



ANNEX A2

*Cross-border Programme 2010 - 2013*

# IPA CBC

## Republic of Albania – Kosovo\*

*[October 2011]*

Ministry of European Integration

Ministry of Local Government Administration

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## Glossary of acronyms

CA	Contracting Authority
CBC	Cross-border cooperation
CBIB	Cross-Border Institution Building
CEFTA	Central European Free Trade Agreement
CIB	Comprehensive Institution Building
ENPI	European Neighbourhood and Partnership Instrument
ERDF	European Regional Development Fund
EU	European Union
FAQ	Frequently Asked Questions
IPA	Instrument for Pre-accession Assistance
IUCN	International Union for Conservation of Nature
JMC	Joint Monitoring Committee
JTF	Joint Task Force
JTS	Joint Technical Secretariat
MDG	Millennium Development Goals
MIPD	Multi-annual Indicative Planning Document
NGO	Non-Governmental Organisation
NIPAC	National IPA Coordinator
NSSD	National Strategy for Socio-Economic Development
NUTS	Nomenclature of Units for Territorial Statistics
OSCE	Organisation for Security and Cooperation in Europe
PEEN	Pan-European Ecological Network
PRAG	Practical Guide for Contract Procedures financed from the general budget of the European Union in the context of external actions
RCC	Regional Cooperation Council
SIDA	Swedish International Development Cooperation Agency
SME	Small and Medium Enterprise
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Technical Assistance
UNDP	United Nations Development Programme
UNSCR	United Nations Security Council Resolution

## SECTION I DESCRIPTION AND ANALYSIS OF THE PROGRAMME AREA

### 1. INTRODUCTION AND PROGRAMMING PROCESS

The cross-border programme between the Republic of Albania and Kosovo\* will provide strategic guidance to implementation of assistance under Component II – “cross-border cooperation” (CBC) of the Instrument of Pre-accession Assistance (IPA). It is designed following the principles underlined in Commission Regulation (EC) No. 718/2007 (hereinafter referred to as the 'IPA Implementing Regulation'), implementing Council Regulation (EC) No. 1085/2006 establishing an Instrument for Pre-accession Assistance, as amended by Commission Regulation (EU) No 80/2010 of 28 January 2010. The implementation of this cross-border programme between the Republic of Albania and Kosovo will be supported by IPA financial allocations for 2010-2013.

The **overall objective** of this Cross-border Programme is *promoting cooperation between people, communities and institutions in the bordering areas, fostering the sustainable development, stability and prosperity of the cross-border region in the interest of the citizens of Kosovo and Albania.*

The programming process took place from end January to end April 2010. The programme was developed following a process of wide consultations with the local stakeholders and potential beneficiaries in both sides of the border. The Operating Structures and the Joint Task Force (JTF) were assisted during this process by the "Cross-Border Institution Building (CBIB)" team<sup>1</sup> and by the Technical Assistance team for CBC in Kosovo. The following table summarises the process of the preparation of this programme.

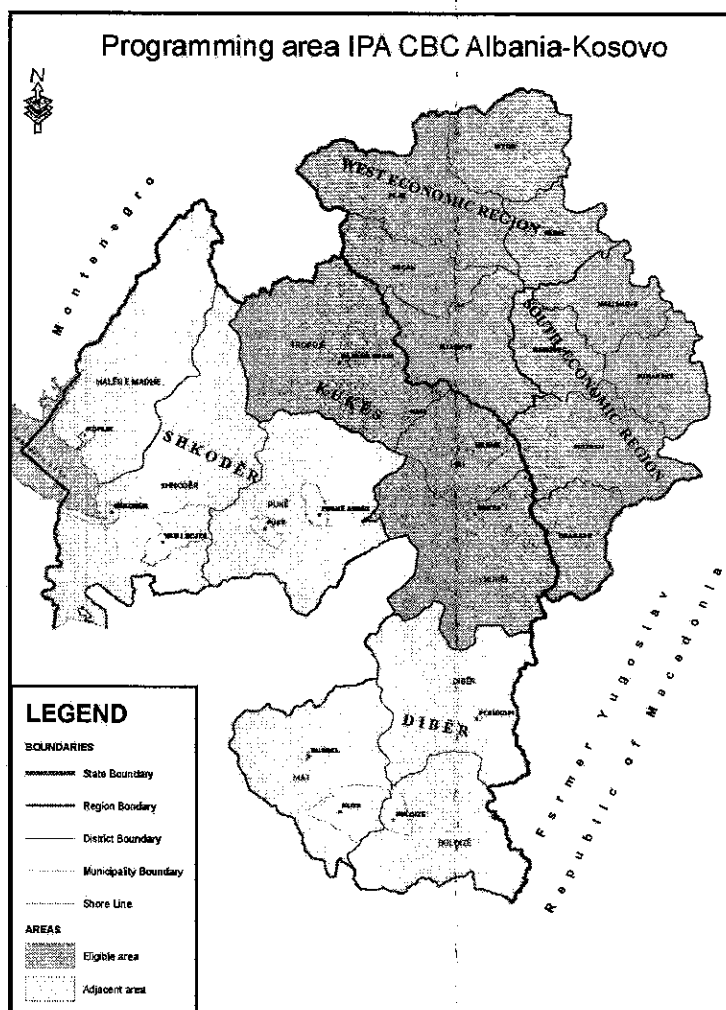
Timing and Place	Activities and Scope
29 January 2010, Tirana	Kick-off meeting of the Operating Structures, identification of the bodies responsible for the preparation of the cross-border programme, agreement on the timeframe.
01-15 February 2010, Tirana and Pristina	Establishment of the Joint Task Force (JTF); consultation (send questionnaires and conduct interviews) of the main local stakeholders; data collection for unilateral and bilateral situation and Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis.
15 February 2010, Tirana	1 <sup>st</sup> bilateral meeting; agreement on the programming timetable and templates; presentation of the eligible areas; identification of responsible institutions and persons for the preparation of the cross-border programme.
15 February- 05 March 2010	Preparation of the draft unilateral and bilateral situation and SWOT analyses.
05 March 2010, Tirana	2 <sup>nd</sup> bilateral and 1 <sup>st</sup> JTF meeting; presentation of the draft bilateral situation and SWOT analyses; discussion on the proposal for the programme and preliminary decision on priorities/measures.
05 March-28 March 2010	Reflection of the received comments on situation and SWOT analysis; elaboration of the cross-border programme.

\* Under UNSCR 1244/1999.

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

29 March 2010, Tirana	3 <sup>rd</sup> bilateral and 2 <sup>nd</sup> JTF meeting; approval of the final draft of the bilateral situation and SWOT analyses; presentation and agreement on the draft programmes strategy, priorities and measures.
29 March-22 April, Tirana and Pristina	Reflection on the comments received on the draft cross-border programme.
23 April 2010, Pristina	4 <sup>th</sup> bilateral and 3 <sup>rd</sup> JTF meeting; approval of the draft cross-border programme.

## 2. MAP AND GEOGRAPHICAL FEATURES OF THE PROGRAMME AREA



The programme area for the IPA cross-border programme Albania – Kosovo covers 12,850 km<sup>2</sup> in total. In Kosovo, it consists of two eligible areas that are economic regions, the South Economic Region and the West Economic Region; in Albania of one eligible area that is the Prefecture of Kukës, and two adjacent areas that are the Prefectures of Diber and Shkodër. All these areas are considered equivalent to Nomenclature of Units for Territorial Statistics (NUTS) level 3 regions.

Table 1: Surface of the programme area

	Surface in km <sup>2</sup>	% of the total programme area
<b>TOTAL PROGRAMME AREA</b>	<b>12,850</b>	<b>100.0%</b>
<b>Eligible Area Kosovo(Art. 88 IPA IR)</b>	<b>4,328</b>	<b>33.7%</b>

South Economic Region	2,007	15.6%
West Economic Region	2,321	18.1%
<b>Eligible Area Albania (Art. 88 IPA IR)</b>	<b>2,374</b>	<b>18.5%</b>
Kukës Region	2,374	18.5%
<b>Adjacent Area Albania (Art. 97 IPA IR)</b>	<b>6,148</b>	<b>47.8%</b>
Dibër Region	2,586	20.1%
Shkodër Region	3,562	27.7%

The total length of the border between Albania and Kosovo is 123 km.

In Kosovo, the eligible area includes two regions, encompassing 12 municipalities and 545 settlements (villages):

- The South Economic Region: that includes the municipalities of Prizren, Suhareka, Dragash, Rahovec, Malisheva, Mamusha<sup>2</sup>.
- The West Economic Region: that includes the municipalities of Peja, Klina, Istog, Gjakova, Decan and Junik<sup>3</sup>.

The three Prefectures of Albania participating in the programme are divided into 12 districts and 95 smaller territorial units (12 municipalities and 83 communes, including 15 cities and towns and 739 villages), as follows:

- Kukës Prefecture (eligible region) includes the districts of Kukës, Has and Tropojë; and the Municipalities of Kukës, Krumë and Bajram Curri.
- Dibër Prefecture (adjacent region) includes the districts of Dibër, Mat and Bulqizë; and the Municipalities of Peshkopi, Bulqizë, Burrel and Klos.
- Shkodër Prefecture (adjacent region) includes the districts of Shkodër, Pukë and Malsi e Madhe; and the Municipalities of Shkodër, Vau-Dejës, Koplik, Pukë and Fushë Arrëz.

The programme area has a contrasted geographic profile. It is rich with mountain ranges, plains, valleys, rivers and lakes.

The programme area is rich in wood, wild animals and pastures (forests and grassland pastures cover over 50% of the total surface). It is a traditional area for sheep breeding and is considered to be large pasture area in Europe. It is rich in minerals like chrome, coal, iron-nickel, copper, chalk, quartz sand, and marble and contains numerous natural monuments.

The programme area has important groups of mountains, consisting of alpine-shape massifs, which offer great possibilities for the development of tourism and wood industry, but also hamper the transport infrastructure and the communication with neighbours.

In Kosovo, the highest altitude is Peskoki (2 651 m) in the Sharr Mountains, the sole national park, which lies across the three municipalities of Prizren, Dragash and Suhareka. This area is the richest part of Kosovo in water resources, with the rivers Drini, flowing to Albania, Bistrica, Lumëbardhë, Lepenec crossing the mountain relief. Several lakes, such as lakes Livadhi, Strbacko, Jazhnica, and the Brod canyons are resources with great potential for development of winter sports, fishing and other tourism activities.

Albania is dominated by the Dinaric mountains such as Korabi, Jezerca, Radohima, Gjallica e Lumës and Koritniku. Korabi (2751 m), in the Dibër region, is the highest peak. The main rivers are the Drini river, coming from Kosovo, and the Valbonë, Bunë and Kir rivers. There are

<sup>2</sup> Mamusha and Junik are new municipalities established in 2005, as part of the process of decentralisation in Kosovo. Currently there are no precise data in the Statistical Agency of Kosovo regarding their borders, for this reason, they are not represented in the Map at page 6 above.

<sup>3</sup> *Ibidem*.

natural and artificial lakes, which are of potential value for tourism, the most important are: the Albanian part of the Shkodër lake, and two artificial lakes in the region of Kukës, Komen and Fierzë, the Seven lakes of Lura and the Black lake in the Dibër region.

The Drini river, which flows through the territory of Albania and Kosovo, represents an opportunity for Cross-border Cooperation.

Another significant part of the area consists of valleys, plains and highlands, which differ in size, density of population, vegetation and altitude and offer favourable conditions for the cultivation of cereals, forage, vegetables and fruits. The largest and more fertile plains on the Kosovo side are found in the Dukagjini basin. The most fertile agricultural lands on the Albanian side lie in the region of Shkodër.

Climate diverges from transitional–continental in the mountains to transitional-Mediterranean along the Adriatic coast and in the plains. Winters are cold and wet while summers are hot and dry.

### 3. DEMOGRAPHY

The total population in the programme area is of 1,292,595 inhabitants. In Kosovo, the population of the two regions participating in the programme is of 826,627 inhabitants, representing almost 35% of the total population of Kosovo, with the South and West Economic Regions accounting respectively for 19% and 16% of the total population.

The total population of Albania's programme area is of 465,968 inhabitants, which is equivalent to 14.6% of the total population of the country.

**Table 2: Population of the programme area**

	<b>Inhabitants</b>	<b>% of the total programme area population</b>
<b>TOTAL PROGRAMME AREA</b>	<b>1, 292,595</b>	<b>100.0%</b>
<b>Total Eligible Area Kosovo</b>	<b>826,627</b>	<b>64.0%</b>
South Economic Region	454,383	35.1%
West Economic Region	372,244	28.8%
<b>Total Eligible Area Albania (2008)<sup>4</sup></b>	<b>79,225</b>	<b>6.1%</b>
Kukës Region	79,225	6.1%
<b>Total Adjacent Area Albania (2008)<sup>5</sup></b>	<b>386,743</b>	<b>29.9%</b>
Dibër Region	141,043	10.9%
Shkodër Region	245,700	19.0%

The majority of the population of the programme area is of Albanian origin. There are some ethnic minorities, including Montenegrins, Serbs, Bosnians, Turks, Romas, Ashkaelias and Egyptians (RAE).

<sup>4</sup> Source: INSTAT Indicators by prefectures 2007-2008.

<sup>5</sup> *Ibidem*.



Population density in the programme area is of 101 inhabitants per km<sup>2</sup>. It is higher in Kosovo Area, with 191 inhabitants per km<sup>2</sup>, and relatively low in Albania Area, with 55 inhabitants per km<sup>2</sup> in the total area of the programme area.

**Table 3: Population density of the programme area**

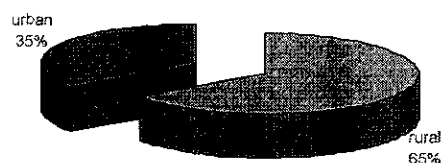
	Inhabitants	Population density (inhabitants/km <sup>2</sup> )
<b>TOTAL PROGRAMME AREA</b>	<b>1,292,595</b>	<b>101</b>
<b>Total Eligible Area Kosovo</b>	<b>826,627</b>	<b>191</b>
South Economic Region	454,383	226
West Economic Region	372,244	160
<b>Total Eligible Area Albania (2008)<sup>6</sup></b>	<b>79,225</b>	<b>33</b>
Kukës Region	79,225	33
<b>Total Adjacent Area Albania (2008)<sup>7</sup></b>	<b>386,743</b>	<b>63</b>
Dibër Region	141,043	55
Shkodër Region	245,700	69

There is a low urbanisation level and rural population is largely predominant (only 33.1% of the total inhabitants live in cities), especially in the Kukës and Dibër regions of Albania. The biggest urban centres are Prizren (110 000 inhabitants) and Peja (70 000 inhabitants) in Kosovo, while Shkodër, with around 83 000 inhabitants is the largest city on the Albanian side.

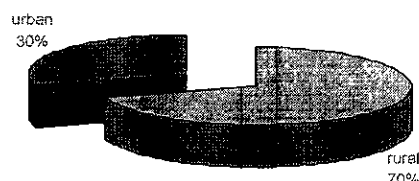
**Table 4: Division of population in the programme area**

	Total population	Urban population	% of the total area population	Rural population	% of the total area population
<b>TOTAL PROGRAMME AREA</b>	<b>1 292 595</b>	<b>427 861</b>	<b>33.1</b>	<b>864 734</b>	<b>66.9</b>
<b>Total Area Kosovo</b>	<b>826 627</b>	<b>289 320</b>	<b>35.0</b>	<b>537 307</b>	<b>65.0</b>
<b>Total Area Albania (2008)<sup>8</sup></b>	<b>465 968</b>	<b>138 541</b>	<b>29.7</b>	<b>327 427</b>	<b>70.3</b>

Graph 1: Division of population in Kosovo



Graph 2: Division of population in Albania



In Albania, since the early 90's, significant internal and external migratory movements have negatively affected the population growth and structure of the area. The total number of inhabitants has decreased because of emigration and of migration to bigger cities. This applies especially to zones where dispersion of small communities in remote areas has implications for

<sup>6</sup> Ibidem.

<sup>7</sup> Ibidem.

<sup>8</sup> Ibidem.

people's subsistence. As a consequence, despite high fertility rates and positive natural growth, the population of the area is reducing. In 2008, there was an average decrease over 2007 in the population of the Albanian side equivalent to about 0.8%, with an inverse trend in the region of Kukës, where an increase of 4.5% was registered in this period<sup>5</sup>.

## **4. ECONOMY**

### **4.1. General features**

The programme area has an industrial-agrarian economy. There are signs of economic recovery after a period of stagnation. However, for the time being economic growth is modest. The important factors representing a constraint for the economic development of the region are, inter alia, the lack of technological know-how and labour skills necessary to respond to the market demand for high-quality services and products. Local products from both sides of the border have little or no access to regional and international markets. Business support mechanisms are weak and insufficient. In Kosovo, there are Regional Development Agencies that can help supporting the economy. In Albania, there is a Regional Development Agency in Shkodër, but it is not very active.

Currently, tourism is only substantial in the area of Shkodër in Albania. This sector, because of the diverse and attractive natural resources present in the programme region, has a strong potential for future growth and for fostering economic development throughout the area, and offers many opportunities for cross-border cooperation (common strategies formulation, joint development of tourism products). It could generate considerable revenues, but it requires investments, both in infrastructure and to build-up professional skills among the labour force, and adequate strategies.

Economic activities vary among and within regions. Agriculture, trade, construction and food processing are generating the majority of local revenues. In the food industry, however, the lack of distinctiveness (packaging, marketing strategy, etc.) and the poor branding system are a still major constraints for future development.

In Albania, economic conditions and trends are very different in the eastern and western part of the area. The regions of Kukës and Dibër are among the poorest in the country, while the region of Shkodër is comparatively more advanced. The overall level of economic development indicators is relatively low compared to the national level. Light industry, energy production and agriculture are the main economic sectors. Chambers of Commerce are present in each Prefecture but their activity is limited in scope.

In Kosovo, economic activities vary between the two Economic Regions and even within them. The most important economic activity of the South Economic Region is trade, because of Prizren vicinity with Albania and the former Yugoslav Republic of Macedonia, while in the West Economic Region the economy is dominated by agriculture. Before the 90's, Peja and Gjakova were also known for their industrial tradition and handicraft, which has declined over the last decade.

### **4.2. Industry, mining and energy**

In the eligible area of Kosovo, industry is the bigger economic sector, followed by services and agriculture. Light industries are particularly dynamic, with the main food-industries (dairy, meat-processing, canning of fruit and vegetables, beer breweries and alcohol production) concentrating around Prizren, Peja and Gjakova. The construction sector, banking system and

cattle breeding are significantly expanding over the last years. Trade and handicraft are also important branches of the economy.

In Albania's programme area, the main industrial concentration is in the Shkodër region. The sector shows a diversified structure, with food processing industry, textile production and construction being rapidly growing sub-sectors. Construction has expanded over the last years, parallel to the boom in private housing, becoming one of the most dynamic economic sub-sectors and generating new employment.

The area is rich in underground resources, some of them still under-exploited. However, the copper industry, once very important for the area and country's economy, today has become insignificant and currently all mines in Gjegjan and Nimce, (Kukës district), in Golaj (Has district) and Kam (Tropojë district) are closed. The region of Dibër is well-known for coal, iron, copper, asbestos, quartz sand, chromium, construction materials and decorative stones. Currently, the region of Dibër is the most important mining area in the country (coal and chromium).

Production of electricity, as well as mineral water and wood industry, are also valuable assets for the region. Energy is generated in the region of Shkodër (along the cascade of Drin river) which encloses the three biggest hydropower plants of the country, Fierza, Koman and Vau i Dejës with a respective installed capacity of 500 MW, 600 MW and 250 MW. Since 2009, there is a surplus of electricity production in the Kukës region, which is exported to other parts of Albania.

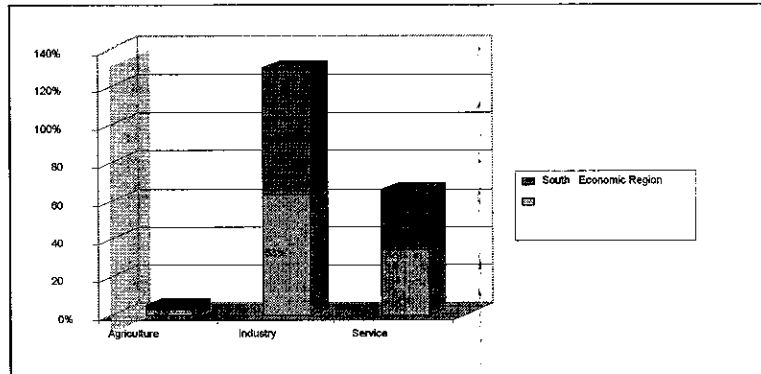
#### **4.3. SMEs sector**

In Albania, the vast majority of companies are small in size, mainly family-run, thus offering little opportunities for employment generation. Generally, businesses are poorly organised and have no access to modern and advanced technologies or management techniques. Most SMEs involve little investment and lack a long-term sustainable basis. In addition, non agricultural companies have to struggle against the odds of poor infrastructure, drastic shortages of electricity, high transaction costs of conducting business, etc.

In Kosovo, there are 23 988 SMEs in the eligible area, accounting for 32% of all SMEs registered by the Ministry of Industry and Trade. The main activities are food-processing and construction. In the South Economic Region, the majority of companies (about 66%) are active in the industry and trade sectors, around 32% in services and only about 2% in agriculture. In the West Economic region, roughly 63% of enterprises operate in trade and industry, about 34% in services, and around 3% in agriculture.

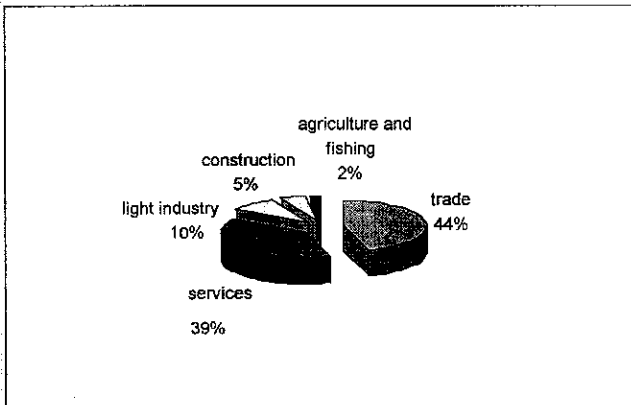
The number of registered businesses operating in agriculture is very low (in average well below 4%), but the agricultural sector has a much greater importance, due to the small-scale and family-based farms that are not registered.

Graph 3: SMEs distribution in Kosovo



In Albania, the total number of private non-agriculture enterprises that are active in the programme area is of about 9 0399 just over 8.5% of all firms in the country. The proportion of firms employing 50 or more people is very low and represents only 0.7% of the total number of private non-agriculture enterprises in the country.

Graph 2: SMEs distribution in Albania



Most SMEs are active in the sectors of trade and services: out of the total enterprises present in the area, 44% operate in trade, 39% in services, 5% in construction, 10% in light industry and 2% in agriculture and fishing. More than two thirds of the enterprises (69.4%) are concentrated in the region of Shkodër<sup>10</sup>.

A positive trend is under way and in 2008, the number of active registered non-agricultural companies has grown by about 39.4% over the prior year, which is considerably better than the national average (+19.7%).

Many new companies have been established. The highest increase in new registrations is noted in the region of Shkodër (+31%), followed by Dibër (+27%), and Kukës (+22%)<sup>11</sup>.

## 5. AGRICULTURE AND RURAL DEVELOPMENT

Though diminishing in importance in the last years, agriculture is one of the most significant sectors of the economy of the programme region, considering the fact that the majority of the population lives in rural areas and their main revenues come from agriculture-related activities. However, in many areas emigration, internal migration to cities and ageing of the rural population are among the main reasons of this decline, which could accelerate in the coming years.

In Kosovo, agricultural land covers 258,961 ha; forests and pastures 261,015 ha. In Albania, agricultural land covers about 117,000 ha, while forests and pastures around 496,000 ha<sup>12</sup>. In the eligible region of Kukës, forests and pastures cover 153 472 ha, around 50% of the total

<sup>9</sup> Ibidem.

<sup>10</sup> Ibidem.

<sup>11</sup> Ibidem.

<sup>12</sup> Ibidem.

surface. Agriculture officially employs 36% of Albania's economically active population. There are however differences among the regions. In Kukës 42% of the active workforce is involved in agriculture whereas this is just 26% in Dibër<sup>13</sup>.

**Table 5: Division of land in the programme area**

	Total (in ha.)	Agricultural land (in ha.)	Forests and pastures (in ha.)
<b>TOTAL PROGRAMME AREA</b>	<b>1,132,976</b>	<b>410,961</b>	<b>859,015</b>
<b>Total Area Kosovo</b>	<b>519,976</b>	<b>258,961</b>	<b>261,015</b>
<b>Total Area Albania (2008)<sup>14</sup></b>	<b>613,000</b>	<b>117,000</b>	<b>496,000</b>

On both sides of the programme area, the sector is largely based on small-scale family households and on limited arable land (on average 0.22 ha per capita in Albania). Agricultural property is generally very fragmented and farmers own small plots, some of which are difficult to cultivate (in Albania, in 2008, only 66% of the total arable land available was planted<sup>15</sup>). The main crops are forage, cereals and vegetables. Most agricultural products are for self-consumption, but a good part of Kosovo's production is traded on to the Albanian side of the border, mainly to the Kukës region, where domestic agriculture is poor due to the hard natural conditions and the prevalence of mountain areas.

Throughout the programme region, lowlands and plains are generally fertile and are suitable for vegetables, fruit and field crop productions. Following the disappearing of state-owned farms, trees and vineyards experienced drastic destruction, but fruit production has increased again over the past years. The main permanent fruit crops are apple, cherries, plums and nuts. Viticulture is an important activity, both for cultivation of grapes and wine production, particularly on the Kosovo side of the border.

Agriculture is less favoured by geography and climate in the mountain areas, production there is often oriented to self consumption and stockbreeding. Sheep breeding is increasing and becoming the dominant activity.

The availability of vast pastures and meadows makes the area suitable for livestock breeding. Around 44% of Kosovo's livestock production is concentrated in the programme region. Dragash is particularly known for its sheep breeding, cheese and wool production. On the Albanian side of the border, meat production accounts for 26.6% of the national total and the average meat production (60 kg/inhabitant) is well above the national level (44 kg/inhabitant)<sup>5</sup>.

Forestry is also an important activity, particularly in the mountains and highlands.

On the Albanian side, fishing remains an income-generating activity in the region of Shkodër and is part of the image and specificity of this region. In the future, this activity – especially in the lake of Shkodër – should be regulated taking into account the necessity to preserve biodiversity.

The programme region produces typical and traditional food: dairy and meat products (sheep cheese, kaskaval and lamb meat); fruits and vegetables such as beans, potatoes, onions and chestnuts; as well as wines and liquors, recognised as highly specific of the region. These

<sup>13</sup> *Ibidem.*

<sup>14</sup> *Ibidem.*

<sup>15</sup> *Ibidem.*

traditional products, if properly registered, protected (Protected Designation of Origin, Protected Traditional Denomination) and marketed, could contribute to strengthening the identity and fostering the economic development of the region. Traditional and differentiated food products could play a role in tourism development.

A clear agricultural policy, better land management, the improvement of irrigation schemes and infrastructure and the introduction of a modern agro-processing industry, remain key challenges and pre-conditions for an efficient development of agriculture.

## **6. PUBLIC SERVICES**

In general, the level of public services is poor due to the low level of infrastructure investments. Generally, public services are the responsibility of Municipalities, with the exception of electricity in Albania, the distribution of which is managed by a private company.

Overall, energy networks services are improving, particularly since the privatisation of the electricity distribution service in Albania. Electricity blackouts are, however, still eventually occurring in both parts of the programme area.

There are significant disparities regarding access to sanitation services and domestic water supply between rural and urban areas. Water supply services are however slowly improving, the proportion of population connected to the sanitation system and with water supply within their dwellings has increased, but there are frequent shortages during the summer months, and in some areas water supply is only available for part of the day. The sewage system network is often insufficient and requires substantial improvements. Inadequate sewage systems are a major source of pollution of rivers in the programme area, which if not properly addressed, could damage the rivers eco-systems and pose a serious threat to the environment and to the population health.

## **7. TOURISM**

Tourism has good potential for development in the programme area. All regions in it offer a variety of local features that are suitable for tourism activities, such as: beautiful nature and spectacular landscapes, traditional folklore, and some world-famous cultural and historic sites. The mountains, national parks, protected areas and forests are renowned for their beauty and wilderness and could be of great interest to tourists and offer the possibility to organise winter and outdoor sports. The sea coastline, numerous lakes and rivers provide an excellent opportunity for resort and adventure tourism.

So far, however, this industry is underdeveloped and the level of tourism throughout the region, with the exception of Shkodër in Albania and, to a lesser extent, Prizren and Brezovitsa in Kosovo, is very modest. This is due to the combination of numerous factors: limited accessibility; poor conditions of infrastructure (roads, energy, water, and sanitation as well as tourism infrastructure); poor urban planning; damaging of forests and other environmental problems; poor quality and, in general, low level of tourists' services and accommodation standards; inadequate marketing and lack of information and tourist guides. There is still much need for further developing tourism facilities and for improving the quality of tourism services.

In Kosovo, the area most visited by tourists is the border region with Albania, with cities like Prizren, Peja and Istog, the Recreation-Tourist Centre in Brod, and other locations such as Restelica, Radesha, Zaplluxha, Namazgjahu, Bjeshkët e Nemuna, Pishat e Deçanit, the lakes of Brezna and Ranoniq, the Zgatar and Rugova Caves, the Mirusha Canyons, the Sharr Mountains, with the skiing resort of Brezovica, and the Beleg Mountains, also with skiing

facilities. Mountain ranges with Alpine relief, where there is snow for up to 280 days per year, offer opportunities for developing winter tourism. There are possibilities of further developing ski slopes and other winter sports in the Sharr and Beleg Mountains. The rich variety of flora and fauna, lakes, caves, and other natural attractions that can be found in the lower parts offer good attractions for summer tourism. There are 81 hotels, currently employing 1 634 people.

In Albania, besides many attractive natural, cultural, historical and archaeological sites, and the traditions and folklore, the presence of an airport in Kukës, and the proximity of the airport in Tirana are valuable assets for tourism development.

## 8. EDUCATION

Until the recent past, the effects of the transition period had a negative impact on the education system, especially in remote or border areas. As a result a number of educational indicators have worsened. Closure of schools, shortage of qualified teaching staff, deterioration of school infrastructure, lack of investments, lack of funds, shortage of textbook and other teaching materials are just a few of the critical issues that have determined the unsatisfactory quality of the educational system, especially in the mountain locations of the programme area.

Also demographic changes have influenced the normal functioning of schools. Over the past decade school attendance has had a declining trend in the most isolated rural areas, due to the long distance to schools, bad road infrastructure, schools' bad conditions and poverty. In some urban areas there is overpopulation of classes. Despite some recent improvements, many schools still do not offer a suitable level of education.

In Kosovo 134 437 pupils attending primary education receive teaching in 386 schools. There are 45 secondary schools with 30 741 pupils. The average number of pupils per class is of around 40/50, which is too high, makes teaching conditions very difficult and impacts negatively the quality of education. Because of insufficient facilities, most of the urban schools operate in three shifts on a rotating attendance schedule, while there are two shifts per day in villages. Primary and secondary education is imparted in Albanian and, depending on the concentration of ethnic minorities, in Serbian, Bosnian, and Turkish. There is a school for disabled and children with special needs in the municipality of Peja. Peja hosts a branch of the Business Faculty of the University of Pristina, Gjakova hosts a Pedagogical Faculty and a University was established in Prizren in 2010.

**Table 6: Educational institutions in the programme area**

	Primary schools	Secondary schools	Universities/ Branch of Universities
<b>TOTAL PROGRAMME AREA</b>	<b>770</b>	<b>144</b>	<b>6</b>
<b>Total Area Kosovo</b>	<b>386</b>	<b>45</b>	<b>3</b>
<b>Total Area Albania (2008)<sup>16</sup></b>	<b>384</b>	<b>99</b>	<b>3</b>

On the Albanian side, there are 331 kindergartens, (8 of which are private and 322 public; 279 rural and 52 urban); 384 primary schools, (14 of which are private and 370 public; 384 rural and 73 urban); 99 secondary schools, (10 of which are private and 89 public; 50 rural and 49 urban), 11 of which providing vocational education (1 private and 10 public, all in urban areas); 1 Economic Faculty of Tirana University in Kukës, 1 public University in Shkodër, and 1 branch of the Durrës University "Alexandër Moisiu" in Dibër. Thanks to recent reforms promoted by

<sup>16</sup> Source: INSTAT Indicators by prefectures 2007-2008.

the Ministry of Education and Sciences, education indicators and infrastructures are currently in the process of being improved at national level and in the regions.

## 9. HEALTH

In Kosovo, a regional hospital in Prizren, a General Hospital and a Mental Health Centre in Peja are the main facilities offering medical assistance and services. Public Health Houses and Family Health Centres are established in all towns. There are also private health units and laboratories, dental care centres and pharmacies. Municipal health care faces difficulties because of poor infrastructure, lack of investments and of financial resources.

In Albania, in the programme area, there are 8 hospitals, 134 health centres, and 339 health posts, which include children and women care centres<sup>17</sup>. In general, the health care system is reported to adequately cover the needs of the population; however, there are shortcomings and deficiencies in rural and mountain areas.

## 10. LABOUR MARKET AND EMPLOYMENT

In Kosovo, the official unemployment data<sup>18</sup> and the calculation methods are probably not completely reliable because to date no census has taken place. According to currently available data, the unemployment level in the area is of around 35%. But the total number of registered unemployed is of 159,259 people. This is 1.7 times more than the officially registered employed labour force.

Private sector employment in the Kosovo part of the programme area is based on small-scale enterprises and self-employment. The distribution of employees is of about 34% in the primary sector, 64% in the secondary sector (industry), and 2% in the tertiary sector. With over 18% of total employment, the public sector absorbs a substantial share of the total labour force.

On the Albanian side, the unemployment rate is reported to be about 15%, higher than the national average of 2008 (13%)<sup>19</sup>. However, this does not seem to reflect the real situation and can be attributed to a high level of hidden unemployment, a low level of registered unemployed persons and an over-estimation of the employment rate in the agricultural sector.

Unemployment is higher in the Shkodër region, where it is much above the national average, and in the more remote and less accessible mountain and rural parts, where agriculture is declining. However, according to statistics, between 2007 and 2008 unemployment rates decreased in both the Kukës and Dibër regions<sup>20</sup>. Unemployment among young people is generally higher than average.

According to the official data<sup>21</sup>, the repartition of the employment by economic sectors in the Albanian side of the programme area is of 17% in the public sector, of 83% in the private sector. The majority of the labour force working in the private sector is employed in trade, services, light industry (textile and leather) and agriculture (47.3% of the total employed labour force works in non-agricultural activities and 35.7% in agriculture). However, it should be noted that the rate of employment in agriculture is most probably overestimated.

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<sup>17</sup> Source: INSTAT Indicators by prefectures 2007-2008.

<sup>18</sup> *Ibidem*.

<sup>19</sup> *Ibidem*.

<sup>20</sup> *Ibidem*.

<sup>21</sup> *Ibidem*.



## **11. INFRASTRUCTURE**

### **11.1. Roads**

On the northern axis, the highway from Durrës to Kosovo has been constructed in 2009 and meets European standards. The highway connects the Kukës Region with major urban centres in Albania including the capital Tirana, the port of Durres, and Shkodër, and with the city of Prizren in Kosovo. Works have started to build the highway on the Kosovo side with the aim of linking the border to Pristina. This road will considerably facilitate commercial exchanges and enhance the prospects of tourism development within the programme region. At present, the Kalimash tunnel on this road is temporarily closed for structural upgrades; the highway is expected to be fully functional again by the summer of 2010.

In Kosovo, the road network includes 1,256 km of asphalted roads and 1,126 km of white (non-asphalted) roads or paths. In some areas, the portion of non-asphalted roads is prevalent.

In Albania, the programme area has 767 km of national roads and 3,064 km of rural roads. Most of the rural roads are white roads. There is a good road connection from Shkodër to Tirana. The roads between Kukës and Shkodër, between Kukës and Dibër, and between Dibër and Tirana are very bad and the connection is difficult, particularly during the winter months.

### **11.2. Border crossings**

There are currently six operating border-crossing points between Albania and Kosovo. Of these, three (Shishtavec/Kukës, Orgjosë/Kukës and Borje/Kukës) are for pedestrians only; while three are for freight and vehicles (Morinë/Kukës, Qafa Prush/Kukës and Qafa Morinë/Tropojë, one on the highway between Kukës and Prizren, and the two others on local border roads connecting the Kukës Region to Gjakova and Peja in Kosovo). All three border crossing points for cars and trucks are under-equipped for processing the transit of goods. In general, personnel at border crossing-points are not adequately qualified and their capacities should be reinforced.

### **11.3. Railways**

In Albania, there is one railway line connecting Tirana with Shkodër, but it is obsolete and the conditions are very poor. Trains experience long delays. The railways situation in Kosovo is also very poor.

### **11.4. Airports**

The only civil airport in the region is Kukës, in Albania. The terminal is finished but the airport is not presently being used and there are some maintenance problems. The runway is currently 1 950 m long and 30 m wide, which is suitable for medium-sized aircraft of around 75 to 100 passengers. There is parking space for four aircrafts. There are plans to expand the airport to international standards, making the runway 2 200 m long and 50 m wide, thus allowing international flights to land.

On the Kosovo side, there is a military airport in Gjakova, and the closest civil airport is Pristina, the only international airport in Kosovo. On the Albanian side, the proximity of the

Tirana airport is also a major asset, especially for the western part of the programme area (Shkodër).

### **11.5. Telecommunications**

In Kosovo, only 26.7% of the population has access to the telephone network<sup>22</sup>. There are two private companies offering mobile communication services.

In Albania, the total number of the subscribed units for land lines (family and other users) is of 22,793 users<sup>23</sup>, representing only 11% of the country's total. Malfunctioning of the land system and its low coverage have encouraged the use of mobile communication, offered by three private companies operating in Albania, at relatively high costs.

Precise information about access to the Internet is not available, but it is probably lower than the respective averages in Albania and Kosovo because of the poor functioning and low coverage of the land line system, high prices and insufficient education. Overall, IT and internet services are more developed in the Kosovo side of the programme area.

### **11.6. Water supply, waste water, waste disposal**

There are significant disparities regarding access to sanitation services and domestic water supply between rural and urban areas.

In Kosovo, the public sewage system covers only 24.6% of the dwellings in rural areas, while only 41% of these have access to the public water supply system. Although the majority of villages have a water supply system, the quality of the service is low because of the bad state of repair of the sewerage systems, and the quality of the water is poor due to contamination.

In Albania, only a minority of rural households are connected to the sewerage system and have water supply within their dwellings. Some rural communes indicate that they have no services at all. The situation is more problematic in the Dibër and Kukës regions, which have a higher share of households that obtain potable water from wells and springs.

The opposite situation is found in urban areas, where a wide majority of households have access to drinking water. In urban areas, however, daily water supply is relatively poor, particularly during summer, because the actual capacities are not enough to fulfil the needs of the population which is increasing in numbers.

Urban areas have a sewerage system for both sewerage and rainwater and meanwhile a high proportion of rural population rely on septic tanks. The technical condition of the current sewerage system in bigger towns is poor due to the low level of investments, lack of regular maintenance and flow of new constructions. No waste water treatment plants exist, so surface waters near big towns are polluted from untreated waters.

### **11.7. Electricity**

In Kosovo, the electrical network is in poor conditions and some areas constantly suffer of power cuts.

In Albania, electricity, conditions have improved in most of the programme area especially due to the upgrading of the distribution system and of a particularly wet winter. However occasional power cuts affect the beneficiaries.

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<sup>22</sup> Source: Local Development Strategies, 2008.

<sup>23</sup> Op. cit. footnote 22.

## 12. ENVIRONMENT AND NATURE

The programme area is extremely rich in environmental resources and biodiversity. Protecting and valorising these assets is certainly one of the key points for sustainable development and can offer many possibilities for cross-border cooperation.

Given the specific natural conditions of the region, environmental protection issues have a high priority. Improved waste management, control of pollution and use of energy resources are amongst the key priorities of the local development plans prepared by the border area municipalities. Presently, nature resources and the environment are preserved and protected in the programme region, but there are locations which are polluted and at high risk of degradation. Land degradation is present throughout the area.

The environment is threatened by poor water and sewerage management, uncontrolled waste disposal, unregulated urbanisation, and by industrial pollution that has caused critical environmental damages. There is a risk of de-forestation due to uncontrolled felling of trees; rivers and lakes risk pollution from illegal landfills and poor industrial and urban waste management, and the intensive use of pesticides in agriculture; the fauna is threatened from over-fishing and illegal hunting.

The Kosovo border region has one national park (Sharr Mountains), it also includes 8 protected areas and 8 natural reserves and has 22 natural monuments. Bech is the most widely spread tree, but there also are Turkish oak, white ash, birch and some other type of trees. At altitudes above 1,600 m, there are mixed and coniferous forests: pine, fir, spruce, juniper as well as endemic trees like *Pinus peuce*, *Pinus heldreichii*, and *Pinus mugo*.

In Albania there are 5 national parks (Valbona Valley, Lura, the Albanian part of the Shkodër lake, Thethi and Zall Gjoçaj), 4 natural reserves, and 3 protected landscape, covering a total surface of 78,420 ha<sup>24</sup> and classified into six categories according to the criteria of the International Union for Conservation of Nature (IUCN).

There are ongoing discussions among Albania, Kosovo and the former Yugoslav Republic of Macedonia<sup>25</sup> to establish a regional, cross-border protected area including the parks of Sharr Mountains (Kosovo), Mavrovo (the former Yugoslav Republic of Macedonia) and the Korabi Mountain (Albania).

The Indicative map of Pan-European Ecological Network (PEEN) in South-Eastern Europe represents the region as a main corridor for some migratory species that should be protected. The Shkodër lake is very important for the area due to its biological, scientific, cultural, health, recreational and tourist values. The lake today is one of the most important eco-systems and bird refuge in South-eastern Europe, with about 270 recorded bird species, including rare pelicans. Industries and agriculture farms' deposits, free waste disposal and lack of sufficient sewage treatment are leading to the eutrophication of this lake. Moreover, uncontrolled fishing has led to shortage of food for fish-eating birds.

The closed-down mines and an agriculture pesticides deposit (of selinon, a substance which is specially toxic and carcinogenic) create pollution in the region of Kukës.

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<sup>24</sup> Source: Albanian Ministry of Environment.

<sup>25</sup> *Ibidem*.

### 13. CULTURE

There are very strong bonds between the populations of the two sides of the programme area, which derive from the common language and history and from the deep common roots and intense human, cultural and commercial relations and exchanges that have linked these territories and their inhabitants for centuries.

The cultural heritage is one of the most important assets for the development prospects of the programme area. Cultural and heritage promotion and tourism could provide various opportunities for employment and for cross-border cooperation.

The region is rich in religious and historical sites and monuments, as well as in own traditions and folklore. Numerous cultural events and festivals are organised, and there are diversified culinary traditions and handicrafts that could play an important role in the promotion of tourism but, so far, are insufficiently well known, underestimated and not exploited.

In Kosovo, there are several institutions in charge of protection, preservation and presentation of the cultural heritage active in the border area, such as the Institute for Protection of Culture Monuments, the Archaeological Museum, the Memorial Complex of the Albanian League of Prizren, the Regional Historic Archive in Prizren, the Ethnographic Museum Archives, the Institute for the Protection of Monuments and the Archives, Regional Museums, Inter-Municipal Library, Culture Palace in Peja, the Culture House in Istog. There are several libraries, theatres and cinemas.

A number of amateur cultural-artistic associations (writers' clubs, painters' associations, etc.) and Non-Governmental Organisations (NGOs) are active in the sphere of culture and arts.

In Albania, the NGOs sector is present and quite active in the programme area, with numerous organisations. The largest number of these is established in the Shkodër region<sup>26</sup>. Some of these, particularly women NGOs, are working on the valorisation and conservation of the cultural heritage.

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<sup>26</sup> Source Directory of Albanian NGOs – 2007.

## 14. SWOT Analysis

I. INSTITUTIONAL FRAMEWORK AND CIVIL SOCIETY			
STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Common language, culture and traditions creating strong bounds between the two communities;</li> <li>• Local development strategies in most municipalities;</li> <li>• Substantial presence of NGOs in the programme region;</li> <li>• Existing experience of NGOs in identifying and implementing joint cross-border projects in different sectors;</li> <li>• Participation of organisations from both Albania and Kosovo in regional networks (e.g. Balkan Civil Society Development Network; Balkans Agro-Food Network; Network of Associations of Local Authorities in South East Europe).</li> </ul>	<ul style="list-style-type: none"> <li>• Poor regional and local government organisational structures;</li> <li>• No clear division of competencies and tasks between central and regional/local administrations;</li> <li>• Low level of cooperation between NGOs and local administrations;</li> <li>• Potential beneficiaries from the private and public sectors in rural areas have limited capacity in project identification and preparation; strategic planning and project implementation;</li> <li>• Dependency of NGOs on donors.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of private/public partnerships;</li> <li>• Ongoing cross-border cooperation activities;</li> </ul>	<ul style="list-style-type: none"> <li>• Political instability in the region;</li> <li>• Lack of cooperation between relevant institutions at governmental, regional and local levels;</li> <li>• Inadequate social policies leading to insufficient social protection, especially in rural and mountain districts;</li> <li>• Unbalanced capacities between main urban areas and rural municipalities may exclude the latter from participating in the programme;</li> <li>• Limited participation of NGOs in programme activities.</li> </ul>
II. GEOGRAPHICAL LOCATION & INFRASTRUCTURE			
STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Good strategic geographic position;</li> <li>• Good road connections Kosovo-Kukës- Durrës and on the north-south axis Shkodër-Tirana;</li> <li>• Existence of the airport in Kukës;</li> <li>• Proximity of the region of Shkodër with the airport of Tirana;</li> <li>• Access to the Adriatic Sea, via the Kosovo-Kukës-Durrës highway;</li> <li>• The recent privatisation of the network significantly improved electricity distribution services in Albania;</li> <li>• Ongoing programmes for improving road network in Kosovo.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant shortfalls and problems in road connections on the axes Shkodër-Kukës, Kukës-Dibër, and Dibër-Tirana, and on the secondary road networks, especially in winter;</li> <li>• Obsolete or non-existing railway connections;</li> <li>• Unequal development of basic infrastructure (especially, water supply, transport and communication);</li> <li>• Inadequate supply of public services;</li> <li>• Deterioration of technical public infrastructure due to inappropriate maintenance;</li> <li>• Shortages of energy and water supplies in some areas;</li> <li>• Border crossing points under-equipped for transit of goods; staff capacities needing improvement.</li> <li>• Lack of town-planning and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of the road infrastructure;</li> <li>• Easier movement of people and goods through infrastructural improvement of border crossing points;</li> <li>• Further developing and improving technical public infrastructure (water supply systems, sewage, communication, electricity, etc.);</li> <li>• The river Drini flows through both Kosovo and Albania and can offer many opportunities of cross-border cooperation;</li> <li>• Creation of tourism-related infrastructure such as new ski centres, sport facilities, hiking and cycling paths, cable ways etc.;</li> <li>• Refurbishments and improvements in the infrastructures sector can be a vehicle for generating new employment opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient public resources for basic infrastructural investments;</li> <li>• Lack of local financial means for the maintenance and repair of the deteriorated technical infrastructure;</li> <li>• Lack of urban plans and state land ownership may result in delaying the implementation of infrastructural projects;</li> <li>• Increased marginality due to scarce investments on infrastructure;</li> <li>• Kukës airport not put in operating conditions;</li> <li>• The Kalimash tunnel on the Durrës-Kukës road closure persisting.</li> </ul>

### III. ECONOMY

- STRENGTHS**
- Emerging of a SMEs private sector and entrepreneurship spirit;
  - Diversified economic activities including light industry, agro-processing industry, services, agriculture;
  - Significant agricultural production and fertile lowlands with irrigation networks and solid farming traditions;
  - Good hydropower production capacities in Shkodër and Kukës;
  - Presence of sites of natural significance, national parks, protected areas, that can foster economic development;
  - High potential for the development of environment friendly economic activities such as tourism, organic agriculture.

### WEAKNESSES

- Discrepancies in socio-economic development and high inequality between urban and rural areas;
- Inadequate basic infrastructure;
- High fragmentation of agricultural property and substantial shares of arable land unexploited;
- Inadequate land management;
- Short planting/vegetation season in internal and mountains areas;
- Many enterprises are family-based and lack investments and sustainability;
- Low competitiveness of local enterprises due to: insufficient knowledge of modern technologies and limited access to innovation; scarce managerial and entrepreneurial skills; lack of skilled workers;
- Very limited or no access to regional and international markets for local products;
- Weak network of business support organisations.

### OPPORTUNITIES

- Development of the cross-border area as a fast-growing market;
- Higher involvement of the diaspora in local economic development, more efficient management of remittances;
- Creating and developing integrated tourism products including mountain, coastal and lake areas;
- Encouraging public/private partnership for improving infrastructures and other initiatives;
- Regional branding of some local products;
- Investments to add value to some agricultural products (especially wine and juices);
- Better management and exploitation of forestry resources;
- Development of livestock production, beekeeping, etc.;
- Presence of Regional Development Agencies in Kosovo and in Shkodër;
- Improving business support services;
- Investments and new initiatives will contribute to generate new employment.

### THREATS

- Lack of technological know-how and labour skills necessary to respond to the market demand for high-quality services and products;
- Lack of understanding of and slow adjustment to global market trends;
- Lack of awareness of international standards to improve access to regional and international markets;
- Lack of investments causing the persistence of obsolete technologies and increasing barriers to access to innovation;
- High risk and uncertainty of long-term effectiveness of investments;
- Low recognition of natural resources' potential for economic development;
- Persistence of an incomplete legal framework to support market economy.

### IV. EMPLOYMENT, EDUCATION, HEALTH

- STRENGTHS**
- Relatively young population;
  - Universities and vocational schools in the programme region produce a young and educated labour force updated with contemporary market needs;
  - Adequate health infrastructure and services in Albania.

### WEAKNESSES

- Growing depopulation, demographic deterioration of the more remote zones and labour emigration or migration to big cities;
- Ageing population and increasing number of older households in the rural areas, due to migration of younger people;
- High unemployment, especially in urban areas;
- Available labour force not meeting the standards of the global market;
- Limited access of students to quality education, lack of practical exposure to and low level of technical knowledge;
- Poor medical services in Kosovo and in rural and mountain areas of Albania.

### OPPORTUNITIES

- Improvement of the level of vocational education, which has a direct impact in the qualification of labour market;
- Development and implementation of different courses for upgrading present qualifications;
- Opportunities for tailoring courses and school curricula and thus of increasing the employment potentials in the private sector and fostering market demand-driven entrepreneurial initiatives;
- Organise locally health and other services, which can be a way of creating new employment opportunities.

### THREATS

- Employment statistics often not reflecting the real situation, especially in the agriculture sector;
- Presence of non-registered labour force;
- Concentration of economic activities in or around cities further deepens the problem of depopulation of rural settlements;
- Excessive concentration of people in urban areas can generate unemployment;
- Teachers leaving rural areas because of low salaries;
- Absence of employment opportunities can further accelerate emigration and migration, especially of young and qualified workers.

## V. ENVIRONMENT

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>Favourable climatic conditions in and natural fertility of the lowlands in the programme area;</li> <li>Richness in biodiversity, varieties of flora and fauna, endemic species, and in natural resources;</li> <li>Important sites of natural significance, national parks, protected areas;</li> <li>Sufficient water resources;</li> <li>Good quality timber in mountain forests;</li> <li>On-going activities for the conservation of the eco-system in the Shkodër lake and increasing awareness of local stakeholders in environmental issues;</li> <li>Low levels of pollution in mountain and rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>Scarcity of solid waste dumps and recycling practices;</li> <li>Pollution and local gaps in waste management, sewage, waste water treatment, etc.;</li> <li>Low degree of nature preservation in environmentally sensitive areas;</li> <li>Uncontrolled de-forestation and waste dumping endangering forests eco-systems, and compromising the quality of water and soil;</li> <li>Illegal and uncontrolled construction on agricultural land;</li> <li>Fauna threatened from over-fishing and illegal hunting;</li> <li>Insufficient level of public awareness on environmental problems.</li> </ul>	<ul style="list-style-type: none"> <li>Prepare and implement joint strategies for natural resources and biodiversity protection, conservation and management;</li> <li>Develop and adopt environmentally friendly services and technologies for cleaning polluted natural resources;</li> <li>Increase public awareness on environmental protection issues;</li> <li>Involve the private sector and civil society in environmental protection activities and programmes;</li> <li>Introduce green energy production;</li> <li>New activities directed at natural resources and biodiversity protection, conservation and management can be a vehicle for generating new employment and offer cross-border cooperation opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance and protection of the environment depends from the central budget;</li> <li>Slow implementation of strategies, regulations and institutions for environmental protection;</li> <li>Increased pollution due to lack of adequate infrastructural investments, which could reduce the attractiveness of the region;</li> <li>Persistence of negative effects of human pressure on the environment, such as the uncontrolled use of natural resources;</li> <li>Risk of extinction of native species and loss of biodiversity.</li> </ul>

## VI. CULTURE & TOURISM

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>Presence of important cultural, historical and archaeological heritage sites that could attract tourism;</li> <li>The region's rich and diversified natural resources can be exploited in a sustainable way for tourism purposes;</li> <li>The existing traditions and traditional activities in agriculture, food processing, crafts production, etc., can be utilised to make the tourism offer of the region more attractive.</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient promotion and protection of the cultural and historical heritage and of natural sites;</li> <li>Lack of strategies for improving the tourism offer in the programme area leads to insufficient tourism planning and training activities;</li> <li>Generally poor tourism infrastructure;</li> <li>Insufficient quality of services;</li> <li>Unequal development of tourism infrastructure and services between one region (Shkodër) and the rest of the programme area;</li> <li>Low human resource capacities in the sectors of tourism and culture.</li> </ul>	<ul style="list-style-type: none"> <li>Exploit in a sustainable way the cultural, historical and archaeological heritage and natural resources for tourism;</li> <li>Elaborate joint strategies and programmes for tourism development, protection and promotion of the historical and cultural heritage;</li> <li>Develop specialised types of tourism (cultural, mountain, agro, health, cycling, etc.);</li> <li>Involve the private sector in improving the offer in the field of tourism;</li> <li>Enhance local products' identity based on specific heritage and tradition;</li> <li>Build-up and strengthen local institutional capacities related to cultural and tradition issues;</li> <li>New activities for protection and promotion of the historical and cultural heritage can be a vehicle for generating new employment and offer cross-border cooperation opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Low recognition at all levels of cultural heritage and traditions as potential sources of revenue;</li> <li>Culture and traditions could lose their authenticity and their attractiveness if overexploited by the tourism industry;</li> <li>Regular maintenance and protection of the historical and cultural heritage depending from the central budget;</li> <li>Insufficient public funds, both at governmental and local government level, to support cultural activities;</li> <li>Degradation of natural resources due to pollution or lack of maintenance could hamper the possibilities of tourism development;</li> <li>Lack in continuity and quality of supplies (water, energy, etc.) will affect the quality of the offer and the demand for tourism.</li> </ul>

## SECTION II PROGRAMME STRATEGY

### 1. EXPERIENCE WITH CROSS-BORDER ACTIVITIES

Regional cooperation is an important element of the European integration process. Therefore, intensified and successful cross-border cooperation of both Albania and Kosovo, between themselves as well as with their other neighbours is an important element of IPA assistance. Cross-border cooperation is needed to improve local economic development and to foster contacts between people in the bordering areas, involving local and regional authorities, as well as all the relevant stakeholders (socio-economic parties and civil society organisations).

Albania participates since 2007 in the IPA CBC Adriatic programme (together with Member States: Italy, Slovenia, Greece and candidate/potential candidate countries: Croatia, Bosnia and Herzegovina, Montenegro, and, in phasing-out, Serbia). Finally, IPA Component II funds support the participation of Albania in the European Regional Development Fund (ERDF) trans-national programme "South-East Europe" since 2007 and "Mediterranean" since 2009.

Albania also participates in the bilateral IPA CBC Albania-Greece programme and since 2007 in IPA CBC programmes with the former Yugoslav Republic of Macedonia and with Montenegro. As this experience was new for the beneficiary countries, with a rather high level of ownership but also responsibilities, the national joint management structures needed time for the implementation of the programmes.

With regards to the CBC programme Albania-Montenegro, a first call for proposal with 2007 funds was launched and closed in 2009. The projects received were evaluated and six proposals were selected for financing equi-distributed amongst the three measures i.e. economic development, environment protection and people-to-people actions. The second call for proposal shall cover IPA 2008 and 2009 CBC funds.

Concerning the CBC Albania- former Yugoslav Republic of Macedonia, the 1<sup>st</sup> Call for Proposals covering 2007 funds was closed in 2009 and is still under evaluation. As regards IPA 2008 – IPA 2009 funds, the call for proposal has been launched in April 2010 to be closed in July 2010.

Considering the status of Kosovo and that the conditions were not met to have fully fledged cross-border co-operation programmes between Albania and Kosovo, in 2007 Albania initiated a unilateral Border Development Programme in the region of Kukës. This programme is implemented through a Cooperation Agreement with UNDP in Albania. During the first year of the implementation of the project, CBC-like structures were set up, fully-equipped and trained, and the beneficiaries from the Kukes region were trained in project application. The response of the Kukes stakeholders have been overwhelming: 16 applications have been received to a Call for Proposals launched by UNDP for up to ten capacity building grants of 10 000 EUR each, worth a total amount of 100 000 EUR, to be awarded to and implemented by local stakeholders. Three small-scale infrastructure interventions with a CBC potential, worth an amount of 190 000 EUR, are to be implemented by local stakeholders as well. It is to be expected that this project is setting the foundations for the present fully-fledged cross-border programme with Kosovo as well as increasing the number and quality of the proposals issued by the Kukes applicants in Albania-Montenegro CBC. Following the October 2009 Commissions' Communication on Kosovo recommending to "progressively activate the IPA cross-border co-operation component (component II) for Kosovo"<sup>27</sup>, this Albania-Kosovo CBC programme is now being launched.

<sup>27</sup>

Communication from the Commission to the European Parliament and the Council, Kosovo\* -



An IPA CBC programme between Kosovo and the former Yugoslav Republic of Macedonia is also currently under preparation.

In addition, Kosovo has signed a protocol with the former Yugoslav Republic of Macedonia for cooperation in the fields of education, investment and tourism. Moreover, there are cooperation agreements with Albania (on tourism) and Montenegro.

Several municipalities in Kosovo are already engaging in cross-border cooperation with their neighbours. Examples include Gjilan with the municipalities of Presheva and Bujanovac in Serbia; Dragash with Tetova and Gostivar in the former Yugoslav Republic of Macedonia; Gjakova with Tropoja and Bajram Curr in Albania; and Peje with Plave and Rozhaje in Montenegro.

Both Albania and Kosovo participate in regional cooperation initiatives: Stability Pact and Regional Cooperation Council (RCC), as well as in the Swedish International Development Cooperation Agency (SIDA) - Partnership Programme initiated in December 2008 and covering the period 2009-2011. One of the expected results of the SIDA programme is to increase cooperation within the IPA instrument and to identify contractual forms that suit possible new cooperation formats.

Both Albania and Kosovo have signed a free-trade agreement in the framework of the Central European Free Trade Agreement (CEFTA).

### ***Lessons learned***

The experience with cross-border and transnational cooperation in the Western Balkan region indicates that:

- Most projects were focused on environmental protection issues. Although clearly addressing a key priority, these projects reflect strategies defined by the central and regional institutions more than the real concerns of civil society and the private sector. On the other hand, they provide a good frame for the development of civil society and NGO partnerships across the border.
- It is important to reflect regional priority considerations and also to involve as much as possible local civil society and private sector representatives in programme development.
- Previous calls for proposals for cross-border actions showed a low capacity in establishing cross-border partnerships and in project preparation of most of the potential beneficiaries. This could have a negative impact on the implementation of the programme. Specific support to and training of potential applicants will be necessary to facilitate the establishment of partnerships and for preparing sound project applications.
- A few municipalities and local organisations on the Albanian side of the border have participated in past and current cross-border initiatives (in the framework of the IPA CBC the former Yugoslav Republic of Macedonia-Albania and Albania-Montenegro programmes). These stakeholders can have a helpful role when implementing the programme (i.e.: providing transfer of know-how to other potential applicants, etc.).

Experience has shown that the preconditions for effective implementation include:

- functioning central, regional and local authorities, with sufficient staff in a stable environment;
- effective cooperation between Operating Structures, line ministries and effective working relationships between all related organisations;
- effective cooperation among central, regional and local institutions within both Kosovo and Albania;
- close working relationships between regional institutions and the Delegation of the European Union to Albania (EU Delegation to Albania) and the European Commission Liaison Office to Kosovo (ECLLO to Kosovo);
- cooperation between private sector organisations, such as business support organisations (Chambers of Commerce, Industry and Trade associations) NGOs, etc.

## **2. STRATEGY OF THE CROSS-BORDER COOPERATION PROGRAMME**

### **2.1. Summary of conclusions derived from the analysis**

Based on the strengths, weaknesses, opportunities and threats identified in the analysis, this section defines suitable strategies for a common development of the cross-border region and a meaningful use of IPA funding. The strategy identifies an overall objective and specific objectives to be reached through the priority axes and corresponding measures of the programme.

When defining the objectives and priorities, the Operating Structures, in close cooperation with the Joint Task Force, took into account:

- The deep common roots linking the two communities across the border;
- The compatibilities but also the heterogeneous aspects of the programme area in terms of demographic and economic trends and level of development: priorities and measures should respond to different and in some instances contradictory situations.
- The limited amount of funding available for the programme, implying that measures are not aimed at heavy investments in areas such as large transport or communication infrastructure, although these are often considered as priorities by local stakeholders.
- The level of ongoing cross-border cooperation, particularly among NGOs and within the civil society. Hence the programme aims at further stimulating and reinforcing the establishment of long term cooperation between local communities.
- The necessity to combine the protection and preservation of the existing cultural heritage and traditions as well as of the unique and vulnerable natural resources and ecosystem in the programme area with the development of viable and sustainable economic activities.

The cross-border programme between Albania and Kosovo is in line with the priorities set by their respective Multi-annual Indicative Planning Documents (MIPDs) 2009-2011.

This programme is coherent with "Democratic stabilisation and administrative capacity building", "Economic and social development", "Infrastructure development" and "Technical assistance", identified as major areas of intervention in the MIPD 2009-2011 for Albania, and will address the need for "Development of a stable, modern, democratic and multi-ethnic society", "Sustainable socio-economic regional development", "Supporting and accompanying Kosovo's European vocation as a regionally integrated part of the whole Western Balkans region, to engage in good neighbourly relations, and to continue to participate in regional cooperation",

"Infrastructure development" and "Technical assistance", identified as major areas of intervention in the MIPD for Kosovo.

**Rationale:** The situation and SWOT analyses reveal that, in the programme area, there are largely underexploited potentialities for economic development in different sectors, such as for example the sustainable exploitation of the traditions, cultural and natural resources of which the region is very rich for tourism, cultural and other purposes. Significant parts of the region remain underdeveloped compared to the respective standards of Kosovo and Albania. There is a high unemployment rate, the labour force is largely unskilled and the economy of the area is mainly based on agriculture, stockbreeding, trade and small industries, and is generally unable to compete on the global markets.

Current relations between Albania and Kosovo economic operators and regional and local organisations are frequent but not very well structured. Presently, exchanges across the border consist mostly of limited trade transactions with no great impact on the region's economy. It is necessary to properly address the existing prospects and opportunities for improving the cross-border region's socio-economic situation.

## 2.2. Overall strategic objective

The overall strategic objective of the programme is:

⇒ ***Fostering sustainable development in the cross-border region.***

Joint actions and cross-border projects implemented within the programme should have an impact on the socio-economic status of the programme area, strengthen social cohesion, foster the joint-management and valorisation of traditions and cultural and natural resources, support economic growth in areas with good potential for development, such as tourism, and/or contribute to improve environmental conditions.

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

## 2.3. Specific objectives

The specific objectives of the programme are to:

- ⇒ ***Promote and stimulate the socio-economic development of the programme area through the valorisation of its economic potential;***
- ⇒ ***Support joint initiatives and actions aimed at protecting, promoting and managing traditions and cultural and natural resources and at encouraging sustainable environmental development;***
- ⇒ ***Encourage cooperation among local communities and citizens', and foster networking and partnership building across the border;***
- ⇒ ***Strengthen capacities of governmental and joint structures to manage cross-border;***
- ⇒ ***Increase awareness on IPA CBC funding opportunities;***
- ⇒ ***Strengthen capacities of potential applicants to prepare and implement projects.***

### 3. PRIORITIES AND MEASURES

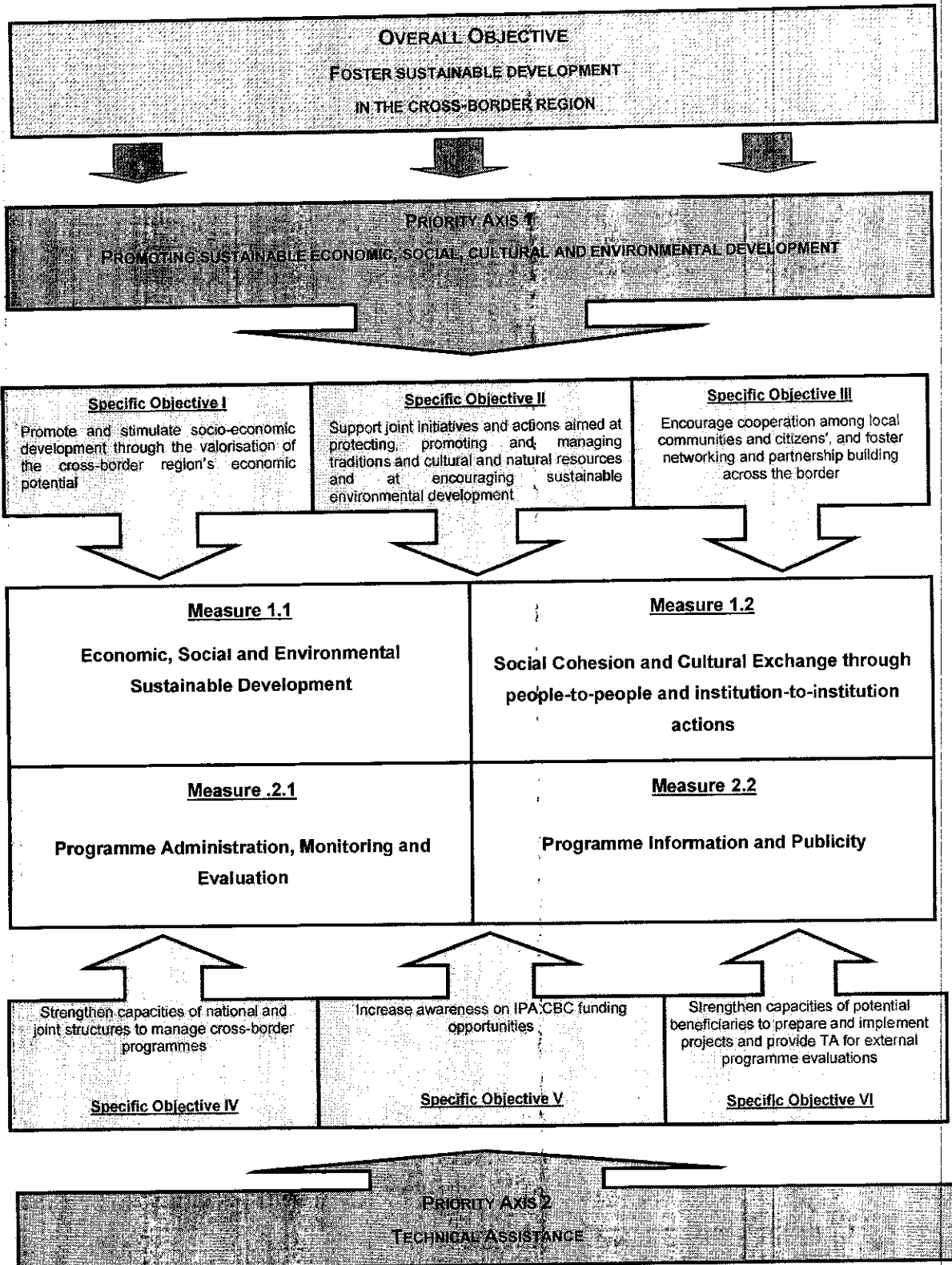
Taking into account the findings of the situation and SWOT analyses, the strategic framework of the programme is structured into **two priority axes** which are further detailed into measures:

Nr.	Priority
Priority Axis 1	PROMOTION OF SUSTAINABLE ECONOMIC, SOCIAL, CULTURAL AND ENVIRONMENTAL DEVELOPMENT
Priority Axis 2	TECHNICAL ASSISTANCE

The rationale behind selecting these two priorities is based on the identification of potential interventions of common interest. It benefits a broad spectrum of potential beneficiaries located on both sides of the border and takes into account the financial allocations available for programme implementation.

The first priority will promote joint cross-border initiatives and actions aimed at improving the economy and the social, cultural and environmental situation of the programme area in a sustainable way, while the second priority will ensure effective and efficient management and implementation of the whole programme through technical assistance support.

The focus of this cross-border programme is therefore on economic, social, cultural and environmental sustainability, and on the intensification cross-border dialogue and institutional relations among local and regional organisations and the civil society. 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.



Capacity building will be an important component of the programme. It will aim at improving know-how and sharing experiences between stakeholders, thus facilitating the establishment of cross-border partnerships and enhancing capacities to prepare and manage effective cross-border projects.

A set of indicators is proposed for some of the measures presented above. Indicators will serve to evaluate the efficiency and effectiveness of the actions undertaken to implement the cross-border cooperation programme in relation to the set objectives, while providing a

concrete and useful instrument to assess quantitatively as well as qualitatively the results achieved.

### **3.1. PRIORITY AXIS 1: Promoting Sustainable Economic, Social and Environmental Development**

The situation & SWOT analyses and feedback received from the beneficiaries on both sides of the border clearly indicate the need for interventions in areas supporting economic development, social cohesion, culture and the environment. After ample joint consultations with stakeholders, it was decided to give due consideration to each of the areas of intervention identified in the specific objectives relating to Priority 1, and to promote as much as possible an integrated implementation approach.

The rationale of this priority is based on both the existing compatibilities and differences in terms of resources and needs within the programme area evidenced in the analysis. This is an opportunity to strengthen the benefits of a cooperation that has been ongoing for decades based on the existing common roots, traditions and values of the communities living on the two sides of the border and to optimise potentials for economic development and social cohesion, while both Albania and Kosovo are overcoming their immediate transitional problems.

This programme aims to capitalising further on existing initiatives that individually target the development of the regions comprised in the programme area.

Priority 1 will contribute to improve the quality of life and living standards in the programme area by providing opportunities for economic, social, cultural and environment-related partnerships and exchanges across the border.

Priority 1 will include two specific measures:

<b>Nr.</b>	<b>Measure</b>
<b>MEASURE 1.1</b>	<b>Economic, Social and Environmental Sustainable Development</b>
<b>MEASURE 1.2</b>	<b>Social Cohesion and Cultural Exchange through people-to-people and institution-to-institution actions</b>

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

Actions to be implemented under Measure 1.1 are expected to improve the overall socio-economic conditions, employment prospects and opportunities in the programme area and to positively affect the quality of services, such as business-support facilities, and the environmental situation.

The programme, in line with the Specific Objective III, foresees the definition and implementation of people-to-people and institution-to-institution actions under Priority 1. This core element will mainly be implemented through Measure 1.2, and is aimed at promoting social cohesion and cultural development and at fostering cross-border cooperation among local communities and within civil society.

#### **3.1.1. MEASURE 1.1 - Economic, social and environmental sustainable development**

The specific objective of this Measure is to:

⇒ **Promote socio-economic development of the programme area through the valorisation of its economic and environmental potentials.**

This Measure will focus mainly on actions supporting the development of small-scale infrastructure, strategic plans, good practices and joint activities in order to stimulate economic growth, to encourage environment preservation, protection and management and to improve the socio-economic conditions of the inhabitants of the programme area.

The rationale of interventions foreseen under this Measure is based on facilitating trans-boundary cooperation and joint initiatives for:

- a) Fostering all sectors of the economy that have good growth prospects and potential, such as tourism, with the aim of creating favourable conditions that promote local economic activities, and enhance the competitiveness of local enterprises and the quality of local products and services; and
- b) The protection and preservation of the environmental resources of which the programme region is so rich and their sustainable management.

Joint activities in both areas are expected to contribute to generating new employment opportunities and to improving social conditions and standards of living in the programme area.

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

<b>PRIORITY AXIS 1</b>	<b>Promotion of Sustainable Economic, Social, Cultural and Environmental Development</b>			
<b>MEASURE 1.1</b>	<b>Economic, Social and Environmental Sustainable Development</b>			
<b>Examples of Indicative Actions</b>				
<ul style="list-style-type: none"> <li>• Joint development of the border-crossing at Morinë into a single checkpoint for both Albania and Kosovo with integrated customs and police procedures;</li> <li>• Joint projects supporting groups of producers in protecting, marketing and improving the production of traditional agricultural products and handicrafts;</li> <li>• Joint research for introducing technological innovation;</li> <li>• Cross-border public-private partnerships fostering economic-development;</li> <li>• Joint activities supporting tourism: small infrastructure, trainings, information campaigns, etc.;</li> <li>• Joint research on renewable and alternative energy;</li> <li>• Cooperation between NGOs and local administrations in the areas of environmental protection; maintenance and rehabilitation of small environmental infrastructure; etc.;</li> <li>• Organisation of local exhibitions and fairs.</li> </ul>				
<b>EXAMPLES OF OBJECTIVELY VERIFIABLE INDICATORS</b>				
<b>Type</b>	<b>Indicator</b>	<b>Measurement</b>	<b>Target</b> 2013	<b>Source of Information</b>

<b>Outputs</b>	Joint interventions having concrete impact on efficient border management, communication, services, tourism, trade and transport in the eligible area	Number	1	Annual Implementation Reports, Evaluation Reports, Monitoring Reports, Project reports
	Number of joint initiatives fostering economic, social and environmental development	Number	20	
	Number of joint initiatives dealing with environment protection, adequate usage of natural resources, water supply and sewage system	Number	2	
	Number of joint initiatives supporting tourism development and promotion	Number	5	
	Number of joint initiatives fostering cross-border partnerships in economy, trade, tourism and environment protection.	Number	10	
<b>Results</b>	Average time savings at border crossing	Number	Minimum 15 minutes	Annual Implementation Reports, Evaluation Reports, Monitoring Reports, Project reports
	Number of cross-border partnerships created in economy, trade and environment	number	50	
	Number of persons with direct or indirect benefit from above activities	number	1 000	

This measure should mainly be implemented through grant schemes.

### 3.1.2. MEASURE 1.2 - Social cohesions and cultural exchange through people-to-people and institution-to-institution actions

The specific objectives of this Measure are to:

- ⇒ **Support joint initiatives and actions aimed at protecting, promoting and managing traditions and cultural and natural resources and at encouraging sustainable environmental development;**
- ⇒ **Encourage cooperation among local communities and citizens', and foster networking and partnership building across the border.**

People-to-people actions will target directly the civil society and are expected to enhance, facilitate and strengthen cooperation among local communities and organisations, such as NGOs, and to encourage these actors to engage in cross-border partnerships.

Actions under this Measure will aim to bring the area's people, local communities and civil society closer to each other, supporting the valorisation of the unique historical and cultural heritage and all types of operations that foster social integration of marginalised groups, unemployed, rural youth, women, etc. This Measure also aims at encouraging joint research



and educational activities, initiatives related to the protection and preservation of natural resources and the environment, developing the NGO sector, etc.

This Measure will be implemented through grant schemes as of the 2011 allocation of funds. Specifications on size of projects, other requirements and selection criteria will be detailed in the "Call for Proposals/Guidelines for Applicants".

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

<b>PRIORITY AXIS 1</b>	<b>Promotion of Sustainable Economic, Social, Cultural and Environmental Development</b>			
<b>MEASURE 1.2</b>	<b>Social cohesion and cultural exchange through people to people and institution to institution actions</b>			
<b>Example of Indicative Actions</b>				
<ul style="list-style-type: none"> <li>• Partnerships between communities living across the border;</li> <li>• Support to NGOs active in social inclusion, protection of minority and vulnerable groups, culture, environment, health protection, etc.;</li> <li>• Local cultural exchanges and organisation of joint cultural events;</li> <li>• Joint activities for promoting and protecting the historical, cultural, artistic, and linguistic heritage and/or typical local products;</li> <li>• Support to joint innovative actions aiming at introducing new tourism products and/or at improving tourism services;</li> <li>• Organisation of local exhibitions and fairs;</li> <li>• Support of joint projects and activities for promoting and protecting the environment and/or natural resources;</li> <li>• Education and training initiatives;</li> <li>• Youth exchange activities;</li> <li>• Bilateral actions for the joint solution of common social problems;</li> <li>• Promoting health in schools and sustainable health protection awareness system in particular for vulnerable, socially marginal people;</li> </ul>				
<b>OBJECTIVELY VERIFIABLE INDICATORS</b>				
<b>Type</b>	<b>Indicator</b>	<b>Measurement</b>	<b>Target 2013</b>	<b>Source of Information</b>

<b>Outputs</b>	Joint initiatives implemented	Number	40	Annual Implementation Reports, Evaluation Reports, Monitoring Reports, Project reports
	Cross-border youth and cultural exchanges	Number	4	
	Joint initiatives supporting social inclusion	Number	6	
	Joint initiatives based on historical cultural heritage and traditions	Number	6	
	Support to joint innovative actions aiming introducing new tourist practices	Number	2	
	Initiatives supporting the organisation of local exhibitions and fairs	Number	2	
	Joint initiatives addressing the environment and/or based on the protection, preservation and sustainable use of natural resources	Number	6	
	Joint cultural events and activities	Number	4	
	Joint initiatives addressing social problems in the cross-border region	Number	6	
	Initiatives related to health protection	Number	4	
<b>Results</b>	Organisations participating in cross-border exhibitions and fairs	Number	More than 20	Annual Implementation Reports, Evaluation Reports, Monitoring Reports, Project reports
	Increase in cooperation among institutions and NGOs	Percentage	20	
	Organisations participating in cross-border cultural events	Number	At least 80	
	People informed by the CBC Programme and its activities	Number	50 000	

### 3.1.3. Project selection criteria

In general, the eligible actions within each measure must fulfil the following pre-requisites:

- *include partners from both sides of the border;*
- *establish contacts and links between local communities and between relevant institutions/ organisations from both sides of the border;*
- *encourage equal participation by women and marginalized groups;*
- *be environmentally sustainable.*

### 3.1.4. Beneficiaries of Measures 1.1 and 1.2

The non exhaustive list of potential beneficiaries may include:

- Local government administrations (regions, districts, municipalities and communes);
- Professional associations;
- Chambers of Commerce and other business support organisations;
- Non-profit national and local institutions/agencies;
- Public organisations at governmental and local level;
- Public enterprises;

- SMEs<sup>28</sup>;
- Local labour offices;
- Universities, schools, educational and research institutions;
- Vocational training centres;
- National parks;
- Cultural and sport associations;
- NGOs;
- Inhabitants of the programme area.

### 3.2. PRIORITY AXIS 2: Technical Assistance

A provision for technical assistance is made under the programme to ensure an effective programme management and information flow.

Specific objectives of this priority are to:

- ⇒ **Strengthen capacities of governmental and joint structures to manage this cross-border programme;**
- ⇒ **Increase awareness in IPA CBC funding opportunities;**
- ⇒ **Strengthen capacities of potential beneficiaries to prepare and implement projects and provide technical expertise for external programme evaluations.**

Technical Assistance (TA) will be used to support the work of the two Operating Structures and the Joint Monitoring Committee (JMC) ensuring the efficient and effective implementation, monitoring, control and evaluation of the programme. This will be achieved, *inter alia*, through the establishment and operation of a Joint Technical Secretariat (JTS) to be located in Kukës, Albania, and its Antenna to be located in Prizren, Kosovo. The JTS will be in charge of the day-to-day management of the programme and will be responsible to the Operating Structures and the Joint Monitoring Committee (JMC).

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

TA will cover operational costs of the JTS and its Antenna, including staff costs (with the exception of the salaries of public officials) required for an effective and efficient implementation of the programme. The TA budget will also cover costs dealing with the provision of information and publicity to potential beneficiaries and the wider population of the eligible area, and the cost of external technical expertise for the assessment of project proposals.

**The TA component will account for maximum 10% of the EU funds.**

Considering that, for the implementation of the cross-border programme, the Operating Structures in Albania and in Kosovo enjoy a *de facto* monopoly situation (in the meaning of Art. 168.1.c of the Implementing Rules to the Financial Regulation), the relevant Contracting Authorities (CA) of Albania and Kosovo may decide to establish an individual direct grant agreement without call for proposals with the respective Operating Structures for up to the total amount provided under Priority 2., In order to implement the activities covered by the direct grant agreement, the Operating Structures are allowed to sub-contracting (procurement

<sup>28</sup> As only non-profit-generating actions can be funded, SMEs will benefit indirectly from the programme.

of services or supplies) in accordance with Article 120 of the Financial Regulation and Article 184 of the Implementing Rules to the Financial Regulation. The direct grant agreements can be signed as soon as the Financing Agreements are concluded.

This priority will be implemented through two measures:

Nr.	Measure
Measure 2.1	Programme administration, monitoring and evaluation
Measure 2.2	Programme information and publicity

### 3.2.1. MEASURE 2.1 - Programme administration, monitoring and evaluation

The specific objective of this Measure is the creation of the conditions for a timely and effective programme implementation, to guarantee the optimal and efficient use of resources. This Measure can provide support for the work of Operating Structures, the Joint Monitoring Committee, the Joint Technical Secretariat and its antenna as well as any other structure (e.g. the Steering Committee) involved in the management and implementation of the programme. It will cover the administrative and operational costs related to the implementation of the programme. The Measure may also support the provision of expertise for programme evaluations.

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

PRIORITY AXIS 2		Technical Assistance			
MEASURE 2.1		Programme Administration, Implementation and Monitoring			
Examples of Indicative Actions					Beneficiaries
<ul style="list-style-type: none"> <li>• Appropriate staffing and operation of the JTS and its antenna (except salaries of public officials);</li> <li>• Support to Operating Structures in carrying out their programme management responsibilities;</li> <li>• Support to the JMC in carrying out its programme management and monitoring responsibilities;</li> <li>• Logistical and technical support for JMC meetings;</li> <li>• Training for members of Operating Structures, JMC and JTS;</li> <li>• Support to potential applicants for project preparation and partner search;</li> <li>• Appropriate technical expertise in the assessment of project proposals;</li> <li>• Support to final beneficiaries in project implementation;</li> <li>• Establishment of project monitoring and control systems;</li> <li>• Reporting;</li> <li>• Programme evaluations.</li> </ul>					<ul style="list-style-type: none"> <li>• Operating Structures</li> <li>• Joint Monitoring Committee</li> <li>• Joint Steering Committee</li> <li>• JTS and antenna</li> <li>• Local stakeholders</li> </ul>
OBJECTIVELY VERIFIABLE INDICATORS					
Type	Indicator	Measurement	Baseline April 2010	Target 2013	Source of Information

Outputs	Staff recruited and successfully performing their duties in JTS and Antenna	Number	0	6	Annual Implementation Reports, Evaluation Reports, Monitoring Reports
	JMC meetings organised	Number	0	8	
	Training events for potential applicants	Number	0	4	
	Training events for evaluators and assessors	Number	0	2	
	Number of staff acquiring skills in programme management and successfully performing their duties at JTS and other programme bodies	Number	0	10	
	Project proposals assessed	Number	0	60	
	CfP finalised	Number	0	2	
Results	JTS and its antenna operational	Number	0	1 + 1	Annual Implementation Reports, Evaluation Reports, Monitoring Reports
	IPA funds absorbed	Percentage	0	>90%	

### 3.2.2. MEASURE 2.2 - Programme information and publicity

The specific objective of this Measure is to ensure programme awareness amongst governmental, regional and local institutions and organisations and in general among the population in the programme area and in the whole of Kosovo and Albania in order to inform citizens about the programme.

The following table provides a summary of indicative activities, as well as beneficiaries and monitoring indicators.

PRIORITY AXIS 2		Technical Assistance		
MEASURE 2.2		Programme Information, Publicity and Evaluation		
Examples of Indicative Actions				Beneficiaries
<ul style="list-style-type: none"> <li>Preparation, translation and dissemination of programme related information and publicity materials</li> <li>Establishment, management and regular update of a programme website;</li> <li>Organisation of awareness raising events (info days, information sessions, meetings, seminars, press conferences, media events);</li> <li>Organisation of partner search fora.</li> </ul>				<ul style="list-style-type: none"> <li>Operating Structures</li> <li>Joint Monitoring Committee, Joint Steering Committee</li> <li>JTS and its antenna</li> <li>Local stakeholders</li> <li>Citizens</li> </ul>
OBJECTIVELY VERIFIABLE INDICATORS				
Type	Indicator	Measurement	Target 2013	Source of Information

<b>Outputs</b>	Information and promotion events organised	Number	10	Annual Implementation Reports, Evaluation Reports, Monitoring Reports
	Printed publications	Number	2	
	Publicity material disseminated	Number	1 500	
	Programme website established	Number	1	
<b>Results</b>	Users visiting websites	Number	10 000	Annual Implementation Reports, Evaluation Reports, Monitoring Reports
	Participants at information and promotion events	Number	1 000	
	Published newspaper articles and TV and radio features	Number	20	

#### 4. COHERENCE WITH OTHER PROGRAMMES

The cross-border programme is defined within the framework of the respective Multi-annual Indicative Planning Document (MIPD) 2011-2013, which proposes cross-cutting measures, reflected as priorities in almost all existing governmental, regional and local strategic plans.

##### 4.1. Albania

In Albania, the cross-border programme complies with the following strategic documents:

- *The National Strategy for Socio-Economic Development (NSSED)*, which provides an overall strategic framework for development for the country. It puts emphasis on sectors that are compatible with areas considered by this programme, such as economic development; environmental infrastructures; urban and rural development, in particular in the poorest and most remote areas, development and diversification of the tourism industry, etc.
- *The Decentralisation Strategy* which establishes the bases for enhancing the role of local government units in relation to socio-economic development activities and especially regional development.
- *The Regional Development Strategy – Millennium Development Goals 2003, for the Region of Shkodra* and the document *Promoting Local Development through the Millennium Development Goals (MDGs) 2003 – Region of Kukësi*. Both documents emphasise the cross-border cooperation as a tool for supporting economic and social development of the regions. They highlight environmental issues, health and other social issues, labour market prospects, social integration, all of which are considered part of the regions' objective for meeting the MGDs goals.

##### 4.2. Kosovo

- *2008 Laws on Local Self-Government and 2008-2010 Action Plan for the Implementation of Decentralisation* – aiming at establishing a sustainable system of local self-government and improving the efficiency of local public services throughout Kosovo.
- *Local Strategies* (drafted approximately in last 5 years and being regularly updated)– for all the Municipalities involved in the programme. These documents emphasise

cross-border cooperation as a tool for supporting socio-economic development and the protection and preservation of the environment.

- *Regional Development Strategies* (by December 2010 the regions in Kosovo forming the eligible area for CBC programmes define their strategic priorities and related priority actions) - under development with support of EU funding (EURED). Overall objective is to introduce Regional Economic Development Strategies, aiming at strengthening the Kosovo economic regions and expanding a regional development framework in line with EU standards. It will support development of institutional capacities to manage the process of economic development, and supporting economic regeneration, job creation and human infrastructure development in different regions.
- *European Partnership Action Plan (EPAP) for Kosovo (2010)* – which put great emphasis on regional development and cooperation as a vehicle for development of Kosovo in the view of overall European Integration Process

This cross-border programme is also coherent with other IPA interventions such as the IPA cross-border programme Albania-Montenegro, the IPA cross-border programme the former Yugoslav Republic of Macedonia-Albania, the IPA cross-border programme the former Yugoslav Republic of Macedonia-Kosovo, the IPA cross-border programme Adriatic and the ERDF European Territorial Cooperation trans-national programmes.

The ongoing EU initiatives and those of other donors active in the region, such as the OSCE, the United Nations Development Programme (UNDP), the East-West Institute, SIDA, and the World Bank, have also been taken in consideration while drafting this document.

## SECTION III FINANCIAL PROVISIONS

The financial allocation of the cross-border programme for the period 2010-2013 is as follows:

PRIORITY AXES	ALBANIA				KOSOVO				
	EU funding	Albania funding	Total funding	Rate of EU contribution	EU funding	Kosovo funding	Total funding	Rate of EU contribution	
	(a)	(b)	(c) = (a)+(b)	(d) = (a)/(c)	(a)	(b)	(c) = (a)+(b)	(d) = (a)/(c)	
2010	1 - Promotion of sustainable economic, social, cultural and environmental development	540 000	95 294	635 294	85%	540 000	95 294	635 294	85%
	2 - Technical Assistance	60 000	10 588	70 588	85%	60 000	10 588	70 588	85%
	<b>TOTAL</b>	<b>600 000</b>	<b>105 882</b>	<b>705 882</b>	<b>85%</b>	<b>600 000</b>	<b>105 882</b>	<b>705 882</b>	<b>85%</b>
2011	1 - Promotion of sustainable economic, social, cultural and environmental development	540 000	95 294	635 294	85%	540 000	95 294	635 294	85%
	2 - Technical Assistance	60 000	10 589	70 589	85%	60 000	10 589	70 589	85%
	<b>TOTAL</b>	<b>600 000</b>	<b>105 883</b>	<b>705 883</b>	<b>85%</b>	<b>600 000</b>	<b>105 883</b>	<b>705 883</b>	<b>85%</b>
2012	1 - Promotion of sustainable economic, social, cultural and environmental development	540 000	95 294	635 294	85%	540 000	95 294	635 294	85%
	2 - Technical Assistance	60 000	10 589	70 589	85%	60 000	10 589	70 589	85%
	<b>TOTAL</b>	<b>600 000</b>	<b>105 883</b>	<b>705 883</b>	<b>85%</b>	<b>600 000</b>	<b>105 883</b>	<b>705 883</b>	<b>85%</b>
2013	1 - Promotion of sustainable economic, social, cultural and environmental development	540 000	95 294	635 294	85%	540 000	95 294	635 294	85%
	2 - Technical Assistance	60 000	10 589	70 589	85%	60 000	10 589	70 589	85%
	<b>TOTAL</b>	<b>600 000</b>	<b>105 883</b>	<b>705 883</b>	<b>85%</b>	<b>600 000</b>	<b>105 883</b>	<b>705 883</b>	<b>85%</b>
<b>GRAND TOTAL 2010-2013</b>		<b>2 400 000</b>	<b>423 530</b>	<b>2 823 530</b>	<b>85%</b>	<b>2 400 000</b>	<b>423 530</b>	<b>2 823 530</b>	<b>85%</b>

In both Albania and Kosovo, the eligible expenditure is based on the total expenditure as referred to in Article 90 of the IPA Implementing Regulation.



## SECTION IV IMPLEMENTING PROVISIONS

The implementing provisions for this cross-border programme are based on EU Regulation (EC) No 718/2007 (hereinafter referred to as the 'IPA Implementing Regulation'), implementing Council Regulation (EC) No 1085/2006 establishing an Instrument for Pre-accession Assistance (IPA), as amended by EU Regulation (EU) No 80/2010 of 28 January 2010.

In line with Article 10(2) of IPA Implementing Regulation, both Albania and Kosovo will be managing the programme according to the centralised management model, with the EU Delegation to Albania and the ECLO to Kosovo being the Contracting Authorities.

The programme implementing provisions are based on the principle of both Albania and Kosovo being equal partners and having an equal role in the cross-border cooperation management structures. The joint-management of the programme will ensure local ownership, wider involvement, better planning and will create the base for genuine cross-border activities.

### 1. PROGRAMME STRUCTURES

#### 1.1. ORGANISATIONAL STRUCTURES AT GOVERNMENTAL LEVEL

In accordance with Art. 32(1) of the IPA Implementing Regulation, both Albania and Kosovo have designated a National IPA Coordinator (NIPAC):

In Albania, the Minister of European Integration is designated as National IPA Coordinator, and acts as the representative of Albania vis-à-vis the EU. The NIPAC has designated the Ministry of European Integration as IPA-Component II Coordinator.

In Kosovo, the IPA Coordinator is based in the Ministry of European Integration. The Kosovo IPA Coordinator has designated the Ministry of Local Government and Administration as IPA-Component II Coordinator.

IPA-Component II Coordinators are the main contact points between both Albania and Kosovo and the EU for all issues related to participation in programmes under the IPA CBC Component.

#### 1.2. OPERATING STRUCTURES

The cross-border programme shall be implemented by the Operating Structures (Art. 139 IPA Implementing Regulation – IPA-IR) which have been designated in both Albania and Kosovo. These are:

Albania	Kosovo
<b>Ministry of European Integration</b> Rr. Papa Gjon Pali II, 3 Tirana Tel.: +355-4-2228 623 Fax: +355-4-225 6267	<b>Ministry of Local Government Administration</b> Former "Rilindja" building 10000, Pristina Tel.: (+381) 38 213 380

According to Article 139 of IPA IR, the two Operating Structures shall cooperate closely in the programming and implementation of the cross-border programme. The Operating Structures shall jointly set-up the Joint Technical Secretariat (JTS) to assist the Operating Structures and the Joint Monitoring Committee (JMC).

### **Responsibilities of the Operating Structures**

Operating Structures are, *inter alia*, responsible for:

- Preparing the CBC programme
- Preparing the programme amendments to be considered and approved by the JMC;
- Appointing their representatives on the JMC;
- Setting up of the Joint Technical Secretariat (JTS) and guiding its work;
- Preparing and implementing the strategic decisions of the JMC where necessary with the support of the JTS;
- Reporting to the respective IPA/Cross-border Cooperation Coordinators on all aspects concerning the implementation of the programme;
- Establishing a system, assisted by the JTS, for gathering reliable information on the programme's implementation and providing data to the JMC, the Cross-border Cooperation Coordinators and the EU;
- Ensuring the quality of the implementation of the cross-border programme together with the JMC;
- Ensuring the monitoring of commitments and payments at programme level;
- Ensuring that grant beneficiaries make adequate provisions for financial reporting (monitoring) and sound financial management (control);
- Sending to the Commission and the respective IPA Coordinators the annual report and the final report on the implementation of the cross-border programme after examination by the JMC;
- Promoting information and publicity-actions.

Under centralised management the tendering, contracting and payments are responsibilities of the EU Delegation to Albania and the ECLO to Kosovo (Contracting Authorities).

### **1.3. JOINT MONITORING COMMITTEE**

Within three months after the first Financing Agreement relating to the programme enters into force, Albania and Kosovo shall establish a Joint Monitoring Committee (JMC), in line with Article 142 of the IPA Implementing Regulation.

The JMC is the cross-border programme's decision-making body which shall satisfy itself as to the effectiveness and quality of the implementation of the programme. The JMC consists of representatives at governmental, regional and local level of the beneficiaries, including representatives of the Operating Structures and of socio-economic stakeholders in the eligible area. The European Commission shall participate in the work of the JMC in an advisory capacity.

The JMC shall meet at least twice per year at the initiative of the participating beneficiaries or of the Commission and is chaired by a representative of Albania or Kosovo on a rotating basis.

At its first meeting, the JMC shall draw up its rules of procedure, and adopt them in order to exercise its missions pursuant to the IPA IR.

### **Responsibilities of the JMC**

The responsibilities of the JMC are, *inter alia*, as follows:

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

#### **1.4. JOINT TECHNICAL SECRETARIAT**

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

The JTS is jointly managed by both Operating Structures.

The location of the JTS is in **Kukës, Albania**. It has an Antenna in **Prizren, Kosovo**.

The JTS is the administrative body of the programme responsible for its day-to-day management. The costs of the JTS and its Antenna are co-financed under the programme's Technical Assistance budget provided and related to tasks eligible for the operation and co-financed according to EU rules.

The JTS consists of employees from both sides of the border, contracted by the respective Operating Structures.

##### **Responsibilities of the JTS and its Antenna**

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

- support the JMC and the Operating Structures in programme implementation;

- perform secretariat function for the JMC, including preparation of all necessary activities for organising the JMC meetings and the follow-up activities. The tasks of JTS shall be defined in the rules of procedures of the JMC;
- set up, regular maintenance and updating of the monitoring system (data input at programme and project level);
- prepare and make available all documents necessary for project implementation (general information at programme level, general information at project level, guidelines, criteria, application for collecting project ideas, application package - guidelines, criteria for project selection, eligibility, reporting forms, contracts, etc.);
- run info-campaigns, trainings, help-lines and web-based Q&A in order to support potential applicants in the preparation of project applications;
- assist potential beneficiaries in partner search and project definition;
- assist the JMC and the Joint Steering Committee in organising the process of selection of project proposals and check whether all relevant information for making a decision on project proposals are available;
- manage the Call for Proposals process, including receiving and registering project applications and preparing documentation for the evaluation;
- make sure that all the relevant documentation necessary for contracting is available to the Contracting Authorities on time;
- prepare standardised forms for project application, assessment, contracting, monitoring and reporting based as much as possible on templates and models included in the Practical Guide to Contract Procedures for EU external actions (PRAG);
- organise and manage an ad-hoc data base of the programme, on the basis of the information directly collected during the call for proposals process and those transferred regularly by the Operating Structures;
- conduct joint information and publicity activities under the guidance of the JMC and the Operating Structures, including setting up and maintaining an official programme website;
- prepare, conduct and report on monitoring of projects;
- provide inputs to annual and final reports on the cross-border programme;
- plan its activities according to a work plan annually approved by the JMC.

## 1.5 CONTRACTING AUTHORITIES

The EU Delegation to Albania and the European Commission Liaison Office to Kosovo will be the Contracting Authorities (CA).

Albania	Kosovo
<b>Delegation of the European Union to Albania</b> ABA Business Centre - 17 <sup>th</sup> floor Rr. Papa Gjon Pali II Tirana Tel.: +355-4-2228 320 Fax: +355-4-2230 752	<b>European Commission Liaison Office to Kosovo (ECLO)</b> Kosova Street 1 (P.O. Box 331) 10000 Pristina Tel: (+381) 38 51 31 323 Fax: (+381) 38 51 31 304

In both Albania and Kosovo, in line with Article 140(1) of the IPA Implementing Regulation, the European Commission retains overall responsibility for ex-ante approval of calls for proposals, for awarding grants, tendering, contracting and payments.

## Responsibilities of the CAs

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

- In case of Calls for proposals:
  - Endorsing calls for proposals documentation;
  - Endorsing composition of Joint Steering Committees;
  - Approving evaluation reports and list of projects;
  - Sitting in the Joint Monitoring Committee in an advisory capacity;
  - Signing contracts with grant beneficiaries, including budget revisions (with support provided as appropriate by the Operating Structures and JTS).
- In case of a joint strategic project:
  - Tendering and contracting supply, services and/or works

### 1.6. PROGRAMME BENEFICIARIES (in case of grants awarded through Calls for proposals)

#### Definition of Lead Beneficiaries and other beneficiaries

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

#### Responsibilities of Lead Beneficiaries

According to the provisions of Article 96(3) of the IPA Implementing Regulation, the Lead Beneficiary shall assume the following responsibilities for the part of the operation taking place respectively on Albania or Kosovo territory:

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

The Lead Beneficiaries from both Albania and Kosovo shall ensure a close coordination among them in the implementation of the operation.

#### Responsibilities of other beneficiaries

Each beneficiary participating in the operation shall:

- Participate in the operation;

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

### **Functional Lead Partner**

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

The Functional Lead Partner is:

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

## **2. IMPLEMENTING RULES**

### **2.1. BASIC IMPLEMENTATION RULES**

As a rule, cross-border programmes are implemented through single, joint calls for proposals (grant schemes).

#### **Joint Strategic Projects (Operations outside calls for proposals)**

Joint Strategic Projects are defined as those which have a significant cross-border impact throughout the Programme area and which will, on their own or in combination with other Strategic Projects, achieve measure-level objectives. In case of a joint strategic project, the European Commission, acting as Contracting Authority, will tender and contract the project (works, supplies and/or services) on the basis of the PRAG procedures.

#### **Grant schemes**

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

The JMC is responsible for selecting the operations.

The Contracting Authority is responsible for ex-ante control of the grant award processes and for issuing the grant contracts and subsequent payments.

## 2.2. GRANT AWARD PROCESS

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

Where appropriate, PRAG procedures and standard templates and models should be followed – adapted as appropriate – unless the provisions of the IPA Implementing Regulation and/or the joint nature of calls for proposals require otherwise.

### a) Preparation of the Application Package

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

### b) Publication of the single Call for Proposals

- When launching the Call for Proposals, the Operating Structures, with the assistance of the JTS, take all appropriate measures to ensure that calls for proposals reach the target groups in line with the requirements of the Practical Guide. The Application pack is made available on the programme website and the websites of the EU Delegation/ECLO (Contracting Authorities) and in paper copy;
- The JTS is responsible for information campaign and answering questions of potential applicants. JTS provides advice to potential project applicants in understanding and formulating correct application forms;
- Frequently Asked Questions (FAQs) should be available on the Programme website and the EU Delegation to Albania and the ECLO websites

### c) Selection of the operations

As provided by the IPA Implementing Regulation, the submitted project proposals will undergo a joint selection process. The project evaluation should follow PRAG rules (Chapter 6.4.) as amended by the provisions of the IPA Implementing Regulation (e.g. Article 140 on the role of the Commission in the selection of operations)<sup>29</sup>. A joint Steering Committee, designated by the JMC, will evaluate projects against the criteria set in the Application Pack and will establish a ranking list according to PRAG. On that basis, the Joint Monitoring Committee will then bring the final decision on the projects to be recommended for financing to the Contracting Authorities (EU Delegation to Albania and the ECLO to Kosovo).

The main steps of the procedure should be as follows:

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<sup>29</sup> IPA Implementing Regulation for Component II provides, *inter alia*, a certain degree of decentralisation in the evaluation and selection process, namely in beneficiary countries where IPA funds are managed under a centralised approach (e.g. where the evaluation committee is nominated by the national authorities sitting in the JMC, not by the Commission i.e. the Contracting Authority).

- Incoming operation proposals are collected and registered by the JTS;
- The JMC is responsible for evaluating operation proposals according to the eligibility criteria; however, when deemed necessary, it can designate a Joint Steering Committee for the assessment of administrative compliance, eligibility and assessment of technical and financial quality of proposals;
- Members of the Joint Steering Committee are designated exclusively on the basis of technical and professional expertise in the relevant area. The EU Delegation to Albania and the ECLO to Kosovo endorse the composition of the Joint Steering Committee. An observer designated by the Contracting Authorities may participate in its proceedings;
- The Joint Steering Committee assesses the projects against the conditions and criteria established in the Call for Proposals–Application Package and according to the procedures of the "Practical guide to contract procedures for EU external actions";
- The JMC receives from the Steering Committee the Evaluation Report and the award proposals and transmits them, with recommendations, as appropriate, to the Contracting Authorities through the respective Operating Structures;
- If required, the JMC may request clarifications from the Joint Steering Committee. In case of disagreement with the conclusions of the Evaluation report, or if the JMC wants to deviate from the results of Joint Steering Committee, it must outline its concerns in their recommendation/approval letter to the Contracting Authorities. However, under no circumstance is the JMC entitled to change the Steering Committee's scores or recommendation and must not alter the evaluation grids completed by the evaluators;
- EU Delegation/ECLO approve the Evaluation report on the selection process and the final list of grants to be awarded. The EU Delegation/ECLO may request clarifications from the JMC;
- The JTS notifies each applicant, in writing, of the result of the selection process;
- The EU Delegation to Albania and the ECLO to Kosovo issue the grant contract to the respective lead beneficiary of each selected project.

### **2.3. CO-FINANCING AND ELIGIBILITY OF EXPENDITURE**

- a) The EU contribution for each priority axis shall not exceed 85% of the eligible expenditure.
- b) The EU contribution for each priority axis is not less than 20% of the eligible expenditure.

In both Albania and Kosovo, the eligible expenditure is based on the total expenditure as referred to in Article 90 of the IPA Implementing Regulation.

The co-financing to the TA priority (priority II) and a potential 'joint strategic project', if any, should be provided by public funds. The co-financing of grants awarded through calls for proposals, will be provided by the final beneficiaries and it can be from public funds as well as from private funds.

At the operation level, the eligibility of expenditures is according to Articles 89 and 34.3 of the IPA Implementing Regulation.



### **3. INFORMATION, PUBLICITY AND CONSULTING**

Authorities of Albania and Kosovo shall provide information and publicise the programme and operations with the assistance of the JTS, as appropriate.

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

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

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

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

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

- To appoint a person responsible for the information and publicity.
- To develop and maintain the programme website;
- To maintain necessary public relations and media communications;
- To develop information and publicity materials;
- To organise joint project development seminars and conferences;
- To involve representatives of the European Union in the information and publicity.

### **4. FINANCIAL MANAGEMENT**

Under centralised management, the European Commission will handle all tendering, contracting and payment functions for the procurement of services, supplies and works (e.g. in case of joint strategic projects, if any) and contracting and payment functions for the grants on the basis of documents provided by final beneficiaries, in accordance with the rules set out in the "Practical Guide to Contract Procedures for EU external actions" (PRAG).

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

The European Union and auditing authorities of Albania and Kosovo will have the power of audit over the cross-border programme.

## **5. MONITORING AND EVALUATION**

### **5.1. MONITORING**

Lead Beneficiaries should send narrative and financial interim and final reports to their respective Contracting Authorities according to the standard terms of their grant contracts.

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

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

### **5.2. PROGRAMME EVALUATION**

Evaluations shall take place in compliance with Article 141 of the IPA Implementing Regulation. The evaluation shall aim to improve the quality, effectiveness and consistency of the assistance from the EU funds and the strategy and implementation of cross-border programmes while taking account the objective of sustainable development and the relevant EU legislation concerning environmental impact.

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

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

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

## **6. REPORTING**

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

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

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

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