarter of 2019 to the second quarter of 2020, was 3.6 %. In annual terms, the employment rate decreased 3.7 % in the agricultural sector, 3.7 % in the industry sector and 3.4 % in the services sector. Youth in Albania has the lowest labour force participation and employment rates, and the highest unemployment rates compared to the rest of the population. The labour market continues to indicate disparities between women and men in Albania. Data show higher employment of women than men only in social sectors like education, human health and welfare.

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<sup>8</sup> World Bank Group, Western Balkans Regular Economic Report No. 17, Spring 2020, The Economic and Social Impact of COVID-19, Outlook.

In Albania gender gaps in economic opportunities include low labour force participation, high levels of informality, gender segregation, and low access to productive inputs. The impacts of COVID-19 and other natural disasters are exacerbated for women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty.

### **Education and Youth**

The education system in Montenegro is centrally managed, while in Albania it is decentralized with shared responsibilities between central and local government. Unequal educational levels are present in the programme area, with illiteracy increasing in remote areas. Private schools and vocational training is present but still additional efforts are required to match labour market demands for qualified and skilled workers. Roma communities also need to be better integrated in the education system.

### **R&D, ICT, Innovation**

Montenegro has a growing scientific base, and the level of funding has been rising since 2017. R&I funding access has improved through training support to access international funding. Albania is at an early stage in the area of science and research. Some progress was made particularly with the completion of the mapping phase of the Smart Specialisation Strategy.

### **Health**

The organization of the health system in Montenegro and Albania is similar: largely public with a modest (but increasing) private presence, and full territorial coverage including primary, secondary and tertiary health care. The primary health care service is the first contact point of the population to address their health problems. The basic institutions that provide these services are polyclinics, health centres, ambulances and special child and counselling services for women.

### **Culture**

Culture in the programme area is overall characterized by elements of different individual and common traditions. Tourist centres and big cities are rich in cultural heritage that include monuments and religious sites (churches, monasteries and mosques), old towns, archaeological localities open to tourists, ruins and different museums. The programme area is also rich in diversified culinary and handicraft traditions that could play an important role in tourism promotion and development. Limited public investments and subsidies have kept a low level of cultural activities in the programme area despite its rich heritage. This calls for new joint initiatives aimed at adding value to the common heritage on both sides of the eligible territory.

The programme area in Montenegro is home to a variety of religious beliefs, traditions, and cultures. The area of the municipality of Kolašin is rich in cultural sites.

The area contains a population of mixed ethnic and religious composition (Montenegrins, Serbs, Albanians, Bosniaks, and the Roma community), with a long history of being closely connected to each other. Such history and tradition represent a good ground for cross-border initiatives as cross-border relations and cultural links are deeply rooted in the mindset of the programme area population and represent a backbone of the social fabric in the area.

In Albania, the programme territory is rich in cultural heritage. Beside the famous Rozafa castle, there are several museums in Shkodra and a considerable number of archaeological sites and tourist attractions in the region and city. Lezha, an archaeological park since 2005, has also its castle ruins dominating the city, together with other attractions which could be found in the region such as museums and churches.

## Civil Society

There are 5 932 CSOs registered in Montenegro (417 registered during 2019) with 4 062 registered in the programme area. The most influential and experienced CSOs have headquarters in Podgorica (2 392 accounting for more than 50 %) and are active in various sectors (human rights, public policy, environment and rural development, capacity building, people with disabilities, etc.). Most of them have experience in designing CBC projects. In the other regions and particularly in the northern region, the CSOs' situation is more precarious. Officially there are 11 739 registered CSOs in Albania (313 newly registered in 2019). Most of the CSOs are concentrated in the capital city (Tirana), or in the central region (which includes Tirana and major towns such as Shkodra, Durrës, Elbasan and Korçë). Civil society is weakly represented in all rural areas. CSOs are mainly devoted to advocacy and research in the fields of promotion of human rights, the protection and rights of children, democracy and good governance, as well as policy think tanks and economic development. Access to government and private funding is limited.

## Legal Framework of Legal Regional Authorities

Montenegro is a unitary state. The only sub-national level is formed by 24 municipalities and there are no regions or other intermediary levels of governance. During Montenegro's reform process, the "Regional Development Law" of 2011 divided the country into three regions for statistical purposes, with no legislative or implementing powers vested in those regions. In **Albania**, Local government has undergone a series of structural and institutional reforms, starting from the Administrative and Territorial Reform, which aimed at transforming the quality of local government by strengthening local autonomy, enhancing the institutional capacity of local administrations and the efficiency of public service delivery. The law "On the territorial and administrative division of the local government units in the Republic of Albania", adopted by the Albanian Parliament in July 2014 and entered into force in December 2014, divides the country into 12 prefectures and 61 municipalities.

## 2.2. Main findings

The programme area shares common values and features but it is at the same time diverse, which entails a huge potential to engage in cross-border initiatives and transfer know-how, work jointly, create synergies to increase the quality of services and enhance economic development. Some specific features worth mentioning are nature, geographic position, demographic trends, economy and human resources.

The programme should be built upon the best practices and wealth of initiatives undertaken through IPA I and II CBC between both countries and other ETC programmes such as Italy-Albania-Montenegro, the EU Strategy for the Adriatic and Ionian Region and Union programmes such as Erasmus Plus, Creative Europe, EaSI, Europe for Citizens, Horizon Europe, COSME, etc. which are under programming as well for 2021-2027 and in which both countries participate. This includes IPARD II and IPARD III.

Basic findings of the programme area for CBC are presented below:

- **The Economic characteristics** of both countries indicate similar trends. The structure of their economies is however slightly different. Montenegro is a small, open economy and Albania is a transition economy. Both sides of the programme area are however increasingly becoming more attractive for foreign investors, but there is a need on both sides to improve conditions and especially the infrastructure for doing business. Investments in tourism, renewable energy and agriculture could be potential sectors for attracting more FDIs. Light industry and food processing industries are also considered as a potential for accelerated economic growth in the programme area. While Albanian regions rely on agriculture, services, wholesale and retail markets; Montenegrin regions

feature more developed industry (wood, leather, etc.), and the level of tourism is much highly developed. Agriculture is commonly important for both sides.

- **Agriculture** is a major economic potential in the programme area. In general, the rural economy is fragmented, to a much higher degree in the Albanian side, and small agricultural holdings have difficulties in accessing markets. Production is moderately diversified and the range of main agricultural produce on both sides of the border is more complementary than competing. Improving efficiency in agriculture to develop additional sources of income, while preserving natural assets and finding synergies with tourism, would be a potential. Further improvement of the access to markets, especially for local products, investments in rural infrastructure and better management of water resources could also be priorities in the programme area. Modernizing agriculture, upgrading production processes and establishing the EU compliance food safety standards are challenges to be tackled in the programme area. Cross-border initiatives can support and promote: (i) the diversification of rural activities (e.g. tourist accommodation in farms); (ii) access to markets and development of production and marketing of organic food products and crafts; (iii) the protection (e.g. protected denomination of origin) and marketing of traditional agricultural and agro-food products; and (iv) cooperation among farmers and other producers. In the context of rural tourism, complementarities between this programme and IPARD II, and IPARD III should be found with regard to operations supporting rural tourism and agricultural products to help diversify tourism products and services.
- **Unemployment** remains an issue among the population of the programme area, especially for the socially sensitive groups such as youth and rural population, women, Roma. **Employment** insecurity is considered as the main reason for a high migration rate, especially in the rural or less developed areas where the unemployment rates are high as result from subsistence and low-scale agricultural production. Such issues can be very well dealt with in tourism coupled with sustainable and innovative agricultural practices, being the backbone of Montenegro's economy and strategic for boosting employment for Albania.
- **Environment protection** needs serious consideration in future development plans of the programme area. With the overall development of the programme area largely relying on natural resources, the environmental protection and preservation of these resources is crucial for the sustainable development of the area. Improved waste management, control of pollution, reforestation actions, sustainable livestock husbandry, an efficient use of energy resources, managing natural and manmade disasters, and improved land management are amongst the key priorities to be addressed by governmental and local development plans. Further valorisation of natural resources for economic development is a key issue in the area, especially on the Albanian side.
- The programme area has a high **tourism potential**, but such opportunities are utilized mainly on the Montenegrin side, while tourism in the Albanian side is still developing with increasing attention and focus from both national and local policymakers. CBC initiatives aiming to produce a joint touristic offer should be considered. Obvious synergies, potentially to be supported by the CBC programme, can be built between the regions in Albania and the coastal areas in Montenegro (developing within the programme area and the coastal tourism that can serve as a connecting bridge), but also with the "less touristic areas" in North-eastern Montenegro, which has similar characteristics in terms of environment, wild nature and mountains to north Albania. There is a need to develop a diversified tourism offer, including mountain culinary and agro-tourism, throughout the programme area. As such, the improved infrastructure in the Alps, Tamare and Accursed Mountains, could be supported with the development of new integrated and regional products. A strong potential is the culinary tourism based on the Albanian and Montenegro tradition, in the production of local wines and other products that could be promoted and developed jointly.

- There is a rich **historic-cultural-artistic-religious heritage** in the programme territory that needs to be preserved. Further valorisation of its historical and cultural heritage and synergies with religious tourism could contribute to strengthening the identity of the area. Cultural heritage is an asset for the economic development of the programme area. Cross-border cooperation among cultural institutions is already present, but it could be intensified further.
- Improving the **educational** curricula is a major priority for the programme area, focusing in youth and marginalised groups. The CBC programme will have a limited role in addressing these issues but may support exchanges between schools and vocational training centres in the border areas. The presence of universities and research centres in both sides of the programme area is an asset for the CBC programme and an opportunity not only for further enhancing academic cooperation, but also for initiating research programmes in the border area and in several sectors such as agriculture or tourism.
- Given that the **health sector** is centrally managed, it is judged that there is a limited number of actions which can be done under CBC programmes. It is however considered that there may be room for potential joint activities related to health prevention campaigns and health education.
- **Local and regional governments** are found to be financially weak without the means to boost local development. These need to make additional efforts in management, financial control and budgeting, as well as in adopting democratic approaches in decision making processes. Cooperation between local and regional governments between the two countries could be advanced.

### **3. PROGRAMME STRATEGY**

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

In the previous section, statistical data pertaining to the programme area was examined, a large volume of strategic documents was reviewed, and evidence on consultation with a variety of stakeholders was presented, for instance through questionnaires submitted and thematic meetings conducted by OSs and the JTS during the programming phase, as well as during the JTF meetings held. The findings were subsequently presented and discussed with the OSs and the JTF in charge of the programming effort in keeping with the coordination principle.

A fourth section of this document will present the financial package that will be made available to fund the implementation of this seven-year CBC programme.

But in the current and most important section, we will describe the thematic clusters/priorities, as they were selected after the socio-economic and SWOT analyses and a broad consultation with the CBC stakeholders. For the selection of the priorities, national IPA strategies and multi-country documents have been considered so as to see in more details the ways to create an added value to the programmes, highlighting synergies and absence of overlapping.

Other strategic documents, such as the Green Agenda and the Tirana Declaration on joint regional protocols to support tourism recovery and growth in the Western Balkans 6, issued by the Ministers of Tourism of the 6 countries of the WB are taken into consideration as well.

The selected priorities contribute to pave the way for economic development of the programme area through environmental protection, climate change adaptation and mitigation, risk prevention and management, as well as through improving the business environment and competitiveness.

The strategy has been developed taking into consideration the links between the different priorities and the impacts of already implemented operations. For example, 'improving capacities to adapt to climate change and respond to natural disasters and management' has a direct impact on environment protection and competitiveness while it has indirect impacts on development of tourism.

#### ***Objective of the Programme***

To promote good neighbourly relations, foster Union integration and contribute to social, economic and territorial development by improving the quality of life of the population in the cross-border area by tourism development based on cultural/natural heritage and by protecting the environment.

The thematic priorities which have been developed based on a thorough analyses of the situation in both countries with specific focus in the programme area and are the following:

#### **1 - Thematic Cluster 2: Greener and improved resource efficiency**

**TP2:** Environment protection, climate change adaptation and mitigation, risk prevention and management

The programme area is rich on environmental resources and has a high biological diversity which includes mountains, hills, plains, coastline, natural parks, lakes and rivers. Environmental preservation and protection of these resources are pillars of all development strategies in both countries and considered as high priority by both Governments. Improved waste management, control of pollution, an efficient use of energy resources, managing natural and manmade disasters, and improved land management are amongst the key priorities to be addressed by governmental and local development plans. Considering its importance in the economic

development of the area the JTF members unanimously agreed on the selection of this thematic priority to better address the needs of the programme area.

Furthermore, the content of this thematic priority has been developed according to the provisions set in national strategic papers:

- The [Albania National Strategy for Development and Integration 2014-2020](#) foresees that investment needs in the water sub-sector are substantial whilst management capacity constraints exist. Assistance must be envisaged to support various basic elements of a sector approach such as strategy development, budget planning, institutional and organizational development, and coordination.
- The indicative strategy paper for Montenegro states that assistance intervention should focus on the transposition and implementation of the water acquis, preparation of river basin management plans and creating conditions for establishing an efficient and effective water management system.
- The priority is also based while reviewing other international documents such as UN Sendai Framework for disaster Risk Reduction 2015-2030

## **2 - Thematic Cluster 4: Improved business environment and competitiveness**

The programme area has many business entities dominated by MSMEs, which play a crucial role in its economic development. However, competitiveness requires attention as it is still weak on both sides of the border. Higher productivity and further investment in know-how and use of innovation technologies are preconditions to becoming more competitive both nationally and internationally. In border areas, businesses normally exploit cross-the-border and international trade opportunities. Previous experience during the implementation of IPA programmes has identified that more support should be provided to MSMEs operating in the programme area through capacity building and joint initiatives to promote local products and crafts. In addition, unemployment remains an issue to be further addressed among the population of the programme area, especially for the socially sensitive groups such as youth and rural population, women, Roma, and is the main reason for a high migration rate.

The selection of this thematic priority is in line with the needs and challenges indicated in the following documents:

- The Albania country strategy paper foresees, among the results related to this field of intervention, to foster competitiveness and innovation, in particular through the development of small and medium scale enterprises, thus enhancing Albania's integration in regional and EU markets; to improve overall competitiveness of the agricultural sector and sustained rural areas.
- The indicative strategy paper for Montenegro stresses how Montenegro also needs to improve the business environment by developing access to information infrastructure to reduce both the digital divide within the country and the gap with the EU. It also needs to support the ability of traditional industries to compete and innovate through ICT improvements, training and digital skills development. Another important mechanism to increase the competitiveness of the economy of the country includes improving the quality and efficiency of the research and innovation policy, and strengthening its links with businesses.

### **TP5: Tourism and cultural and natural heritage;**

The programme area is characterised by a high tourism potential, but such economic opportunities still need to be developed by increasing attention and focus from both national and local policymakers. Also considering the similarities between the two countries in terms of environment, wild nature, mountain and coastal areas, the programme provides a good



opportunity for the development of joint touristic offers and production of local products that should be further promoted and developed.

As regards culture and natural heritage, the programme area is rich in cultural assets that include monuments and religious sites (churches, monasteries and mosques), old towns, archaeological ruins, castles and different museums. The programme area is also rich in diversified culinary and handicraft traditions that play an important role in tourism promotion and development. Limited public investments and subsidies have kept a low level of cultural activities in the programme area despite its rich heritage. This calls for new joint initiatives aimed at adding value to the cross-border heritage. Further valorisation of its historical and cultural heritage could contribute to strengthening the identity of the area and fostering economic development. Cross-border cooperation among cultural institutions is already present, but this could be intensified further.

This priority contributes to cover the needs and reach the main expected results as indicated in the following documents:

- The Albania country strategy paper clearly states that IPA funds might also foresee assistance to the preservation of cultural heritage. The potential of MSMEs notably in the tourism industry is underutilized. The linkage of tourism with the preservation of nature and cultural heritage could play a stronger role to boost economic growth and development.
- The indicative strategy paper for Montenegro considers tourism, energy, agriculture and rural development the main areas with great potential for economic growth. The reforms for improving economic competitiveness and innovation therefore need to pay particular attention to these economic sectors. This includes, inter alia, improving the business environment, regulatory performance, and access to capital for MSMEs.
- The Tirana Declaration on joint regional protocols to support tourism recovery and growth in the Western Balkans 6, issued by the Ministers of Tourism of the 6 countries of the WB, is of high importance as it considers tourism as an engine for economic, sustainable and inclusive growth and key strategic sector for regional recovery in the future. The cooperation with the private sector is considered as highly important as well as in this programme strategy.

### 3 - TP 0: Technical Assistance

A table with a Synthetic Justification of Thematic Priorities that have been selected has been prepared with the following:

**Table 3.1: Synthetic justification of thematic priorities**

Selected thematic priorities	Justification for selection
<p><b>1 - Thematic Cluster 2:</b>  <u>Greener and Improved resource efficiency</u></p> <p><b>TP2:</b> Environment protection, climate change adaptation and mitigation, risk prevention and management</p>	<p>The programme area has immense potentials to explore within the environmental sphere. This priority can greatly contribute to articulating a response of local communities to climate change, developing risk prevention measures and management. It can be considered as showing continuity with results achieved through IPA II projects. It has high cross border effect having in mind the fact that institutions and organisations having experience in this field can address common needs in the area through organizing different joint actions that could lead to joint solutions against specific impact of climate change on forests and farmland (e.g. bark beetle, irrigation, hail storms, etc.), prevention of floods, fires, droughts etc. It will furthermore improve capacities of disaster prevention services, enhance cooperation between relevant authorities and with CSOs.</p> <p><i>To sum up:</i></p> <ul style="list-style-type: none"> <li>- The programme area is home to several national parks, protected zones and landscapes reflecting rich biodiversity and great environmental variety.</li> </ul>

	<ul style="list-style-type: none"> <li>- It has a rich biodiversity, untouched and attractive environment, diversity of natural landscapes</li> <li>- It must increase public awareness on environmental protection measures and management</li> <li>- It should promote joint improved mechanisms to manage natural disasters such as floods, fires, earthquakes and other disasters – in line with the UN Sendai Framework for disaster Risk Reduction 2015-2030</li> </ul> <p>45 % of the IPA funds would go to this TP</p>
<p><b>2 - Thematic Cluster 4:</b> <u>Improved business environment and competitiveness</u></p> <p><b>TP5:</b> Tourism and cultural and natural heritage;</p>	<p>Tourism based on cultural and natural heritage is of high relevance for the CBC programme area. It provides the possibility to build upon previously implemented projects, to further contribute to diversification of the tourism offer in the area and through CBC initiatives, to exploit the resources still underused, capacity of rural areas and underused potentials. This allows for the opportunity of combining tourism with agriculture as this is perceived as a major economic potential in the programme area. In addition, unemployment, as a huge issue of the area, can also be tackled with this TP.</p> <p><i>To sum up:</i></p> <ul style="list-style-type: none"> <li>- The programme area is rich in natural resources that are highly favourable for the development of tourism and as the main economic drives to increase the opportunities for the welfare and prosperity of the inhabitants in the programme area.</li> <li>- A diversity of touristic destinations offering seaside and mountain tourism activities, as well as a wealth of architectural, natural, cultural heritage and religious sites can be easy promoted.</li> <li>- In rural and remote areas, all kinds of tourism related to mountain sports (skiing, hiking, biking, rafting, etc.) have a clear potential.</li> <li>- The programme area is rich in diversified culinary and handicraft traditions that could play an important role in further promotion and tourism development.</li> <li>- The further development of agriculture products and agro-processing industry and wood, crafts industry can be connected with tourism.</li> <li>- The educational system can provide to youth opportunities to engage in entrepreneurship in tourism and advance qualitative and competitive services and products.</li> <li>- Innovation and ICT should be applied to a tourism based on culture and natural heritage.</li> <li>- Opportunities to create an integrated tourism product include both lake, coastal and mountain areas.</li> </ul> <p>45% of the IPA funds would go to this TP</p>
<b>TPO - TA</b>	10% of the IPA funds would be dedicated to the TPO Technical Assistance

### 3.2. Description of programme priorities

The IPA III Programming Framework contains the following indicators on the strategic objectives of IPA III CBC, common for all IPA III CBC programmes:

**Table 3.2. IPA III programing strategic indicators**

IPA III strategic objectives for CBC	INDICATOR	BASELINE* (2021)	TARGET (2029)
<i>Reconciliation, confidence building and good</i>	Number of organisations participating in cross-border networks/partnerships formed, disaggregated by type of organisation (especial mention of women's associations)	201	307

IPA III strategic objectives for CBC	INDICATOR	BASELINE* (2021)	TARGET (2029)
<i>neighbourly relations</i>	Number of organisations directly involved in the implementation of the projects, disaggregated by type of organisation (especial mention of women's associations)	214	474
<i>Economic, social and territorial development of border areas</i>	Number of new jobs resulting from programme activities, disaggregated by the sex and age of the new employees	0	24
	Number of new businesses established, disaggregated by the sex and age of the owner	0	61
<i>Capacity building of institutions at all levels</i>	Number of organisations/institutions with increased capacities, disaggregated by the type of organisation (especial mention of women's associations)	0	62

\* Baselines were determined on the basis of achieved values of contracted projects under IPA II ME-AL programme as reported with 31 March 2021. The source of all these indicators will be the regional monitoring system. However, the data was taken as reported by the grant beneficiaries and not all of them were necessarily verified by the moment of extraction from the system.

Programme beneficiaries will also report about these indicators in every annual implementation report. Data for calculation of the values of indicators will be collected from the projects implemented under selected thematic priorities. The regional monitoring system will help them in this task with the necessary data.

## Overview of the programme strategy

### 1 - Thematic Cluster 2 – Greener and improved resource efficiency

#### TP2: Protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management

The selection of this TC includes investments to ensure disaster resilience against specific risks, by education in schools and strengthening of public services related to protection of environment. It would therefore seek to **enhance environmental protection, the resilience of communities for adaptation to climate change, risk preparedness and disaster management**. The actions under this TC would result in:

- **improved capacities to adapt to climate change and respond to natural disasters and management.** To achieve this, the programme could undertake investments to address specific risks, ensuring disaster resilience, fight against forests' and farmland's pests, prevention of floods, fires, droughts, storms, etc., investments for small infrastructure (e.g. targeted irrigation systems), coordinated response to natural and manmade disasters (including joint rescue protocols and operational procedures, equipment for responsible public bodies), capacity building of citizens' associations and local authorities to foster innovative environmental management approaches, initiatives to promote the sustainable use of natural resources in danger, promoting green initiatives in urban areas (i.e. energy efficiency measures such as greenhouse gas emissions and other pollutants).
- **Enhanced protection of the environment through pollution control and strengthened public services.** Activities under this result include actions for combating pollution, specific support to green investment-mobilisation focusing on key sources of pollution or key green growth potentials in the region – such as: lesson sharing and pilot testing of practical solutions for uptake of renewable energy and energy efficiency in enterprises, public buildings and households, Support to sustainable agriculture (through e.g. matching of the local production potentials with

external demand, certification of local agricultural products, or integration of local producers into key supply chains with sustainable agriculture products). In addition, it will undertake initiatives towards environmental issues: protection, safeguarding natural resources and utilization, , public awareness campaigns on environmental protection measures in line with EU policies and ecotourists demands, actions for strengthening the relevant public services related to the protection of environment, as well as cross-border networks, for instance among universities, research centres and CSOs in the field of research and education, exchange of experience on environmental topics, peer learning, non-formal education activities, volunteer actions with focus on youth, etc., social entrepreneurship initiatives supporting environmental protection (recycled products, etc.). Below is provided a summary table on the intervention logic.

<b>1 - Thematic Cluster 2: Greener and Improved resource efficiency</b>						
<b>Thematic Priority 2 : Protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management</b>			<b>Indicators</b>	<b>Baseline (year) 2021</b>	<b>Target (year) 2029</b>	<b>Sources of data</b>
<b>Specific objective (s)/ outcomes</b>	<b>Results / Outputs</b>	<b>Types of activities (examples)</b>				
			<b>Impact</b> Percentage of population from the programme area benefitting from interventions to safeguard and manage environmental issues and contributing to its protection	0%	20%	State statistical offices
2.1. The cross-border territory is more environmentally sustainable and resilient	2.1.1. Improved capacities to adapt to climate change and respond to natural disasters and management	<ul style="list-style-type: none"> <li>- Investments to address specific risks, ensuring disaster resilience</li> <li>- Fight against forests' and farmland's pests</li> <li>- Prevention of floods, fires, droughts, storms, etc.</li> <li>- Investments in small and critical infrastructure and systems (e.g. targeted irrigation systems) and other practical solutions</li> <li>- Coordinated response to natural and manmade disasters (including joint rescue protocols and operational procedures, equipment for responsible public bodies)</li> <li>- Capacity building of citizens' associations, policymakers, local authorities to foster innovative environmental management approaches</li> <li>- Initiatives to promote the sustainable use of natural resources in danger</li> <li>- Support implementation of ecosystem - based approaches and nature-based solutions to disaster risk management</li> </ul>	<b>Outcomes</b> -Number of emergency services from both sides of the border with increased capacities through joint initiatives <sup>9</sup>	2	8	<ul style="list-style-type: none"> <li>- Reports from beneficiaries</li> <li>- AIR</li> <li>- Monitoring system</li> </ul>
			-Number of joint risk management measures included in the routine of relevant bodies in the cross-border area	0	5	
			- Number of strategies and action plans adopted based on research of risk areas	1	3	
			<b>Outputs</b> - Number of people with increased capacities in rescue protocols (disaggregated by gender and age)	0	100	
			- Number of targeted trainings delivered	1	11	
			- Number of protocols for joint interventions in border areas established,	0	2	
			- No of joint management initiatives in relation to risk prevention and management implemented	0	2	
			- Number of rescue services related to disaster management receiving support	2	4	

<sup>9</sup> Types of initiatives: Initiative is to be understood as a group of activities agreed and implemented in a coordinated manner to achieve a certain result. In majority of cases, there can be only 1 joint initiative aiming to achieve the same result under 1 CBC project

1 - Thematic Cluster 2: Greener and Improved resource efficiency						
Thematic Priority 2 : Protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management			Indicators	Baseline (year) 2021	Target (year) 2029	Sources of data
		<ul style="list-style-type: none"> <li>- Actions for enhancing resilience in urban areas by promoting green initiatives (i.e., nature-based solutions, green infrastructure etc.)</li> <li>- Developing frameworks for cross-border cooperation and pooling of available resources for civil protection and disaster response, including expected future risks (including those associated with climate change) that supports multi-hazard risk anticipation and builds on higher-level studies and guidelines</li> </ul>	<ul style="list-style-type: none"> <li>-Number of departments within the public administration equipped for improved cross-border management of disasters and dealing with climate change</li> </ul>	4	8	
			<ul style="list-style-type: none"> <li>-Number of institutions included in joint management initiatives in relation to risk prevention and management</li> </ul>	4	8	
	2.1.2. Enhanced protection of the environment through pollution control and strengthened public services	<ul style="list-style-type: none"> <li>- Lessons sharing and pilot testing of practical solutions for uptake of renewable energy and energy efficiency in enterprises, public buildings and households</li> <li>- Support to sustainable agriculture (shifting to sustainable practices in agriculture in order to reduce the pollution, also through matching of the local production potentials with external demand, certification of local agricultural products, integration of local producers into key supply chain with sustainable agriculture products)</li> <li>- Actions for strengthening the relevant public services related to the protection of environment</li> <li>- educational cross-border networks, for instance among universities, research centres and NGOs in the field of research and education</li> <li>- Exchange of experience on environmental topics, peer learning, non-formal education activities, volunteer actions with focus on youth, etc.</li> <li>- Social entrepreneurship initiatives supporting environmental protection (recycled products, etc.)</li> </ul>	<p><b>Outcomes</b></p> <ul style="list-style-type: none"> <li>- Number of public services with increased capacities</li> <li>- Percentage of population of the Programme area reached by the awareness campaigns</li> </ul> <p><b>Outputs</b></p> <ul style="list-style-type: none"> <li>- Number of pilots tests for uptake of renewable energy and EE</li> <li>- No of agricultural products produced in accordance with sustainable agriculture</li> <li>- No of young people with increased capacities in environmental issues (disaggregated by gender)</li> <li>- No of awareness campaigns implemented</li> <li>- No of joint training programmes/curricula developed</li> <li>- Number of joint environmental actions in schools implemented</li> <li>- No of research studies developed</li> <li>- No of organisations involved in networks</li> </ul>	2  No data  0 0 0 2 0 2 0	4  30%  2  600 4 1 4 6 20	<ul style="list-style-type: none"> <li>- Reports from beneficiaries</li> <li>- AIR</li> <li>- Monitoring system</li> </ul>

Main beneficiaries<sup>10</sup>: Authorities at all levels and institutions with competences in the policy area, local governments and their institutions; development agencies; organisations (including CSOs) for nature protection and climate change; public bodies responsible for fire/flood/emergency services, educational institutions of all levels; bureaus of education and vocational education centres.

Target groups: staff of all levels of administration in both countries and in particular of those sectors and departments bearing responsibility for risk management, and climate change volunteer organizations/bodies, social partners and civil society, local communities and general public, research staff, teachers and young population.

## 2 - TC 4: Improved Business Environment and Competitiveness

### TP5: Tourism and cultural and natural heritage

Targeting **tourism, cultural and natural heritage** will improve and diversify the tourism offer in rural areas, increase capacities of service providers in tourism and develop innovative joint offers for cultural and natural heritage sites. On one hand, this will both develop new joint tourist offers and improve small scale infrastructure, preserve/renovate/digitilise/make visible the many historical, religious and cultural sites of the programme, create innovative solutions, etc. and, on the other hand, it will provide an opportunity to the population of the border area to be more actively involved in tourism services/agriculture initiatives. The activities that can be undertaken are new innovative, competitive joint tourist offers applying modern technologies for the promotion of cultural and natural heritage, creation of joint touristic packages and their marketing through national/international travel operators, setting up or supporting already established guest houses with capacity building and experience sharing with focus on preserving local traditions, training courses, upgrading the services to visitors of historical, religious and cultural sites, using innovative methods, capacity building of service providers, promoting unexplored natural and cultural sites, small scale infrastructure, etc.

In addition, a series of capacity building and education actions, the use of ICT and VET will involve **SMEs/service providers working in the tourism sector who will have the opportunity to strengthen standards in terms of services and quality of products and enhance competitiveness**. This will enhance capacities of tourist entrepreneurs to provide competitive and innovative services. Activities to reach this would be developing innovative new models for tourism actors/SMEs, in particular regarding competitiveness by promoting local products in the cross-border area, support the development of local bio/organic products, agri-food SMEs eco-friendly products, branding, and internationalization within tourism, support to the educational institutions involved in providing high quality tourism services, competitive offers and professional standards in the tourism industry in accordance with the labour market demand (including marginalized young people, Roma, women), development of innovative learning systems, increase skills and foster entrepreneurial learning in tourism in multi-stakeholders' partnerships (e.g. policy makers, business entities, and training and education institutions), training of young people, including marginalized groups, for tourism entrepreneurial initiatives in remote areas, Support the use of innovation and ICT to increase quality of service provision and enhance competitiveness, support local farmers in the field of agriculture production and agro-processing industry, wood and crafts industry in connection with tourism, actions to improve the business environment and enhanced opportunities for business creation and employment in tourism

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<sup>10</sup> Legal entities that would be expected to implement the CBC operations under this thematic priority.



focusing in young people, marginalized and vulnerable groups, including rural and remote areas, participation of tourism enterprises in specific VET education through e.g. joint projects, joint exchange schemes etc., among others. Below is provided a summary table on the intervention logic.

2 - TC 4: Improved Business Environment and Competitiveness						
TP5: Tourism and cultural and natural heritage			Indicators	Baseline (year) 2021	Target (year) 2029	Data source
Specific objective(s) / Outcomes	Results/ Outputs	Types of activities (examples)	Impact	No data <sup>11</sup>	20%	State statistical offices
1.1: Cross - border tourism and cultural/natural heritage contributes more to cross-border economic development	1.1.1. Improved and diversified offer of tourism products based on joint initiatives for the utilisation of cultural and natural heritage <sup>12</sup>	<ul style="list-style-type: none"> <li>- New innovative, competitive joint tourist offers applying modern technologies for utilisation of cultural and natural heritage</li> <li>- Creation of joint tourist packages and their marketing through national/international travel operators</li> <li>-Diversification of eco- and sustainable tourism offers and development of sustainable, circular and/or low-waste tourist products;</li> <li>-Workshops for local stakeholders to integrate circular and sustainable principles in their products</li> <li>- Setting up or supporting already established guest houses with capacity building and experience sharing with a focus on preserving local traditions (e.g. costumes, cuisine, dancing and songs, handicrafts, etc.)</li> <li>- Training courses based on a credits scheme for professional tour guides in cooperation with the tour guides accredited associations</li> </ul>	<b>Impact</b> Increase in the number of visitors to the cross-border area	No data <sup>11</sup>	20%	<ul style="list-style-type: none"> <li>- Report of Beneficiaries</li> <li>- Monitoring system</li> <li>- AIR</li> </ul>
			<b>Outcomes</b> -Number of new joint tourism products commercialised <sup>13</sup>	4	9	
			-Number of historical, cultural and natural sites and buildings newly open to public visits	0	3	
			-Percentage of tourism offers generated by the CBC initiatives adopted by tourist operators active in the area	10%	15%	
			-Number of tourists using new/improved products.	100	1100	
			- Number of jobs created as result of the activities implemented in the tourism sector	0	20	
			<b>Outputs</b> - Number of new joint sustainable <sup>14</sup> tourist products <sup>15</sup> developed;	5	15	
			- Number of small-scale investments in tourism infrastructure made;	2	4	
- Number of tourism sites mapped	2	10				
-Number of upgraded natural sites	0	10				

<sup>11</sup> Baseline to be set for 2020 to capture Covid-19 effects. Data are not yet published at the time of submission of the programme document.

<sup>12</sup> Please note that legal entities implementing operations involving natural and cultural heritage sites and aspiring to increase the number of visitors in those sites must include among the activities of their project a visitor management action plan. Such a requirement will have to be reflected in the corresponding guidelines for applicants of the call for proposals.

<sup>13</sup> Commercialised meaning tourism products made visible and known to both national, cross-border, regional and international market and, above all, offered to these markets by tourism operators active in the area

<sup>14</sup> Sustainable refers to impact that the actions will also have both in tourism and environment

<sup>15</sup> "A tourism product is a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific center of interest which represents the core of the destination marketing mix and creates an overall visitor experience including emotional aspects for the potential customers. A tourism product is priced and sold through distribution channels and it has a life-cycle", Source: UNWTO. In that respect as the new or improved CB tourist product should be considered any combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities from the two sides of the border around a specific center of interest, developed or improved by beneficiaries of this programme and offered in the market.

2 - TC 4: Improved Business Environment and Competitiveness						
TP5: Tourism and cultural and natural heritage		Indicators	Baseline (year) 2021	Target (year) 2029	Data source	
		<ul style="list-style-type: none"> <li>- Upgrading the services to visitors of historical and cultural sites</li> <li>- Developing joint offers and packages linked to cultural heritage through innovative methods</li> <li>- Capacity building for staff working in cultural sites and training opportunities for young people to engage in the sector, including marginalized groups</li> <li>- Innovative tourism offer to explore natural heritage and cultural sites</li> <li>- Promotion of unexplored natural and cultural sites, including remote and rural areas by organizing joint events, festivals, concerts, cultural tours</li> <li>- Small scale infrastructure interventions to facilitate and exhibit natural and cultural heritage sites.</li> </ul>	-Number of cultural heritage sites improved	11	21	
			- Number of innovative solutions created (digital tours online, mapping, etc)	0	2	
1.2. To upgrade the competitiveness of service providers/SMEs in the tourism sector	1.2.1. Capacities of tourist entrepreneurs to provide competitive and innovative services enhanced	<ul style="list-style-type: none"> <li>- Developing innovative new models for tourism providers/SMEs, regarding competitiveness by promoting local products in the cross-border area</li> <li>- Support the development of local bio/organic products, agri-food SMEs eco-friendly products, branding, and internationalization within tourism</li> <li>- Support to the educational institutions involved in providing high quality tourism services, competitive offers and professional standards in the tourism industry in accordance with the labour market demand (including marginalized young people, Roma, women)</li> <li>- Development of innovative learning systems, increase skills and foster entrepreneurial learning in tourism in multi-stakeholders' partnerships (e.g. policy makers, business entities, and training and education institutions)</li> <li>- Training of young people, including marginalized groups, for tourism entrepreneurial initiatives in remote areas</li> <li>- Support the use of innovation and ICT to increase quality of</li> </ul>	<b>Outcomes</b> - No of new innovative and qualitative services from actors operating in the tourism sector commercialised	4	9	- Report of Beneficiaries - AIR - Monitoring system
			- Number of local bio/products and services that were placed in international market	0	2	
			- Number of training curricula/programmes matching the needs of the labour market in the tourism sector adopted by education institutions (including VET institutions)	0	1	
			- Number of new businesses established as a result of the operations;	0	4	
			<b>Outputs</b> - No of new models for tourism actors/SMEs promoting local products	0	2	
			- Number of local bio/products and services that were branded	1	2	
			- Number of new innovative and qualitative services produced	4	14	
			- No of local bio/products developed	0	5	
			- No of joint capacity building events delivered;	11	20	



2 - TC 4: Improved Business Environment and Competitiveness					
TP5: Tourism and cultural and natural heritage		Indicators	Baseline (year) 2021	Target (year) 2029	Data source
	<ul style="list-style-type: none"> <li>service provision and enhance competitiveness</li> <li>- Support local farmers in the field of agriculture production and agro-processing industry, wood and crafts industry in connection with tourism</li> <li>- Actions to improve the business environment and enhanced opportunities for business creation and employment in tourism focusing in young people, marginalized and vulnerable groups, including rural and remote areas</li> <li>- Participation of tourism enterprises in specific VET education through e.g. joint projects, joint exchange schemes etc.</li> <li>- Grant schemes for service providers in the tourism sector or new ones to increase accommodation and catering capacities and quality.</li> </ul>	<ul style="list-style-type: none"> <li>- No of tourism providers that received support;</li> <li>- Number of tourism enterprises from the eligible areas participating in supported VET programmes related to tourism</li> <li>- Number of local farmers involved in project activities in the field of agriculture (disaggregated by gender and age)</li> <li>- No of sub-granting scheme launched to tourism operators/actors/new ones to increase accommodation and catering capacities and quality</li> </ul>	71	91	
			0	10	
			0	20	
			0	2	

Main beneficiaries<sup>16</sup>: tourism organisations at national/local level, Development organisations/agencies, Local self-governments, Chamber of commerce, crafts, business associations, clusters, cooperatives, Association of farmers, Nature/environment protection institutions, institutions in the field of cultural heritage, CSOs active in the field, education institutions (schools and higher education institutions); business enterprises and other organizations involved in education; licensed youth and adult education providers; bureaus for education and vocational education centers, <sup>17</sup>Youth organisations.

Target groups: people working in agriculture sector/professionals working in tourism organizations/institutions in charge for nature protection, SMEs, young entrepreneurs, clusters, souvenir producers; people living in mostly rural areas of the border region/people struggling with unemployment, Local touristic organizations, institutions in charge for nature protection; NGOs, and souvenir producers; People living in mostly rural areas of the border region/people struggling with unemployment, association of agricultural producers, tourist organisations, CSOs, local authorities; students, teachers, management and non-teaching staff in education institutions.

### 3 - Thematic Priority 0: Technical Assistance

**The specific objective of the technical assistance** is two-fold: (i) to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme; and (ii) to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.

<sup>16</sup> Legal entities that would be expected to implement the CBC operations under this thematic priority.

<sup>17</sup> Whether the ones which are licensed providers of practical VET education or as partnering institutions involved in school/out-of-school activities and school projects

It also supports awareness-raising activities at country level in order to inform citizens in both IPA III beneficiaries. This priority will also reinforce the administrative capacity of the authorities and beneficiaries implementing the programme with a view to improve ownership and suitability of the programme and projects' results.

The technical assistance allocation will be used to support the work of the national OSs and of the JMC in ensuring the efficient set-up, implementation, monitoring and evaluation of the programme, as well as an optimal use of resources. This will be achieved through the establishment and operation of a JTS with its main office in Montenegro and an antenna office in Albania. The JTS will oversee the day-to-day management of the programme and will be reporting to the OS and JMC.

**Expected results:**

1. The administrative capacity for CBC reinforced
2. Potential applicants and grant beneficiaries supported
3. The visibility of the programme and its outcomes is guaranteed

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

- Programme management structures
- Potential applicants
- Grant beneficiaries
- Final project beneficiaries
- Wider public

**Main beneficiaries:**

- CBC Structures
- Joint Monitoring Committee
- Local authorities

3 - Technical assistance			Indicators	Baseline value 2021	Target value 2029	Data source
			<u>Impact</u>			
			Percentage of funds available under the programme that are contracted	54,02%	90%	AIR, Monitoring system
0.1. To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and	0.1.1 The administrative capacity for CBC reinforced	<ul style="list-style-type: none"> <li>- Establishment and functioning of the Joint Technical Secretariat and its Antenna</li> <li>- Organisation of JMS and OS meetings</li> <li>- Support to the work of the Joint Task Force in charge of preparing the programme cycle 2028-2034</li> <li>- Monitoring of project and programme implementation, including the establishment of a monitoring system and related reporting</li> </ul>	<u>Outcome</u>			
			Percentage of JMC and OSs decisions implemented in a timely manner (as prescribed in the minutes of meetings)	90%	90%	AIR, MoM, Monitoring system
			Percentage of projects covered by monitoring visits	100%	100%	AIR, project reports Monitoring system
			<u>Output</u>			
			Number of JTS offices functional	2	2	AIR
Number of events organized in relation to programme management	21	45	AIR, Monitoring system			

3 - Technical assistance						
3 - Technical assistance			Indicators	Baseline value 2021	Target value 2029	Data source
local communities and, in general, the population in the eligible programme area		- Organisation of evaluation activities, analyses, surveys and/or background studies	Number of project monitoring visits implemented	24	60	AIR, project reports, Monitoring system
	0.1.2. Potential applicants and grant beneficiaries supported	- Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives - Preparation of internal and/or external manuals/handbooks - Assistance to potential applicants in partnership and project development (partners search forums etc.) - Advice to grant beneficiaries on project implementation issues	<u>Outcome</u>			
			Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support	99,67%	90%	AIR, project reports, monitoring system
			<u>Output</u>			
			Number of capacity building events for potential applicants, grant beneficiaries and programme structures' employees	36	70	AIR, project reports Monitoring system
			Number of internal/external manuals or handbooks prepared	4	8	AIR and other reports
0.1.3 The visibility of the programme and its outcomes is guaranteed	- Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc.	<u>Outcome</u>				
		Number of people reached by information/promotion campaigns	3000	6000	AIR and other reports	
		<u>Output</u>				
		Number of information/promotion campaigns implemented	6	12	AIR and other reports	
		Number of promotional and visibility events organized	36	72	AIR and other reports	

### 3.3. Horizontal and cross-cutting issues

Cross-cutting issues are laid down in several international conventions, declarations and treaties on development that are binding on EU countries and most beneficiary countries. They must be considered at all stages of the funding cycle. Therefore, in accordance with EU objectives and policies, the programme will incorporate the horizontal principles of cross-border partnership, local ownership and equal opportunities, and will ensure that cross-cutting issues, such as non-discrimination of minority and vulnerable groups, participation of civil society organisations, environment protection, gender rights, and good governance are respected and encouraged in the design and implementation of projects. All the above issues are targeted through the selected priorities of the programme.

The current EU Cohesion Policy framework makes environment and sustainable development one of the horizontal themes that should be integrated across all priorities, measures and projects.

The EU has repeatedly recognized that gender equality is key to achieving development objectives. Moreover, gender equality is a priority for the EU. The programme targets tourism and promotion on natural and cultural heritage where employability and opportunities under the gender perspective will be taken into consideration.

### **Gender equality and equal opportunities**

On 25 November 2020, the EU adopted 'the Joint Communication to the European Parliament and the Council on the 2021-2025 EU Gender Action Plan (GAP) III'. This communication defines gender equality as 'a core value of the EU and a universally recognised human right, as well as an imperative to well-being, economic growth, prosperity, good governance, peace and security. All people, in all their diversity, should be free to live their chosen life, thrive socially and economically, participate and take a lead as equals.'

'Drawing from the 2020 – 2025 EU gender equality strategy, which calls for a gender-equal Europe, this new EU Gender Action Plan for 2021–2025 (GAP III) calls for a gender-equal world and is complementary to the LGBTIQ equality strategy for 2020-2025. It will scale up the EU contribution to reach the Sustainable Development Goal (SDG) 5 in all EU internal and external policy areas and across the 2030 Agenda.' The SDG 5 reads 'achieve gender equality and empower all women and girls'.

Gender mainstreaming remains the primary means to achieve gender equality. Its purpose is to ensure that this CBC programme maximises its benefits for all and contributes to stopping the perpetuation of inequality.

Complementing the foregoing Joint Communication, the EU also adopted on 25 November 2020 a Joint Staff Working Document titled 'Objectives and Indicators to frame the implementation of the GAP III'. These objectives and indicators should serve to monitor progress in the implementation of the 2021-2025 GAP III and measure its results at country, regional/multi-country and international levels.

In 2017, Montenegro passed the National Strategy of Sustainable Development 2030 (NSSD) which transposed the UN Sustainable Development Goals into a national context. By 2030, Montenegro pledged: to eliminate political, economic and other gender-based discrimination, to achieve a minimum level of 40 % representation of women at both national and local levels, to eliminate all forms of violence against women and girls in private and public spheres, including human trafficking and sexual exploitation, to achieve equal participation in unpaid work, to achieve equality in employment, and to strengthen national mechanisms for gender equality.<sup>18</sup>

The GDP per capita for women and men (GDP/number of women and men, respectively) is worth noting: the GDP per capita (for women) amounts to 86 % of the national GDP per capita, while the GDP per capita for men amounts to 114 % of the national GDP per capita.

The promotion of gender equality is under the umbrella of various sectoral strategies in Albania. The National Strategy and Action Plan on Gender Equality (NSAPGE) 2016- 2020, out of four strategic goals sets out one on economic empowerment of women and men with an objective to increase participation of women in the labour market and reduce the gender gaps in the labor market.<sup>19</sup>

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<sup>18</sup> Government of Montenegro, National Strategy for Sustainable Development 2030, 2017, p. 297

<sup>19</sup> National Strategy and Action Plan on Gender Equality 2016-2020. 2016. <https://awenetwork.org/wp-content/uploads/2017/01/SKGJB-EN-web.pdf>

Until 2020, Albania had made gradual progress in all global gender indices.<sup>20</sup> Overall, Albania has a solid normative framework in place to promote, enforce and monitor equality and non-discrimination on the basis of sex.

In Albania gender gaps in economic opportunities include low labour force participation, high levels of informality, gender segregation, and low access to productive inputs. The overall activity rate for the population aged 15 to 64 steadily increased over the period 2013-2019.

In 2019 in Albania, the unemployment rate for men aged 15-64 was 12.2 % versus 11.8 % for women. Overall, the unemployment rate declined for both women and men compared to the previous year, yet decreased for men by almost one percentage point, while for women only by 0.5 percentage points.

### **TC 5 'improved capacity of regional and local authorities to tackle local challenges'**

The thematic cluster 5 'improved capacity of regional and local authorities to tackle local challenges' should be mainstreamed by the IPA III beneficiaries in this cross-border cooperation programme.

**Table 3.3 Overview of the proposed measures while developing the mainstream Thematic Cluster on local and regional authorities to tackle local challenges**

<b>General character</b>	<b>Mainstreaming to improve capacity of local authorities</b> with a view of increasing and strengthening their participation in CBC will be dealt with at the level of CBC operations as well as through activities to be implemented by OSs and JTS under the Technical Assistance priority.
<b>Under the thematic priority Technical Assistance</b>	To review the specific needs and interests of the regional and local authorities <b>to increase their participation in CBC operations</b> and based on findings, amend the JTS work plans as appropriate, including but not limited to the following: to launch targeted awareness raising campaigns, especially prior to the publication of calls of proposals; these campaigns will go in parallel with, and be reinforced by usual OSs/JTS activities such as partner search forums, project clinics for unsuccessful applications, help desks as well as trainings on preparation of CBC application organized for potential applicants, in which all types of potential applicants will also be included
<b>Within CBC operations</b>	<p>Every application is encouraged to <b>involve regional and local authorities</b> in their development and future implementation and to describe how it is aligned to and contributes to local development plans</p> <p>If so agreed, in some calls for proposals or within a specific lot of a call for proposals, to include regional and local authorities in every CBC partnership of applicants. For regions eligible to different CBC programmes, attention should be paid to avoid saturation. Such calls for proposals or lots within a call could receive, for example applications that have several local authorities as implementing partners (inter municipal cooperation), and most importantly, it should encourage partnerships with smaller, weaker, rural local authorities, by which, for instance, the main applicant (a larger municipality) will assist a smaller one, seconding staff to it, or receiving staffers for training purposes from those less developed municipalities (share of resources)</p> <p>NB: If so decided, Actions fully relying on staff of the regional and local authorities should be privileged, while reducing to a minimum<sup>21</sup> the presence of external managers among the human resources of the project.</p>

<sup>20</sup> Global Gender Gap Index of the World Economic Forum Women, the Peace & Security (WPS) Index, and gender indices reported on in the UNDP Human Development Report

<sup>21</sup> This could be regulated with the enforcement of a maximum percentage for this purpose out of the total eligible costs of the action.

*Measures envisaged in the programme to increase the capacity of regional and local authorities to tackle local challenges will encompass the field of environmental governance.*

### **3.4. Coherence with other programmes and macro regional strategies**

**European Green Deal**<sup>22</sup>: The programme priorities are fully consistent with the **European Green Deal** which states as its overarching purpose “*the Green Deal will make consistent use of all policy levers: regulation and standardisation, investment and innovation, national reforms, dialogue with social partners and international cooperation.*” Moreover, a priority is to unlock the full benefits of the digital transformation to support the ecological transition. An immediate priority is to boost the ability to predict and manage environmental disasters.

Mainstreaming biodiversity safeguards across all economic activities is one of the five pillars of the Western Balkans Green Agenda, as well as central to the European Green Deal. Implementation of Birds and Habitats Directives, together with enforcement of Environmental Impact Assessment and Strategic Environmental Impact Assessment Directives are preconditions for further sustainable infrastructure development.

**The Western Balkans Green Agenda** sets out five pillars. Biodiversity, protection and restoration of ecosystems is stated in pillar five and has a central place in the Green Deal among the set of policy initiatives by the European Commission to make Europe climate neutral by 2050. The commission says that “the ecological transition for Europe can only be fully effective if the EU’s immediate neighbourhood also takes effective action.”

Therefore, the programme will ensure coherence with the **Green Agenda for the Western Balkans** according to its Guidelines for Implementation.

The Green Agenda for the Western Balkans can greatly benefit from Smart Specialisation Strategies, which are conceived as place-based, innovation-led transformation agendas for sustainability. The Smart Specialisation Strategy of Montenegro, adopted in 2019, addresses environmental and sustainability in two priority domains: first, sustainable agriculture and food value chain; and second, energy and sustainable environment.

CBC provides the opportunity for tackling common problems and for sharing knowledge and good practice, for instance, on biodiversity benefits of nature-based solutions, mechanisms for regional cooperation on biodiversity conservation and on support to knowledge exchange with research centres. Moreover, education is key to positively affect behaviours regarding the environment, starting from an early age as well as to reskill workers from transition industries. Curricula need to include key competences and skills necessary to perform in the green economy.

As the IPA III proposal has a dedicated window of the programming framework for the implementation of the Green Agenda and sustainable connectivity, this CBC programme will strive to ensure synergy and complementarity with all initiatives envisaged under this window.

**Paris Agreement on Climate Change**: The Western Balkans is one of the regions in Europe most heavily affected by the impact of climate change. Montenegro and Albania are signatories of the **Paris Agreement on Climate Change**, which builds upon the **Convention on Climate Change** and brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects. It aspires to cut greenhouse gas emissions 55 % by 2030. Climate change will continue to create significant stress in the Western Balkans despite mitigation efforts. Strengthening the efforts on climate proofing, resilience building, prevention and preparedness in the region is therefore crucial. It should include engaging the private sector in resilience investments and developing natural disaster risk transfer mechanisms. Initiatives

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<sup>22</sup> COM(2019) 640 final

dealing with preparation and implementation of long-term climate adaptation strategies to increase resilience, notably through climate proofing of investments would perfectly fit into the Agenda.

In addition, the 2018 **RCC Study on Climate Change support the Western Balkans (WB)** region in creating its sustainable development cycle coordinated by the priorities of the WB economies, which is in compliance with global and EU responsibilities, releasing some burden of extensive work expected from each economy to implement.

**Economic and Investment Plan for the Western Balkans:** which aims to spur the long-term economic recovery of the region, support a green and digital transition, foster regional integration and convergence with the European Union. With the Economic and Investment Plan, the EU will back the Enlargement Package assessment with action, providing deep and strong support for economic recovery and reform – for a modern, greener and more prosperous Western Balkans delivering better to their citizens on the road to the EU. It will mobilise up to €9 billion of funding for investment flagships in the areas of transport, energy, green and digital transition, to create sustainable growth and jobs and also offers a path for a successful regional economic integration to help accelerate convergence with the EU and close the development gap between our regions, ultimately speeding up the process of EU integration. This plan shall help to transform the Western Balkans into one of the most attractive region for investments in the world.

As enshrined in the Guidelines for the Implementation of the Green Agenda in the WB and the Economic and Investment Plan for the WB, this programme will ensure full consistency with the green transition as an EU internal and external aid priority. The programme will thus mainstream in its operations an efficient use of resources by moving to a clean, circular economy, the restauration of biodiversity and the reduction of pollution.

**IPA/IPA CBC, Interreg and transnational programmes:** In addition, both Montenegro and Albania are part of other IPA/IPA CBC, Interreg and transnational programmes. In this context, the overlapping of eligible territories between different programmes is possible. The programme Montenegro - Albania overlaps with other IPA CBC programmes such as with BA-ME in three municipalities and with RS-ME in 4 of them, ME-KS in 11 municipalities out of 14 from the Montenegrin side and AL-KS in 4 municipalities out of 8 from the Albanian side. Regarding thematic priorities, all the above-mentioned programmes selected TP 5: Encouraging tourism and cultural and natural heritage, while the specific objectives within the TP are different between the programmes. The complementarity between these programmes will be performed in a way that CFPs will be coordinated jointly between the programmes in order to alternate the priorities of CFPs and to share information in advance. In addition, the coordination meetings between OSs will be organised in order to harmonize the approach and identify the needs of local authorities and avoid possible overlapping.

This programme also overlaps with the territory of the **Interreg programme CRO-BIH-ME** in 6 municipalities. However, this Interreg programme has not decided yet the priorities but the coordination will be ensured.

Furthermore, ME-AL shares the same territory with the **Interreg programme IT-AL-ME** in 13 municipalities from the Montenegrin side and in 8 municipalities from Albanian. Regarding thematic priorities in these two programmes one specific objective is overlapping regarding climate change adaptation, risk prevention and disaster resilience and the coordination between the programmes will be ensured.

ME-AL shares the same territory with the transnational programmes **Adrion and MED**, though there is a different focus of the applicants and beneficiaries comparing to this IPA-IPA CBC programme. Transnational and trilateral programmes attract significant number of institutions on the central level, as well as organisation with strong capacities comparing to the partners in bilateral CBC programmes. There is a significant difference of available budget which influence on project partnership and scope of projects, so the practice shows that bilateral CBC programmes

are more focused on the local level and overlapping between the projects is unlike to take place. However, comparing bilateral CBC and INTERREG, similar priorities are identified and coordination and exchange of information between the programmes is necessary in order to create synergies and avoid duplication.

**The EU Strategy for the Adriatic Ionian Region (EUSAIR)**, relevant to the programme, is complementary in a variety of fields as they both target protecting the environment, tourism promotion and entrepreneurship utilising skills, innovation and ICT. The same holds for the other transnational and Interreg programmes where both Montenegro and Albania participate such as Adriatic Ionian and Italy-Albania-Montenegro, where the investment potentials that can be carried out within these programmes can be well coordinated and completed through smaller projects between the two countries.

The common natural asset of the Adriatic-Ionian Program is also the base of the cooperation of this programme which comes from the joint feature of the participating countries having in common, the sea, where actions will develop with needs and potentials of sea-related activities in the Ionian area thus contributing and complementing programs within the Montenegro-Albania Programme, proving more emphasis on blue growth as a particular feature. Regarding "research, innovation and SMEs development", actions under the first topic "blue technology" and the second topic "fisheries and aquaculture" both have a strong focus on research and innovation. They would provide as well added value to TP 2 environment as well and there are potential of synergies and complementarities. This also involves using the latest research for developing commercial products and internationalising clusters. Actions may thus help transfer the latest R&D results to seafood processing and new products, helping SMEs working in the tourism sector/service providers develop in the sectors concerned. There is a strong focus on "brain circulation" (mobility of researchers, also between academia and private sector) and on establishment of joint research and innovation platforms in the region. The Adriatic-Ionian will be aimed at promoting sustainable economic growth and jobs as well as business opportunities creation from blue economy sector such as aquaculture, fisheries, blue biotechnologies, marine and maritime services, etc which will provide a value-added to the ME-AL program.

Montenegro participates in the EUSDR. Out of 12 priority areas (PA), two of them are related to the TPs selected within the CBC programme ME-AL. One PA is Culture and Tourism, which mission is to promote culture and tourism, people to people contacts. In addition, PA 9: People and Skills have the mission to invest in people and skills

Both countries Montenegro and Albania are part of other ongoing and future **Multi-country and bilateral IPA** programmes. The selected thematic priorities of the ME-AL programme: i) Protecting the environment, promoting climate change adaption and mitigation, risk prevention and management; ii) Encouraging tourism and cultural and natural heritage, are aligned and complementary with different existing and future Multi-country and bilateral IPA financed projects in sectors such as: i) Environment, climate action and energy)<sup>23</sup>; ii) Competitiveness, innovation, agriculture, and rural development<sup>24</sup>; and iii) Education, employment and social policies<sup>25</sup>. The

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<sup>23</sup> Regional Energy Efficiency Programme for the Western Balkans ("REEP Plus replenishment"); EU Support for Climate Action in IPA II beneficiaries – Transition towards the low emissions and climate resilient economy; EU support to flood prevention and forest fires risk management in the Western Balkans and Turkey; EU for a cleaner Environment – Support for Wastewater Treatment; EU4 Green Recovery Albania; EU for Circular Economy and Green Growth in Albania; Capacity Building and Acquis related Activities for Sector Environment & Climate Action; Risk assessment and mapping of natural disasters in Montenegro

<sup>24</sup> EU for Economic Development - Tourism led local economic development with focus on cultural heritage in Albania; Competitive and Sustainable Regional Tourism in the Western Balkans ; EU for Innovation II in Albania; Support Protection of Irreplaceable Nature – SPIN (Enhancing national efforts on nature protection), Albania; EU support to Regional programme on culture and creativity in the Western Balkans; EU for Strengthening the competitiveness and innovation capacity of the private sector in Montenegro; Triple-P Tourism in SEE: Promotion, Policy, and Pilots. To increase employment and sustainability of SEE economies through regional tourism development

<sup>25</sup> EU for Social Inclusion



priorities selected through this programme will be carefully considered in order to avoid overlapping and create synergies to make best use of the joint programme and projects.

### **3.5. Conditions and assumptions**

An effective coordination and a strong ownership should be combined with the good will of the national authorities of the IPA III beneficiaries to friendly dispel and solve any dispute and/or misunderstanding affecting the smooth implementation of the programme. Governmental changes should have no impact in this respect.

As a necessary condition for the effective management of the programme, the participating countries shall establish a JMC and provide proper and functioning premises and staff for the head and antenna<sup>26</sup> offices of the JTS. Particular attention should be paid to create the necessary working conditions to ensure the continuity and professional development of staff in key functions within all management structures of the programme. The latter should strive to present the programme as a beneficial instrument for strengthening collaboration and exchanges among citizens of the eligible area.

Under indirect management by the IPA III beneficiary, the participating IPA III beneficiaries shall conclude for the whole duration of the programme a bilateral arrangement setting out their respective responsibilities for implementation of the programme.

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

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<sup>26</sup> In case this office is deemed necessary to be set up.

#### 4. INDICATIVE BUDGET

A single 7-year Commission financing decision will be adopted, subject to the availability of budget appropriations for the respective financial years after the adoption of the budget or as provided for in the system of provisional twelfths.

**Table 3: Indicative financial allocations per year for the period 2021-2027**

	IPA III CBC PROGRAMME Montenegro-Albania															
	Amounts in EUR															
	2021		2022		2023		2024		2025		2026		2027		Total (EUR)	
	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing
<b>Per type of activity</b>																
Operations	0	0	2 890 000	510 000	0	0	0	0	4 590 000	810 000	0	0	3 230 000	570 000	10 710 000	1 890 000
Technical Assistance (Direct Grant)	0	0	510 000	0	0	0	0	0	510 000	0	0	0	170 000	0	1 190 000	0
<b>Per method of implementation</b>																
Direct Management: Total Envelope for Grants	N/A														1 190 000	0
Direct Management: Total Envelope for Procurements	N/A														0	0
Indirect Management with the IPA III beneficiary: Total Envelope	0	0	2 890 000	510 000	0	0	0	0	4 590 000	810 000	0	0	3 230 000	570 000	10 710 000	1 890 000
<b>GRAND TOTAL<sup>27</sup></b>	<b>0</b>	<b>0</b>	<b>3 400 000</b>	<b>510 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 100 000</b>	<b>810 000</b>	<b>0</b>	<b>0</b>	<b>3 400 000</b>	<b>570 000</b>	<b>11 900 000</b>	<b>1 890 000</b>

\* Total Envelope for Grants; Total Envelope for Procurements - only the total budget for 2021-2027 needs to be filled in.

<sup>27</sup> GRAND TOTAL from Table 3 and 4 should be equal

**Table 4 : Indicative financial allocation per priority and rate of Union contribution (for the period 2021-2027)**

CLUSTERS	PRIORITIES	IPA II CBC PROGRAMME BENEFICIARY X- BENEFICIARY Z			
		European Union funding	Co-financing	Total	rate per Thematic Priority
		(a)	(b)	(c) = (a)+(b)	(d) = (c)/(e)
<b>Thematic Cluster 2:</b> Greener and Improved resource efficiency	<b>1) Thematic Priority 2:</b> Protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management	5 355 000	945 000	6 300 000	45.6%
<b>Thematic Cluster 4:</b> Improved Business Environment and Competitiveness	<b>2) Thematic Priority 5:</b> Tourism and cultural and natural heritage	5 355 000	945 000	6 300 000	45.6%
<b>3) Technical Assistance</b>		1 190 000	0.0	1 190 000	8,6%
<b>GRAND TOTAL</b>		11 900 000	1 890 000	(e) 13 790 000	100%

The European Union contribution at the level of thematic priority shall not exceed the ceiling of 85% of the eligible expenditure. The co-financing will be provided by the final grant. The amount dedicated to technical assistance shall be limited to 10% of the total amount allocated to the programme. For technical assistance, the Union co-financing rate shall be 100%.

## **5. IMPLEMENTATION ARRANGEMENTS**

### **5.1. Financing agreement**

In order to implement this programme, it is envisaged to conclude a financing agreement between the European Commission, Montenegro and the Republic of Albania.

### **5.2. Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 6 years from the date of entry into force of the financing agreement, or from the date in which the exchange of letters is agreed upon for all subsequent yearly allocations.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

### **5.3. Methods of implementation**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>28</sup>.

#### **5.3.1 Operations**

##### ***Indirect management with Montenegro***

The operations part of this action will be implemented under indirect management by Montenegro. Montenegro will host the managing authority and the intermediate body for financial management. The managing authority shall be responsible for the overall management of the programme, and shall designate intermediate bodies.

Subject to the finalisation of the IPAIII legal framework, the managing authority responsible for the execution of the action in all participating countries is the Government of Montenegro – European Integration Office (EIO). The CBC structures established under IPA III legal framework in Montenegro and in Albania, shall co-operate closely in all tasks of mutual interest relating to the programming and implementation of the programme.

Budget implementation tasks such as calls for tenders, calls for proposals, contracting, contract management, payments and revenue operations, shall be entrusted to the following intermediate body for financial management: Ministry of Finance and Social Welfare, Directorate for Finance and Contracting of the EU Assistance Funds (CFCU). It shall ensure legality and regularity of expenditure.

##### **Calls for Proposal- Grants**

###### **a) Purpose of the grants:**

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<sup>28</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

The grants selected through calls for proposals during the seven year period will contribute to the specific objectives and results under each thematic priority in section 3.2.

**b) Type of applicants targeted:**

The beneficiaries shall be legal entities, local authorities, public bodies, NGOs, economic actors such as SMEs, profit, or non profit organisations.

The applicants shall be established in an IPA III beneficiary participating in the CBC programme.

Potential beneficiaries as specified in section 3.2 could be: local governments and their institutions; development agencies; organisations (including CSOs)/institutions for nature protection and climate change; public bodies responsible for fire/flood/emergency services, educational institutions of all levels; bureaus of education and vocational education centres, tourism organisations at national/local level; chambers of commerce; crafts; business associations; clusters; cooperatives; association of farmers; institutions in the field of natural/cultural heritage; business enterprises and other organisations involved in education; licensed youth and adult education providers; youth organisations.

### **5.3.2 Technical Assistance (Direct Grants)**

The technical Assistance priority will be implemented in Direct Management through Direct grants during the duration of the programme.

The grants will be awarded for the implementation of the thematic priority technical assistance under this programme. Under the responsibility of the Commission's authorising officer responsible, the grants may be awarded without a call for proposals to the Government of Montenegro-European Integration Office, as lead partner, and the public institution hosting the CBC structure in Albania as co-beneficiary.

The recourse to the award of this grant without a call for proposals is justified to bodies with de jure or de facto monopoly in managing this cross-border cooperation programme, pursuant to Article 195(c) of Regulation (EU, Euratom) 2018/1046. As stipulated under the Section VIII 'Provisions on cross-border cooperation programmes', Title V 'Programme structures and authorities and their responsibilities' of the Financial Framework Partnership Agreement for the IPA III programme, CBC structures are the bodies that enjoy this monopoly.

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Government of Montenegro-European Integration Office.

### **5.4. Programme Management Structure**

The description of the programme management structures with the list of their main responsibilities and tasks in programme preparation, implementation and management (i.e. NIPAC, NAO, Management Structure, CBC Structures, Managing authority, Audit Authority, the Intermediate Body for Financial Management, JMC, JTS) is presented under the Financial Framework Partnership Agreement and/or Financing Agreements.

In addition to these Agreements, the Beneficiaries shall conclude for the whole duration of the cross-border cooperation programme a bilateral arrangement setting out their respective responsibilities for implementing the relevant cross-border cooperation programme in accordance with the provisions laid down the Financial Framework Partnership Agreement.

## **5.5. Project development and selection and implementation**

For the majority of interventions, this Programme will be implemented through public calls for proposals (CfP) to be launched covering one or more thematic priorities or specific objectives/outcomes. The JMC will be responsible for identifying the thematic priorities, specific objectives/outcomes, results/outputs, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission. The responsible authorities in the participating countries will ensure full transparency in the process and access to a wide range of public and non-public legal entities.

The dynamics of publication of calls for proposals depends on a number of factors, including logistics, timing of the evaluation and level of interest from the potential applicants. The JMC, as the body monitoring the performance of the programme, will review, before the publication of the calls for proposals (and the definition of the tendering documents, e.g, the guidelines for applicants), the progress of programme indicators to the date. The selection of TPs, specific objectives and results of all calls for proposals other than the first one under the programme will be based on that progress of performance. The publication and strategic orientation of every call for proposals will be coordinated with the plans of other programmes in order to increase synergies and avoid double funding.

JMC decisions may also consider the recommendations stemming from consultations held with stakeholders at local and national level.

During the preparation of the programme no strategic projects have been identified. However, during the programme implementation period it might be considered to allocate part of the financial allocation of the programme (a maximum of 30-35%) to one or more strategic projects, within the Thematic cluster and thematic priorities identified, and within the limits set out in the Programming Framework. Strategic projects can be selected through calls for strategic projects or outside call for proposals. In the latter case the programme partners will jointly identify and agree on any strategic project(s) that will be approved by the JMC. The Commission will carry out an assessment of their relevance and maturity. After being proposed and approved by the JMC and endorsed by the Commission, the CBC programme must be amended to incorporate such a strategic project.

## **5.6. Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

## **6. REPORTING, MONITORING AND EVALUATION**

The description of the programme reporting, monitoring and evaluation requirements and modalities is presented under the Financial Framework Partnership Agreement/or Financing Agreements.

## **7. INFORMATION AND VISIBILITY**

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by: providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the public administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations. The European Commission and the EU Delegations should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

The design and implementation of the communication and visibility measures shall be the responsibility of the CBC Structures. The latter, assisted by the JTS, will present the communication strategy with a detailed information and visibility plan to the JMC.

## **8. SUSTAINABILITY**

The sustainability of outcomes and outputs delivered under the action requires a commitment from the national authorities involved in the management of the programme. Respecting the provisions of the legal framework applicable to CBC between IPA III Beneficiaries, the authorities commit to ensure, as far as possible, the necessary financial and institutional resources, including the relevant seasoned staff, for making the implementation of the programme a success story. As a fundamental sign of responsibility, they will pay especial attention to create the necessary conditions for securing the continuity of staff in essential functions and institutions as a way to guarantee the smooth performance of the programme.

Sustainability at operation level equally plays a crucial role. Every operation should have a tangible impact on its target groups at cross-border level. Sustainability should be embedded in every application, showing how the expected outcomes will benefit the region even after the operation might have ended. In every call for proposals, one of the award criteria is sustainability as shown in Section 5 of the evaluation grid for full applications. Operations that cannot demonstrate that they will intensify neighbourly relations, create cross-border partnerships for social, territorial or economic development and/or remove cross-border obstacles to sustainable development, are very unlikely to have tangible outcomes, multiplier effects or long-term impact in a cross-border perspective, and hence should be excluded from funding, irrespective of any other merits.