

EN

ANNEX

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

Action Document for: Cross-border cooperation programme Albania – Kosovo for 2021-2027

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

TABLE OF CONTENTS

PROGRAMME SYNOPSIS	3
LIST OF ACRONYMS	6
1. PROGRAMME SUMMARY	7
1.1. Summary of the Programme	7
1.2. Preparation of the programme and involvement of the partners.....	8
2. PROGRAMME AREA.....	11
2.1. Situation Analysis	11
2.2. Main Findings	16
3. PROGRAMME STRATEGY	19
3.1. Rationale - Justification for the selected intervention strategy.....	19
3.2. Description of programme priorities	22
3.3. Horizontal and cross-cutting issues	32
3.4 Coherence with other programmes and macro regional strategies.....	34
3.5 Conditions and assumptions	36
4. INDICATIVE BUDGET	38
5. IMPLEMENTATION ARRANGEMENTS.....	40
5.1. Financing agreement.....	40
5.2. Indicative implementation period	40
5.3. Methods of implementation	40
5.4. Programme Management Structure	41
5.5. Project development and selection and implementation	41
5.6. Scope of geographical eligibility for procurement and grants	42
6. REPORTING, MONITORING AND EVALUATION.....	42
7. INFORMATION AND VISIBILITY.....	42
8. SUSTAINABILITY.....	43

PROGRAMME SYNOPSIS

Basic Act	Instrument for Pre-accession Assistance (IPA III)
Programme title	Cross-Border Cooperation Programme Albania – Kosovo for 2021-2027
OPSYS number	ACT-60785 2022: JAD.971600 2025: JAD.971603 2027: JAD.971604
Programming document	IPA III Programming Framework
Window	Window 5 Territorial and cross-border cooperation
Programme area	Albania: Lezha Region (municipalities of Lezha, Mirdita and Kurbin), and Kukës Region (municipalities of Kukës, Has and Tropojë) Kosovo: West Economic Region (municipalities of Peja/Peć, Deçan/Dečani, Gjakova/Đakovica, Istog/Istok, Klina and Junik), and South Economic Region (municipalities of Prizren, Dragash/Dragaš, Rahovec/Orahovac, Suhareka/Suva Reka, Malisheva/Mališevo, and Mamusha/Mamuša)
Programme overall objective	To promote good neighbourly relations, foster Union integration and contribute to social, economic and territorial development of the programme cross-border area by improving environment protection and preservation of resources, and developing sustainable nature-and-culture tourism
Programme thematic clusters (TC), thematic priorities (TP) and specific objectives (SO) per thematic priority	<p>TP 0: Technical Assistance: SO0: <i>To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.</i></p> <p>TC 2: Greener and improved resource efficiency TP 2: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management; SO1: <i>Valorization, protection, and preservation of environmental resources in the cross-border territory</i></p> <p>TC 4: Improved business environment and competitiveness TP 5: Encouraging tourism and promoting cultural and natural heritage; SO2: <i>Development of sustainable, nature-and-culture tourism contributes more to cross-border economic development.</i></p> <p>NB: The thematic cluster TC 5: <i>Improved capacity of local and regional authorities to tackle local challenges</i> will be mainstreamed. Beneficiaries' proposal for the mainstreaming of this thematic cluster will be presented in Section 3.3 of this document</p>
Sustainable Development Goals (SDGs)	Main SDG: SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

	<ul style="list-style-type: none"> - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services - By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products. <p>In the framework of the implementation of the 7 years cross border cooperation programme, the operations selected will also contribute to the following</p> <p>SDG 5: Achieve gender equality and empower all women and girls</p> <ul style="list-style-type: none"> - End all forms of discrimination against all women and girls everywhere - Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life <p>SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable</p> <ul style="list-style-type: none"> -Strengthen efforts to protect and safeguard the world’s cultural and natural heritage <p>SDG 13 : Climate action</p> <ul style="list-style-type: none"> - Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries; - Integrate climate change measures into national policies, strategies and planning; - Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.
DAC code(s) 1	<p>33210 – Tourism policy and administrative management (45%)</p> <p>41010 – Environmental policy and administrative management (45%)</p> <p>15112 - Decentralisation and support to subnational government (10%)</p>
BUDGET INFORMATION	
Budget Line	15.020300
Total cost 2021-2027	EUR 9 734 117.64
Total EU contribution 2021-2027	EUR 8 400 000
Yearly EU contribution	<p>For the year 2022 - EUR 2 400 000</p> <p>For the year 2025 - EUR 3 600 000</p> <p>Fro the year 2027- EUR 2 400 000</p> <p>Subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p>
MANAGEMENT AND IMPLEMENTATION	
Method of Implementation	Direct Management by the European Commission

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

Responsible CBC structures/ relevant authorities in the IPA III participating beneficiaries ²	In Albania The Government of Albania, National IPA Coordinator (NIPAC) and CBC Structure established under IPA III legal framework In Kosovo Ministry of Local Government Administration of Kosovo
JTS/Antenna Offices of the joint technical secretariat (JTS)	JTS Main Office:Lezha, Albania Antenna Office:Pristina, Kosovo
Final date for concluding <u>Financing Agreement</u>	For the budgetary commitment of 2022 at the latest by 31 December 2023
Final date for agreement (exchange of letters) of all parties on further yearly budget allocations for implementation of the Financing Agreement	For the budgetary commitment of 2025 at the latest by 31 December 2026 For the budgetary commitment of 2027 at the latest by 31 December 2028
Final date for concluding <u>procurement and grant contracts</u>	3 years following the date of conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments) except for the cases provided for in Article 114 FR
Indicative operational implementation period	6 years following the date of conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments)
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments)

² Responsible structures and responsibilities will be defined upon adoption of their accordance with the IPA III legislative framework and corresponding Framework partnership Agreement and Financial Agreement

LIST OF ACRONYMS

CBC	Cross Border Cooperation
CBIB+	Cross Border Institution Building Plus
CEFTA	Central European Free Trade Agreement
CSO	Civil Society Organisation
DEU	Delegation of European Union
EU	European Union
EUSAIR	EU Strategy for the Ionian Adriatic Region
IPA	Instrument for Pre-Accession Assistance
JMC	Joint Monitoring Committee
JTF	Joint Task Force
JTS	Joint Technical Secretariat
MEFA	Ministry for Europe and Foreign Affairs
MLGA	Ministry of Local Government Administration
MSME	Micro Small and Medium Enterprises
NGO	Non-Government Organisation
NIPAC	National IPA Coordinator
OS	CBC Structure (if the text refers to IPA II, Operating Structure)
PESTLE	Political, Economic, Social, Technological, Legal, Environmental
SO	Specific Objective
SWOT	Strength, Weaknesses, Opportunities, Threats
TA	Technical Assistance
TC	Thematic Cluster
TP	Thematic Priority

1. PROGRAMME SUMMARY

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

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

1.1. Summary of the Programme

The cross-border programme area³ for the IPA Cross-Border Programme between Albania and Kosovo covers a territory of 8,335 km². The border's length is 114 km. The variety of **environmental** resources and biodiversity of the programme area extends from the coastline to the mountains. It also has a rich and common **historic-cultural heritage**. The programme area's economy relies on agriculture, services, including tourism and industry, yet its development potential is quite underutilised due to small firms and farm sizes. **Competitiveness**, productivity, know-how and labour skills are poorly developed. **Poverty** is likely to increase due to the prolonging of the COVID-19 crisis. **Research & Development** and ICT penetration are at rather low levels. There is ample coverage of **Health & Education** services but higher quality is needed. **Disparities** on both sides of the border are evident, as is the emigration bias. Particularly disadvantaged are socially sensitive groups such as youth, women and the rural population. The programme area has great potential for turning environmental resources and biodiversity into economic resources and boost economic activity, especially with regard to sustainable, nature-and-culture tourism, which can contribute directly to cross border economic development.

Overall, the situation, PESTLE and SWOT analyses show that the programme area has largely underexploited potentialities for economic development in different sectors, such as environment, tourism, cultural and natural resources. Based on this analysis, the Joint Task Force (JTF) overseeing the programming process selected the following thematic clusters/thematic priorities:

Thematic Cluster 2: Greener and Improved resource efficiency.

- **TP:** Environment protection, climate change adaptation and mitigation, risk prevention and management;

Thematic Cluster 4: Improved business environment and competitiveness

- **TP:** Tourism and cultural and natural heritage.

Within these thematic priorities, the main areas of intervention will concern: with regard to the **environment**, the further protection and valorisation of natural resources and environmental biodiversity through the reduction of existing pollution, management of urban waste, associated with measures to protect the land and water from natural and man-made destruction and strategic urban planning processes are the key development challenges to cope with in the programme area; with regard to **tourism**, the promotion and support of joint cross-border initiatives and actions that utilise and valorise the numerous cultural and natural heritage attractions and the rich biodiversity in the eligible area, along with supporting possible partnerships between environmentally friendly farms, agro-businesses with touristic providers.

Albania's and Kosovo's regional and local authorities of the programme area will enhance their limited capacities to address these development challenges by participating in this CBC

³ The eligible cross-border area is determined in accordance with article 88 of the IPA implementing regulation

programme; it will also place them in a better position for absorbing future EU funding. Their active participation in the CBC programme is a crucial opportunity to share additional resources in addressing common problems and ensure the overall, sustainable socio-economic development of the eligible area.

The support to be provided under this multi-annual action plan will directly contribute and create synergies with the priorities of the Economic and Investment Plan⁴ and the Green Agenda⁵ for the Western Balkans.

1.2. Preparation of the programme and involvement of the partners

The IPA CBC Programme 2021 – 2027 between Albania and Kosovo is the result of joint programming exercise work carried out by the participating beneficiaries, including relevant stakeholders from the central institutions, local institutions of the eligible areas of the program, civil society organisations. In addition, a Joint Task Force was established with representatives of OSs from both beneficiaries, Line ministries, Regional Councils in the eligible areas and municipalities, together with an advisory opinion of EUD, CBIB and JTS staff. In total 29 JTF members (16 from Albania and 13 from Kosovo) were appointed by respective institutions in both beneficiaries. The role of the JTF was to prepare the strategic planning and programming of the IPA III CBC 2021-2027. During the programming process, consultations with the JTF members from both participating beneficiaries were intensive.

The programming exercise started in May 2020. The programme was designed through a large consultation process involving local stakeholders and potential beneficiaries from both sides of the borders. In the course of the process, both OSs and JTF were assisted by the “Cross Border Institution Building Plus” Project CBIB+.

Questionnaires were prepared by the CBIB+ in consultation with the OSs, and disseminated by the OSs with the support of the JTS to institutions at the central and local level, to CSOs and other stakeholders, to support the PESTLE and SWOT analysis for the programme and provided the indicators for the identification of joint priorities for the cross-border area. In response, 44 questionnaires were submitted, 33 from Albanian stakeholders and 11 from Kosovo stakeholders, out of which 23 public institutions and 21 legal entities.

Moreover, during September 2020, the Operating Structure of Albania organised 6 thematic meetings with representatives of 8 local authorities on the Albanian side (in total with 50 participants), to consult with local government units based on the needs and priorities, as well as the capacity of potential beneficiaries in the border region.

Representatives from Regional Councils, Prefectures, municipalities, and CSOs participated in the workshops organised in Albania and Kosovo, respectively on 9th and 11th November 2020, (32 participants from Albania and 15 from Kosovo), providing their valuable input and comments. These workshops aimed to inform the relevant stakeholders on the findings of the questionnaires, SWOT analyses and the draft programme document prepared.

In line with the European Commission comments to the 1st draft of the programme document, the OSs supported by the expert and CBIB+3 project worked on the 2nd draft during April 2021. Additional coaching event was held with the representatives of the PROMEL project on the programme intervention logic. European Commission comments on the 2nd draft were received in early June 2021 with a deadline for submission of a 3rd draft programme document by 15 July 2021.

⁴ COM(2020) 641, 6.10.2020

⁵ SWD(2020) 223, 6.10.2020

Timing and Place	Activities and Scope
22 April 2020	A letter from the European Commission regarding IPA III and starting of programming process received by the NIPAC Office
6 May 2020 Tirana	Kick off meeting between Albania OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan)
6 May 2020	Kick-off meeting between Kosovo OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan)
4 June 2020	Bilateral meeting on IPA III CBC programming, in the presence of CBIB+3 and the EUD Albania
July 2020	Establishment of the JTF
22 July 2020, Online	1 st JTF meeting – Presentation of the Rules of Procedures for JTF, Programme eligible and priorities of the IPA CBC Programme 2014-2020, indicative timeline on programming process.
10 August 2020	JTS Albania-Kosovo dispatched the questionnaires to the relevant CBC stakeholders.
1 st September 2020	Mobilisation of the programming expert for this programme
3-4 September and 10-11 September 2020	Technical meetings organised by the Albanian OS with the municipalities of the eligible area (Albania side) in the frame of IPA III Programming 2021-2027.
21 September 2020, Tirana	Presentation Meeting with CBIB+3 non-key experts for the preparation of the IPA III CBC 2021-2027 programmes Montenegro-Albania and Albania-Kosovo.
23 September 2020, Online	Meeting with the CBIB+ 3 and the programming experts on the IPA III CBC programming 2021-2027.
02 October 2020	Aggregated answers from the collected questionnaires were delivered to the programming expert for further elaboration and analysis.
07 October 2020, Tirana	Coordination meeting between EUD Albania, OSs and CBIB+ experts – The status of play for IPA III CBC programme, agreement on programming timetable.
09 October 2020, Online	Training delivered by CBIB+ on IPA III CBC strategy development and formulation for Albania members of the JTF, the Albania OS, the JTS and programming expert for the Albania-Kosovo programme.
19 October 2020, Online	Coordination meeting on the progress of the programming process, with the participation of EUD Albania, CBIB+ and Albania-Kosovo programming expert
22 October 2020, Online	2nd JTF meeting Albania-Kosovo IPA III CBC 2021-2027 - Presentation of the Priorities and analysis of the questionnaires.
09 and 11 November 2020, Online	Consultative Workshop with local stakeholders - Presentation of the Priorities and Analyses of the Programme Area between Albania and Kosovo IPA III CBC 2021-2027".
12 November 2020, Online	3rd JTF meeting - Presentation of the suggested Priorities and Analyses of the eligible Programme Area under IPA III 2021-2027".
26 November 2020, Online	4th JTF - Presentation on the draft strategy.

Timing and Place	Activities and Scope
07 December 2020	Written procedure for the approval from the JTF members of the Draft Programme Strategy- IPA CBC Programme Albania-Kosovo 2021-2027.
15 December 2020, Online	Submission of the 1st draft of the programme document to the Commission.
16 March 2021, Online	Coordination meeting between EUD Albania, OSs and CBIB+ experts on the Commission comments on the 1st draft version of the programme document.
16 March 2021	The programme expert signs a new contract with the Albania OS for supporting the development of the 2nd version of the programme document Albania-Kosovo.
17 March 2021, Online	Coaching event on the intervention logic of the IPA III CBC programme Albania-Kosovo.
17 March 2021	Receiving official comments from European Commission on the 1st draft document of the programme.
14 April 2021	Coordination meeting between OSs on the draft 2nd version of the programme document.
15 April 2021	Public consultation
22 April 2021	5th JTF meeting – Discussion and approval of the 2nd draft programme document.
30 April 2021	Submission of the 2nd draft of the programme document to the Commission.
7 June 2021	Comments on the 2 nd draft received by the European Commission (unofficially)
11 June 2021	Bilateral coordination meeting between the OSs on the preparation of the 3 rd draft version of the programme document
23 June 2021	6 th JTF meeting – Discussion and approval of the 3 rd draft version of the programme document
16 July 2021	Submission of the 3 rd draft of the programme document to the Commission.

2. PROGRAMME AREA

2.1. Situation Analysis

The cross-border programme area for the IPA Cross-Border Programme between Albania and Kosovo covers a territory of 8 335 km² with a population totalling about 936 029 inhabitants. The total borderline length is 114 km⁶. The Programme area is the same area supported by IPA II CBC Albania-Kosovo 2014-2020.

Figure 1: Map of the Programme area¹



In **Albania**, the eligible areas cover 3 994 km² with 2 regions and 6 municipalities. The 2 regions from Albania⁷ include:

- The **Region of Kukës**, including the municipalities of Kukës, Has and Tropojë; and
- The **Region of Lezha**, including the municipalities of Lezha, Mirdita and Kurbin.

In **Kosovo**, the eligible area covers 4 341 km² and includes the following economic regions:

- **South Economic Region** composed of 6 municipalities: Prizren, Dragash/Dragaš, Rahovec/Orahovac, Suhareka/Suva Reka, Malisheva/Mališevo, and Mamusha/Mamuša.
- **West Economic Region** composed of 6 municipalities: Peja/Peć, Deçan/Dečani, Gjakova/Đakovica, Istog/Istok, Klina and Junik.

Albania has adopted the EU NUTS classification, whereas Kosovo has not yet officially introduced it⁸. Therefore, in Kosovo, the eligible areas are based on the "economic region" definition.

The whole programme area is predominantly rural. In the eligible regions of Kosovo, 65.9 % of the population is rural, whereas in Albania it comprises 53.8 % of the population.

Policy Reforms and EU integration process

Albania and Kosovo aspire to become members of the European Union and both are committed to the EU integration process. The EU underlines a number of key challenges ahead facing Albania and Kosovo in the EU integration path, such as: in the case of **Albania**, the country should adopt the electoral reform fully in accordance with ODHIR recommendations, ensuring transparent financing of political parties and electoral campaigns, ensure the continued implementation of the

⁶ Kosovo Agency for Statistics: Kosovo in figures 2012

⁷ Population and Housing Census 2011, INSTAT, Albania

⁸ Nomenclature of Units for Territorial Statistics

judicial reform, including ensuring the functioning of the Constitutional Court and the High Court, taking into account relevant international expertise including applicable opinions of the Venice Commission, and finalising the establishment of the anti-corruption and organised crime specialised structures. Albania should also further strengthen the fight against corruption and organised crime, including through cooperation with EU Member States and through the action plan to address the Financial Action Task Force (FATF) recommendations. Tackling the phenomenon of unfounded asylum applications and ensuring repatriations and amending the media law in line with the recommendations of the Venice Commission remain important priorities. In the case of **Kosovo**, the authorities should double their efforts to advance on the European path through the implementation of the Stabilisation and Association Agreement. Both beneficiaries need also to address pertaining issues related to economic governance and competitiveness; increase the quality of education and health care, and also place more efforts to enforce environmental protection. CBC programme is expected to promote good neighbourhood relations between beneficiaries and improve the sustainable socioeconomic development in the programme area, thus contributing towards beneficiaries' integration into the EU.

Economy

Albania has managed to maintain positive growth rates averaging at 3.4 % during 2015-2018 and reduce unemployment to a historic low of 11.4 % in 2019. However, growth slowed down to 2.2 % in 2019 due to drought that affected hydropower production, and the earthquake that hit Albania in late November 2019. Albanian GDP contracted by 6.1 %⁹ in 2020 due to the COVID-19 pandemic, while budget revenues dropped by 7.8 % (EUR 232 million) in 2020. Albania allocated about EUR 360 million¹⁰ to cope with the COVID-19 pandemic adverse effects in the economy as support to individuals and in the form of sovereign guarantees to ease access to credit for businesses affected by anti-COVID-19 measures. The most affected sectors by the pandemic were trade, transport and hospitality services, but negative effects slowed down due to 2020's last quarter higher investments in the reconstruction projects in the aftermath of the 2019 earthquake¹¹. To mitigate the effects of COVID-19, Albania received from IPA 2014-2020, EUR 50.65 million in bilateral assistance to cover urgent health needs, economic and social recovery out of EUR 455 million for regional economic reactivation package. In addition, EUR 180 million was approved by the Commission in Macro-Financial Assistance for Albania, while the European Investment Bank is providing EUR 1.7 billion to the region. In December 2020 the Commission adopted a EUR 70 million package to help fund the access of Western Balkans partners to COVID-19 vaccines. In February 2021 the Commission launched a project of over EUR 7 million jointly with WHO, to support readiness for vaccination efforts and resilient health systems in the Western Balkans. Authorities expect a rebound of 5.5 % GDP growth in 2021, while budget revenues are projected to be 15 % higher compared to the previous year.

Kosovo's economy has maintained robust growth rates at an average of 4.1 % during the period 2015-2018. Due to the COVID-19 pandemic, Kosovo's GDP growth in 2020 is reported to have shrunk by 6 %, with budget revenues dropping by 9 % end-year 2020¹². Kosovo allocated EUR 570 million for economic recovery efforts in 2020, and an additional EUR 200 million to support the private sector was allocated in December 2020¹³. To help **Kosovo** cope with the negative effects of the COVID-19 EU provided EUR 68 million in bilateral assistance to cover urgent health needs and economic and social recovery from IPA 2014-2020 (regional economic reactivation package). In addition, EUR 100 million was approved by the EU in Macro-Financial Assistance for

⁹ Albania's Annual Budget 2021

¹⁰ EBRD Responding to the Coronavirus Crisis. Update on Albania (13/11/20)

¹¹ OECD, <https://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Albania.pdf>

¹² IMF <https://www.imf.org/en/Publications/CR/Issues/2021/02/17/Republic-of-Kosovo-2020-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-50104>

¹³ OECD, <https://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Kosovo.pdf>

Kosovo. A 4.5 % GDP growth rate is to be expected in 2021¹⁴ mainly attributed to consumption and investment.

Both beneficiaries are CEFTA members, but the trade integration with other CEFTA countries is at different levels; it represents a fraction of international trade for Albania (17 % of exports and 7 % of imports); whereas for Kosovo, it accounts for 48.2 % of exports and 12.3 % of imports. Trade between the two beneficiaries appear to have similar weights - in Albania, trade with Kosovo accounts for 10 % of the total, whereas in Kosovo it accounts for about 11 % of the total trade volume.

Private Sector

Economic operators in the programme area are extremely fragmented and small in size, mirroring the enterprises' structure at the beneficiary level, indicating that business is mostly family-based and self-employment prevails. The structure of enterprises is dominated by very small enterprises, employing 1-4 persons, which account for over 90 % of the total enterprises in the eligible area. EU supported actions¹⁵ to improve the performance of the private sector of Albania and Kosovo which are ongoing and planned for the future focusing on supporting innovation, start-ups, green growth and circular economy.

Infrastructure

Roads - Kosovo and Albania are part of the SEETO network¹⁶, with Route 7 (314 km) crossing the beneficiaries¹⁷. Both beneficiaries rely heavily on road transport. The road Durrës-Pristina that crosses the area has increased the flow of transport across the border and reduced substantially the time commuting between different cities. **Railways** - There is no railway connection between Albania and Kosovo. Due to lack of investments the railway infrastructure in the programme areas is rather poor, lacking well-developed terminals, tracks and lines. **Energy** - The programme area is the biggest energy generator in both beneficiaries. Interconnection line 400 kW between Albania and Kosovo is operational since December 2020 according to ENSTO agreement.

Environment and nature

The programme area offers a rich biodiversity and climate from sea to mountains, hills plains, rivers and lakes. The demographic shifts in both Albania and Kosovo, associated with social and economic changes of recent years, have put pressure on protecting and preserving the environment and biodiversity in the programme area. Forests are damaged due to abusive logging and over-grazing. Enforcement of environmental protection standards remains a priority to ensure proper urban development, expansion of tourism and health protection, in view of increased pressure for unregulated development. Both beneficiaries are exposed to various potential natural disasters, such as extreme temperatures, pollutions from urban waste, which represents an opportunity for cooperation in the field of natural disasters, and other disaster management. Several interventions¹⁸ are currently underway and also planned for the future in Albania and Kosovo in line with the priorities of the Green Agenda for the Western Balkans.

Agriculture

¹⁴ IMF <https://www.imf.org/en/Publications/CR/Issues/2021/02/17/Republic-of-Kosovo-2020-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-50104>

¹⁵ EU4 Innovation II in Albania-IPA 2021-2024; EU for circular economy and green growth in Albania IPA 2021-24; EU support to start-ups in Kosovo IPA 2018; EU4 Innovation in Kosovo IPA 2020; EU4 small businesses recovery following Covid 19 crisis IPA 2020; and EU for trade and internal market IPA 2021 in Kosovo.

¹⁶ South-East Europe Transport Observatory.

¹⁷ The Route 7 directions include: Lezhe (Albania) – Pristina (Kosovo) – Doljevac (Serbia).

¹⁸ EU for a cleaner environment IPA 2018 in Albania; Support protection of irreplaceable nature IPA 2021 -24 in Albania; EU support to waste management in Kosovo – IPA 2018; EU4 Environment, Climate Action and Energy IPA 2020 in Kosovo; and EU4 Environment under IPA 2021 in Kosovo

Despite having abundant water resources and a strong demand for agricultural products, the programme area shows limited existing capacities for agricultural development. Road infrastructure has seen a major improvement in the programme area, improving to large extent access to markets. However, an integrated approach aimed at promoting agriculture, tourism and economic activity in one package is possibly appropriate to be followed in order to develop agriculture in the programme area, especially in view of the negligible farm sizes. Modernising agriculture, upgrading production processes and establishing the EU compliance food safety standards, enhancing traditional agricultural production and supporting cooperation among producers are challenges to cope within the programme area that can also be supported by cross-border initiatives. There are actions¹⁹ planned for the future to enhance the competitiveness of the agricultural sector in the programme area.

Tourism

Tourism has made an important contribution to the growth of the programme area, yet it remains a largely unexploited potential. Unlocking this potential will provide a substantial stimulus to the economic growth of both sides of the border. The programme area offers 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. There are ongoing actions²⁰ promoting economic, social and territorial improvement by supporting sustainable tourism development, with a focus on cultural heritage.

Labour Market

The situation in the labour market presents a clear picture of region imbalances. Employment rate in Albania stands at 60.2 %. Employment in the public sector in Albania accounts for 15.9% of total employed, whereas in the private sector are 84.1 % of the total employed²¹. Services and agriculture have the highest share of employment with respectively 43.5 % and 36.4 % of total employment. Unemployment in 2020 is reported at 11.8 %, slightly higher than 11.5 % reported in 2019. Employment in Lezha region accounts for 3.8 % of the total number of employed in Albania, or 48,108 persons while registering an unemployment rate of 19.2 %, well above the national average. Lezha registers the second-highest unemployment rate in Albania. The number of employed in Kukës region is reported at 32 916 or 2.6 % of the total employed in Albania; the unemployment rate reported for Kukës region stands at 7.5 %, below the national average.²²

The situation on the labour market²³ in Kosovo presents an employment rate of 30.1 %, About 70 % of the employed belong to the services sector and about 14.3 % in the industry sector.²⁴ About 30.8 % of the employed are in the public sector, while 69.2 % in the private sector²⁵. The unemployment rate in Kosovo remains rather high, at 24.6 %, especially among the youth which stands at 46.9% for the age segment of 15-24 years old for the third quarter of 2020. In both regions is observed a lack of unemployment data, which creates mismatches between the number of unemployed and jobs available.

Ongoing actions²⁶ to address employability of youth, women and men are in place and planned in the future at bilateral level in Albania and Kosovo.

¹⁹ EU4 Agriculture and Rural Development, IPA 2021 in Kosovo

²⁰ IPA 2018 EU for Economic Development – Tourism led development with focus on cultural heritage

²¹ Albania Progress Report 2020, EU

²² Regional Annual Statistics, 2019

²³ Annual Statistic Report 2019, Kosovo.

²⁴ Kosovo Progress Report 2020, EU

²⁵ Kosovo Progress Report 2020, EU

²⁶ IPA 2019 EU for Social Inclusion in Albania; EU4 Employment and Education IPA 2020 in Kosovo

Poverty and gender disparities

Albania's economy was hit hard recently, first by an earthquake in November 2019 and then by the COVID-19 in 2020. Despite measures undertaken by the authorities to tackle these two crises, poverty is expected to increase by 5 percentage points in 2020 to reach a 41.5% rate of people living with \$ 5.5 per day, against 35.6 % in 2019, or 36.7 % in 2018²⁷. Many families rely on remittances and social transfers. Similarly, despite **Kosovo's** Government response to the COVID-19 pandemic, employment is expected to fall and poverty expected to rise in 2020, while the recovery will also be slow in 2021. Measures to protect jobs and incomes were not able to contain a rise in poverty – the number of people living with \$ 5.5 per day, which is expected to increase by 5 percentage points in 2020. The poverty level is expected to be 22.9 % in 2020 as against 17.9 % registered in 2019, or 19.7 % in 2018.

Both, Albania and Kosovo experience gender disparities especially as regards labour market participation and access to economic opportunities

Several actions²⁸ are ongoing and also are planned for the future to support the poor and vulnerable groups for a more inclusive society at the bilateral level.

Education

There is a need to orient the education system towards market demands, to enable its contribution towards increasing market competitiveness and improve citizens life. There are 517 schools for 111 478 pupils attending **primary education** level in the total programme area²⁹. Out of the total, 138 schools are in the Albanian area and 379 in the Kosovo area. There are 91 schools in **secondary education** in the programme area, out of which 40 in the Albanian area and 51 in the Kosovo area. There is 1 **vocational school** in Lezha attended by 1 053 students. There are 8 vocational training centres in Peja and Gjakova. **3 higher education** institutions are all situated on the Kosovo side of the border, in Peja, Gjakova and Prizren. Key important requirements include higher relevance of the education curricula to market needs, proper development of the framework of qualifications, and amongst others, the establishment of better links with enterprises for the purposes of internships. Higher spending on Research and Development is needed to support socio-economic development in the programme area. Actions³⁰ to support the development of a quality based, all-inclusive and accountable education and training system are present in the area.

Health

In **Albania**, primary health care is provided at the municipal level, while secondary health care is mainly located in the biggest urban centres of the programme area as part of the regionalisation of the hospital health services. The healthcare system **in Kosovo** provides healthcare protection on three levels: Primary, Secondary and Tertiary. The municipal primary health care faces difficulties due to poor infrastructure, lack of investments and limited budget resources. Throughout the programme area, the healthcare system is confronted by the need to respond in more efficient and effective ways comparable to other European countries and EU standards.

Culture

The historical and cultural heritage is one of the most important assets of the programme area. Strong bonds exist between the populations of the two sides of the programme area; they have centuries' old common roots and intense human, cultural and commercial relations. Numerous

²⁷ ECA Economic Update, World Bank, Fall 2020

²⁸ EU for Social Inclusion – IPA 2019 in Albania; EU4 Social protection following COVID-19 crisis, IPA 2020 in Kosovo; EU for Inclusive socio-economic development IPA 2022, in Kosovo

²⁹ Education Statistics 2019-2020 in Kosovo; Annual Regional Statistics 2019

³⁰ EU for Education IPA 2018, in Kosovo

cultural events and festivals are organised, and there are some diversified culinary traditions and handicrafts that could play an important role in the promotion of tourism that have started to be exploited but could benefit from more targeted activities. Cultural exchanges present a great opportunity to boost the implementation of cross-border cooperation. Albania and Kosovo participate in the Creative Europe Programme, but they could benefit more from the CBC programme, by integrating actions that promote cultural heritage into sustainable tourism, and improved management of natural resources.

Civil Society

Albania's CSO sector remains concentrated in the capital and major towns. Civil society is weakly represented in all rural and remote areas and their absorption capacity is limited. The main activities of CSOs are advocacy-based and research in the fields of promoting human rights, the protection and rights of children, democracy and good governance, as well as policy think tanks, and economic development as well. In the programme area, CSOs are mostly working in the social field, with vulnerable groups, environment, culture and tourism promotion. The monitoring of local governments in **Kosovo** continues to be a positive trend, with active support to CSOs from international organisations such as in Prizren, Peja, and there is positive evidence of cooperation between civil society and local government.

Lesson learned from the 2007-13 IPA CBC programme: the low participation of the government units, as beneficiaries in the projects due variously to a lack of capacity to prepare proposals, an unwillingness to collaborate with NGOs and in some cases lack of co-financing and easier access to national funding sources. To address this weakness under IPA II, the Operating Structures have foreseen the local authorities to be part of the project proposals as a mandatory requirement for the elaboration of the project. As a result, the involved municipalities are increasing their capacities not only in writing project proposals but also in the implementation. However, this would not be able without the support of NGOs which are more experienced. This is the reason why under IPA III it is foreseen a component to increase the capacities of the local institutions in future.

2.2. Main Findings

The programme area is diverse, but still several common features related to nature, geographic position, demographic trends, economy, human capital etc., could generate synergies and be a good opportunity for developing and implementing CBC initiatives. Basic findings of the programme area are as summarised below:

Economic features of both beneficiaries indicate similar trends. Both beneficiaries are classified as lower-middle income economies. The structure of the economy in the programme area is more similar than complementary. Albanian regions rely on agriculture, tourism, services, wholesale and retail markets. Kosovo regions feature more developed industry, but they too rely on agriculture, services, wholesale and retail markets. Agriculture is commonly important for both sides, as rural population is substantial. In view also of the COVID-19 pandemic induced economic recession and the perspectives of a slow economic recovery, it is clear that business opportunities will be affected, making it even more important to benefit from the CBC programme. Key challenges to be addressed include: regional economic disparities; low level of productivity as a result of lack of technological know-how, and the mismatch of market demand for high-quality services and products with inadequate labour skills affecting competitiveness. The business environment also needs to be improved as trade between both sides is suffering heavy administrative barriers, despite being CEFTA members, and various bilateral agreements in place.

Unemployment remains a sharp problem for the population of the programme area, especially in Kosovo – 24.6% compared to 11.8% reported in Albania - unemployment is high for the socially sensitive groups such as youth, women, and rural population. Unemployment is expected to further increase due to the COVID-19 pandemic. The presence of strong migration flows due to employment insecurity has impacted the labour force and resulted in

a loss of skilled and educated workers. The continuous depopulation of some regions in favour of the central area, especially in Albania's side of the border, is a real threat to the development of tourism and in particular agriculture. Key challenges include the need to improve the level of vocational education to better serve the labour-market needs and enhance the skills and employment opportunities of the youth.

Environment protection needs serious consideration in future development plans of the programme area in order to preserve the environment, fight climate change, and turn natural resources into economic resources. With the overall development of the programme area largely relying on natural resources, the environmental protection and preservation of these resources are crucial for the sustainable development of the area. Some key challenges relate to uncontrolled exploitation of natural resources in the programme area and a low level of enforcement of environmental regulation and standards to ensure better management of forestry and protected areas to prevent environmental degradation. Increase of awareness of local stakeholders for the better use of natural resources is also a challenge. Improved waste management, control of pollution, efficient use of energy resources and improved land management are amongst the key priorities to be addressed by governmental and local development plans. Further valorisation of natural resources in the view of economic development is a key issue for the development of the area, on both sides of the border.

Competitiveness is low on both sides of the border. Higher productivity and further investment in know-how and the use of innovative technologies need to be encouraged. There is a persistent need to remove barriers and improve conditions for doing business and attraction of FDIs. Light industry and food processing industries are a potential for accelerated economic growth of the programme area but the quality and standards and access to markets remains a challenge.

Strengthening of MSMEs networks and service connections existing in the bordering areas is an underutilised potential. Over 97% of registered MSMEs employees than 4 persons, which makes their access to financing rather difficult. The level of business cooperation across the border is minimal. Promotion of *e-business* will be important. In terms of private sector development, there are clear synergies to be developed within the programme area and to be supported by the CBC programme.

The programme area has high tourism potential, but these opportunities are underutilised. Tourism on the Albanian side is more developed and a more attractive destination due to the access to the coastline in Lezha region, but Kosovo has great potential for cultural and historical tourism. There is a need to develop a diverse type of tourism (mountain culinary and agro-tourism) throughout the programme area; to increase the visibility of the rich historical and cultural heritage and traditional peculiarities; there is also a need to increase the level of cooperation between stakeholders in the area of tourism development and cultural and natural heritage preservation. CBC initiative aiming to produce a joint touristic offer, better branded, promoted and internationalised should be considered. Obvious synergies, potentially to be supported by the CBC programme, can be built between the regions in Albania and Kosovo even in the less touristic areas which have similar characteristics in terms of environment, wild nature and mountains on both sides of the border.

There is a rich historic-cultural-artistic heritage in the bordering area that needs to be preserved. Further valorisation of historical and culture heritage could contribute to strengthening the identity of the area. Cultural heritage is an asset for the economic development of the programme area. The cooperation among culture institutions needs to be intensified taking advantage of the common language and historical heritage.

Agriculture has a major economic potential, but underutilised, considering the fact that the majority of the population in the programme area lives in rural areas. In general, the rural economy is fragmented, and small agricultural holdings have difficulties in accessing markets. Agro-industry is more developed on the Kosovo's side of the border. Improving access to markets and strengthening the food security system and inspection

bodies will be important for increasing agriculture sector branding and competitiveness. The challenge is to improve efficiency in agriculture and forestry and to develop additional sources of income from preserving natural assets and tourism.

Both sides of the programme area can become more attractive to foreign investors, but there is a need to improve conditions – infrastructure, know-how, labour skills, use of ICT – for doing business. Investments in tourism, renewable energy and agriculture could be potential sectors for attracting more FDIs. Light industry and food processing industries are also considered as a potential for accelerated economic growth of the programme area.

Infrastructure is an important driver to the economic and social development of the programme area. Sustainable development and improvement of the public transport infrastructure could benefit from further investments in the programme area. Development of infrastructures that facilitate business and the diffusion of networks and services to support business development and innovation, could contribute and accelerate the general increase of wealth in the programme area.

Improving the educational system and school infrastructure remains a major priority for the programme area, particularly in rural areas. The presence of important universities in the programme area is an asset for the CBC programme. Further joint action could be undertaken to establish a network of vocational training centres as well as higher institutions and research agencies and organisations. The advantage of common language should serve to develop educational curricula that increase cooperation and synergies in the programme area.

Health sector is poorly and unevenly developed. Health services need improvement in terms and coverage and quality, with rural areas in need of major attention. Given the that health sector is centrally managed, perhaps not much can be done under CBC programmes, but certainly, there is room for potential joint activities related to health protection campaigns and health education.

Encouraging and supporting the regional CSO networks will contribute to maintaining and strengthening the ties between the communities on both sides of the border.

Research & Development and ICT penetration remain at unacceptably low levels. Insufficient investments, governmental, regional or local support activities for R&D activities remains still an issue, despite 3 Universities that are present in the programme area. There is a lack of co-operation between educational institutions in both beneficiaries, and research, development and innovation areas are not explored.

Local and regional governments are in general, financially and administratively weak and cannot boost local development. They are lacking skills in management, financial control and budgeting, democratic approaches in decision-making processes. The absorption of donor funding is low. Cooperation between local and regional governments between the two beneficiaries could be improved. Decentralisation process continues at different levels.

3. PROGRAMME STRATEGY

3.1. Rationale - Justification for the selected intervention strategy

The cross-border programme between Albania and Kosovo aims at strengthening good neighbourly relations and foster environmentally friendly and socially inclusive economic development in the eligible area. The cross-border program will seek to promote cooperation among national, local and regional authorities, associations, NGOs, and enterprises that reside in the eligible area to achieve a stable, cooperating, environmentally friendly region that fosters its tourism potential. In addition, the cross-border programme will assist the building and strengthening the capacities of local and regional institutions in the eligible area to manage and benefit from EU programs in the future.

On both sides of the programme area, there is an awareness that the Western Balkans is one of the regions most heavily impacted by climate change³¹. It is envisaged that climate change will affect human health safety, life quality and economic growth. The programme area is very rich in environmental resources and biodiversity. Their utilisation as economic resources will directly affect the development of tourism activity and MSMEs in the eligible area, increase their competitiveness and improve the business environment. This background led to the identification of **Thematic Cluster 2: Greener and improved efficiency of resources**, as a key area of intervention for the 2021-2027 period, with emphasis on protection, preservation and valorisation of the rich environmental resources of the programme area in line with the pillars of the Western Balkans Green Agenda.

The area is afflicted by regional disparities, poverty and unemployment, challenges which are not expected to vanish by themselves; on the contrary, the current COVID-19 pandemic is expected to deepen and sharpen these issues, as poverty and unemployment are expected to increase and the economy to slow down on both sides of the border area. The economic potential and business opportunities of the programme area appear to be underutilised. The need to strengthen economic activity in the eligible area by enhancing competitiveness and improve business environment led to the identification of **the Thematic Cluster 4: Improved business environment and competitiveness** as the other key area of intervention in the framework of the cross-border programme. Strengthening and development of the business environment will directly lead to the benefit of MSMEs, and sustainable tourism activity in the eligible area, while taking full advantage of the rich environmental resources on both sides of the border.

Tourism, cultural and natural heritage were also recognised as key potentials to foster local economies across the programme area in Albania and Kosovo. Economic activity can strongly benefit from the utilisation of the many cultural and natural attractions in the eligible area. The implementation of the current CBC programmes also confirmed the presence of common interests and meaningful forms of cooperation between local authorities, NGOs, Associations and MSMEs.

The envisaged support for these thematic priorities is fully complementary with the previous assistance under IPA I and IPA II CBC, as well as with EU policies in the respective sectors. The selection of these Thematic Priorities has been done with the aim to mobilise support under the cross-border programme for increasing competitiveness and improve the business environment for MSMEs in support of sustainable tourism, environmental protection in the programme eligible area.

Thematic priorities selected under this programme are aligned with several pillars of the **EU strategy for the Adriatic-Ionian Region** (EUSAIR) such as: i) Sustainable tourism; ii) Environmental quality; iii) Connecting the region. This programme is linked with the **Economic and Investment Plan for the Western Balkans** which aims to spur the long-term recovery – supported by a green and digital transition to ensure higher competitiveness and economic growth, parallel with reforms required to bring Western Balkans closer to the EU single market. In addition, the thematic priorities are aligned with the objectives of the **Tirana Declaration on joint regional protocols to support sustainable tourism recovery and growth in Western**

³¹ Regional Cooperation Council, Study on climate change in the Western Balkans region 2018

Balkans 6³², namely: i) position tourism as a key strategic sector for regional economic recovery and sustainable development; ii) Coordinate the reopening and continued operations of the travel and tourism supply chain; iii) Facilitate a safe and seamless traveller journey to bolster WB6 recovery and growth; iv) implement harmonised health and hygiene protocols to align sector efforts and boost traveller confidence; and v) Coordinate promotion and communication to build trust in the WB6 as a responsible, trustworthy and sustainable destination.

The table below provides an overview on the justification for the selection of the Thematic priorities.

Table 3.1: Synthetic overview of the justification for the selection of thematic priorities

Selected thematic priority/ies	Justification for selection
<p>1 – TP 2: To protect the environment and promote climate change adaptation and mitigation, risk prevention and management</p>	<p>The demographic shifts in both Albania and Kosovo, associated with social and economic changes of recent years, have put pressure on the environment and the biodiversity from sea to mountains, hills, plains, rivers and lakes, thus challenging the sustainable development in the programme area.</p> <p>Deforestation, pollution and land degradation are common problems in the programme area. There is a risk of deforestation due to illegal woodcutting, and pastures being threatened by overgrazing.</p> <p>Industrial pollution and lack of waste treatment create damage to the environment. Each of the regions of the programme area has landfills, but there are no wastewater treatment plants, so surface waters near big towns are polluted because of untreated waters. Rivers and lakes are also at risk of pollution from the intensive use of pesticides in agriculture on both sides of the programme area.</p> <p>Poor enforcement of environmental protection standards with consequences on proper urban development, expansion of tourism, and health protection and for the better management of forestry and protected areas to prevent environmental degradation.</p> <p>Exposure to various potential natural disasters in both sides of the programme area, such as extreme temperatures, pollutions from urban waste, represents an opportunity for cooperation in the field of natural disaster management.</p> <p>Poor joint efforts in the management and monitoring of uncontrolled exploitation of natural resources in the programme area, aimed at mitigating the risks related to climate change.</p> <p>Low awareness of local stakeholders on the sustainable use of natural resources, and of the existing high potential in forests and renewable energies, to make their use more efficient and balanced between various sources of production on both sides of the programme area; and meet the requirements of eco-tourism.</p>

³² Signatories of the Tirana Declaration on joint regional protocols to support sustainable tourism recovery and growth in the Western Balkans 6, on April 8th 2022, are: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia and representatives of Regional Cooperation Council (RCC) and European Commission.

<p>2 – TP 5: To encourage tourism and cultural and natural heritage</p>	<p>Richness in natural resources for the development of tourism as the main economic drive to increase the opportunities for the welfare and prosperity of the inhabitants in the programme area.</p> <p>Still low development of sustainable tourist products and destinations, promotion and marketing.</p> <p>The sector can connect a variety of local and regional actors across the border and create synergies with other sectors (local food, wood and crafts, IT services...).</p> <p>Low awareness on the importance of preserving bio and geodiversity, healthy and clean environment as preconditions for the development of sustainable tourism.</p> <p>Lack of management of the most important nature protected areas, which are potentially interested in the development of green tourism products.</p> <p>Lack of joint tourism offers, which can increase the number of visitors, the extensions of overnights and enhance the tourism sector, employment and competitiveness, by integrating different types of tourism such as cultural; gastronomic with natural ones, building maps of tourist packages for the whole programme area.</p> <p>Poor knowledge of the population on economic opportunities in the sector.</p> <p>Uncertainty due to COVID-19 pandemic that can drastically affect the visitors/tourists create specific needs towards innovative methods to ensure the safety of visitors.</p> <p>Potentials to develop in rural and remote areas with advantages for developing all kinds of tourisms related to mountain sports (skiing, hiking, biking, rafting, etc.).</p> <p>The programme area is also rich in diversified culinary and handicraft traditions that could play an important role in further promotion and tourism development.</p> <p>Relatively young population and possibility for the education system to engage in entrepreneurship in tourism and provide qualitative and competitive services and products.</p> <p>Opportunities to create an integrated tourism product including lake (Kukës area) and mountain areas.</p>
---	--

The Financial allocation of the programme funds is as follows:

Encouraging tourism and cultural and natural heritage (TP5)	45%
Technical Assistance	10%

Approximately **45%** of the IPA III funds will be allocated to the thematic priority 2: **Environment protection, climate change adaptation and mitigation, risk prevention and management**. It is expected that the thematic priority 2 “Environment protection, climate change adaptation and mitigation, risk prevention and management” will create an impact on the improvement of the environment and nature, protection against natural disasters and sustainable use of natural resources. Besides several soft actions identified, operations will require investments in climate change adaptation and risk management measures, including where is possible, small scale infrastructure and equipment.

Approximately **45%** shall be allocated to Thematic priority 5: **Encouraging tourism and cultural and natural heritage** because of a relatively high potential for mobilisation of local actors across the programme area and high interest for this theme in previous cooperation under IPA CBC, for developing and promoting sustainable tourism in the cross-border area by supporting new and improved products/services, and by better integrating the cultural and natural heritage in the tourism offer.

Both TPs are of a high importance and quite relevant in the Programme area as identified by the institutions and stakeholders involved during the programming process. Through an equal distribution of funding, it will enable the implementation of actions in both sectors with an appropriate level of financing and ensure synergies with projects financed under IPA II programme. The typology of actions/activities foreseen in this Programming Document for both TPs requires a balanced financing means, which will enable their implementation with tangible impact in Environment and Tourism.

The Technical Assistance (TA) aim to ensure the effective, efficient and accountable management of the cross-border programme. The financial allocation towards this Priority is 10% of the Programme budget.

3.2. Description of programme priorities

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

Table 3.2 IPA III Programming framework indicators

IPA III strategic objectives for CBC	INDICATOR	Baseline value ³³ (2021)	Target (2030)
<i>Reconciliation, confidence building and good neighbourly relations</i>	Number of civil society organisations participating in cross-border networks/partnerships formed, disaggregated by type of organisation (special mention of women’s associations)	360	550
	Number of organisations directly involved in the implementation of the projects, disaggregated by type of organisation (special mention of women’s associations)	114	300

³³ The values in the table have a regional dimension. Therefore, the baseline and targets represent cumulative values for the entire Western Balkans and each programme is just meant to contribute to reach these values as the result of a shared, aggregated effort. The source of all these indicators will be the regional monitoring system.

IPA III strategic objectives for CBC	INDICATOR	Baseline value ³³ (2021)	Target (2030)
<i>Economic, social and territorial development of border areas</i>	Number of new jobs resulting from programme activities, disaggregated by the sex and age of the new employees	133	200
	Number of new businesses established, disaggregated by the sex and age of the owner	10	20
<i>Capacity building of institutions at all levels</i>	Number of organisations/institutions with increased capacities, disaggregated by the type of organisation (special mention of women's associations)	97	200

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

Overview of the programme strategy

The IPA III CBC Albania-Kosovo 2021 – 2027 objectives are to promote good neighbourly relations, foster Union integration and strengthen environmentally friendly and socially inclusive economic development in the eligible area. In addition, the cross-border programme will assist the building and strengthening the capacities of local, regional and national institutions in the eligible area to manage and benefit from EU programmes in the future.

Overall, the IPA III CBC Albania-Kosovo 2021-2027 vision is to promote cooperation among national, local and regional authorities, associations, NGOs, and enterprises that reside in the eligible area to achieve a stable, cooperating, environmentally friendly region that fosters its tourism and competitiveness potential. The Albania-Kosovo CBC programme will contribute to the protection of the environment and biodiversity and disaster management. It will foster nature and cultural heritage tourism, and support the enhancement of competitiveness and the development of MSMEs in the environmental and tourism sector.

Progress in achieving these objectives will be measured by: i) number of organisations participating in cross-border networks and partnerships; ii) number of projects that are jointly implemented by cross border partners; iii) number of organisations directly involved in the implementation of projects under the CBC Programme; and iv) number of jobs resulting from Programme activities.

The following Thematic Clusters: TC2: *Greener and improved efficiency of resources*, and TC4: *Improved business environment and competitiveness*, and the following Thematic Priorities: TP2: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management ; TP5: Encouraging tourism and cultural and natural heritage were selected following discussion and public consultation among JTF members and all relevant regional and local stakeholders.

1 - Thematic Priority 2:

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

The programme area is extremely rich in environmental resources and biodiversity. It is characterised by an extraordinary biodiversity and different climate zones, including a wide variety of landscapes, combining high peaks, hills, plains, lakes, rivers and the Mediterranean coastline.

Protecting these assets from the effects of climate change and all sorts of disasters, as well as rightly valorising them for their use is certainly one of the key points for sustainable development. Regular monitoring is critical to ensure environmental resources and biodiversity are better protected, promoted, utilised. In order to mitigate natural and manmade disasters it is also critical to enhance the respective capacities and preparedness of cross border local authorities. Furthermore, as experience proves all over Europe, environmental issues offer many possibilities of cross-border cooperation as the problem to be addressed is indisputably common and the methodology to cope with it requires the intervention of relevant stakeholders in a geographical area that most of the time is shared between the two beneficiaries. In addition, many operations that will be undertaken under this priority will have impact on the preservation and revitalisation of natural heritage, which conveniently exploited under sustainable parameters can render great opportunities to business development, especially in the tourism sector, alleviating rural unemployment and poverty.

2 - Thematic Priority 5:

Encouraging tourism and cultural and natural heritage

Tourism is an opportunity for the less developed settlements in the eligible area, to catch up with the more developed ones in terms of employment and job creation, and in contributing to local and regional investments.

This thematic priority will promote joint cross-border initiatives and actions aiming at valorising tourism, cultural and natural heritage, promoting the economic development of the area. It is highly important that the programme targets this priority because whilst tourism has given an important contribution to the growth of the area, the vast size of the regional tourism market indicates a largely unexploited potential. Unlocking this potential will provide a substantial stimulus to the economic growth of both sides of the border by promoting eco-friendly, sustainable tourism.

The programme area offers a variety of local features that are suitable for tourism activities, such as beautiful nature and spectacular landscapes, traditional folklore, and some cultural and historic sites. It has a high potential for tourism based on its natural heritage (e.g. landscape diversity including geodiversity (lake, canyons, river valleys, marches, pastures, etc.) and rich biodiversity with numerous endemic species) and tangible and intangible (living) cultural heritage (mosques, churches, and other historic sites). Moreover, the possible partnership between environmentally friendly farms and agro-businesses with touristic providers will undoubtedly promote sustainable tourism across the whole cross-border area.

This will contribute to improving growth and living standards by providing opportunities for wider partnerships and exchanges of common interest across the border to develop tourism and valorise the cultural heritage of the area. Actions are expected to improve the quality of services and products.

Table 3.3 Overview of the intervention logic for the Thematic Priority 2

1 - TC2 Greener and improved resource efficiency						
TP 2: To protect the environment and promoting of climate change adaptation and mitigation, risk prevention and management			Indicators	Baseline value year 2021	Target value year 2030	Data source
Specific objective(s)/ Outcomes	Results/ Outputs	Types of activities/actions	Impact			
			<p>Impact</p> <ul style="list-style-type: none"> - % of the programme area benefiting from enforcement of environmental protection standards, promotion and better utilisation of environmental resources and biodiversity. - % of the population of the area benefiting from protection measures supported by the programme 	0%	35%	National and Local data
1.1. Valorisation, protection, and preservation of environmental resources in the cross-border territory	1.1.1. The cross-border region's capacity to protect its environment and promote biodiversity is increased.	<ul style="list-style-type: none"> - Joint awareness and training activities for business associations, MSMEs and Local authorities on adoption of principles and best practices of the green and circular economy; - Support to the identification and introduction of environmentally friendly practices implemented in quality labels of products and services (that enable access to international to larger markets); - Training of farmer's associations on sustainable food production and promotion of organic farming; - Support the networking of MSMEs and farmers to enhance the cross-border market for local products and services; - Identification of opportunities and promotion of circular economy through networking of MSMEs and farmers; - Joint training and education of skills on Smart Use of ICT tools by MSMEs – enabling their digital interaction, reduction of paperwork to increase SME growth; - Support and promotion of joint cross border e-business and e-marketing services for internationalisation. 	<p>Outcome</p> <ul style="list-style-type: none"> - Area covered by joint management measures for environmental protection (km²); 	0%	35%	Project data and reports
			<ul style="list-style-type: none"> - Number of institutions, organisations with increased capacities 	24	49	Municipal data and reports
			<ul style="list-style-type: none"> - Percentage of the population (disaggregated by gender and age) reached by awareness raising activities on environmental resources and biodiversity protection. 	11.74 %	30%	INSTAT Publications;
			<p>Output</p> <ul style="list-style-type: none"> -Number of people (disaggregated by gender and age) directly taking part in awareness activities; 	0	1000	KAS Publications;
			<ul style="list-style-type: none"> - Number of MSMEs engaged in environmentally friendly economic activities; 	0	50	
			<ul style="list-style-type: none"> - Number of inter-sectoral partnerships (of CSO, private operators and local government) in management of resources and biodiversity; 	0	3	
			<ul style="list-style-type: none"> - Number of joint strategies, plans and studies to protect, promote the environmental resources and biodiversity developed; 	0	3	
			<ul style="list-style-type: none"> - Surface covered by joint monitoring activities of NGO networks and local government in the cross-border area 	0%	30%	
			<ul style="list-style-type: none"> - Number of site cleaning actions implemented. 	0	10	

1 - TC2 Greener and improved resource efficiency

TP 2: To protect the environment and promoting of climate change adaptation and mitigation, risk prevention and management		Indicators	Baseline value year 2021	Target value year 2030	Data source
<p>1.1.2. The cross-border region can respond effectively to natural and manmade disasters.</p>	<ul style="list-style-type: none"> - Generation of knowledge on the existing and expected future risks (including those associated with climate change) that supports multi-hazard risk anticipation and builds on higher-level studies and guidelines. - Design and implementation of early warning systems and communication exchange - Engagement of policy-makers and key stakeholders who may be affected by climate change and other emergent risks into the design of suitable response measures or risk-informed developments (e.g. climate proofing of future urban plans instead of having separate climate change adaptation plans). - Establishment of cross-sectoral joint networks to increase awareness on environmental, climate change and disaster management - Investments in equipment for prevention, preparedness, rescue and recovery, including ICT solutions and technology improvements and training for the use of equipment - Small scale investments for reducing or mitigating cross-border risks to improve the safety of the local population and ensure environmental protection - Practical solutions for enhancing the resilience of critical infrastructure and systems to plausible risks and hazards that may affect their functionality - Developing and implementing disaster risk reduction systems, rescue protocols and/or operational procedures (specifying who, what, when, how and with whom) based on higher-level initiatives for disaster risk reduction - Joint activities of training and capacity building of local 	<p>Outcome</p> <ul style="list-style-type: none"> - Number of emergency services from both sides of the border with increased capacities through joint initiatives; - Percentage of the target area covered by strategies for mitigation of natural and manmade hazards; 	<p>0</p> <p>0%</p>	<p>5</p> <p>50%</p>	<p>Project data and reports</p> <p>Municipal data and reports</p> <p>INSTAT Publications;</p> <p>KAS Publications;</p>
		<p>Output</p> <ul style="list-style-type: none"> - Number of supported advocacy activities for mitigation of natural and manmade disasters; 	<p>0</p>	<p>5</p>	
		<p>Number of projects to address natural and/or manmade hazards in vulnerable spots identified in the eligible area;</p>	<p>0</p>	<p>3</p>	
		<p>Number of established cross-sectoral networks focusing on environmental, climate change and disaster management;</p>	<p>0</p>	<p>3</p>	
		<ul style="list-style-type: none"> - Number of CSOs participating in joint networks dealing with climate change and disaster management in the eligible area; 	<p>0</p>	<p>3</p>	
		<p>Number of strategies, action plans, adopted on prevention and mitigation of manmade hazards and natural disasters;</p>	<p>0</p>	<p>7</p>	
		<ul style="list-style-type: none"> - Number of people (disaggregated by gender and age) with increased competencies related to emergency preparedness, risk management and adaptation action; 	<p>0</p>	<p>90</p>	
		<ul style="list-style-type: none"> - Number of municipalities with adopted joint disaster risk reduction strategies and disaster risk assessment; 	<p>0</p>	<p>12</p>	
		<ul style="list-style-type: none"> - Number of municipalities or local government units with approved civil emergencies plan through joint initiatives. 	<p>0</p>	<p>10</p>	

1 - TC2 Greener and improved resource efficiency

1 - TC2 Greener and improved resource efficiency						
TP 2: To protect the environment and promoting of climate change adaptation and mitigation, risk prevention and management			Indicators	Baseline value year 2021	Target value year 2030	Data source
		institutions involved in mitigating natural and manmade disasters in the cross-border areas. - Joint public-private partnerships to engage in micro-projects to mitigate natural or manmade hazards in vulnerable areas - Preparation of strategies and action plans on prevention and mitigation of man-made and natural hazards. - Developing frameworks for cross-border cooperation and pooling of available resources for civil protection and disaster response when such arrangements would be mutually beneficial.	Number of households/farms and other organisations benefiting from the upgraded infrastructure	0	50	

Target groups:

- Population in the eligible area
- Local and regional authorities staff
- Associations of Local Governments
- CSOs, e.g. Youth and Woman Organisations
- Regional Development Agencies
- Education and training organisations
- Central authorities (Regional Departments from the LM and Agencies operating in the eligible area)
- Legal entities managing natural parks and other preserved areas
- youth and students
- Civil protection services
- Business operators in fields such as environment and agriculture (farmers)
- Public utility companies

Main beneficiaries:

- Local and regional authorities
- Legal entities managed by local authorities responsible for water management, fire/emergency services, natural park management:
- Association of municipalities
- Local business support organisations:
- Ministries, agencies and institutions involved in environmental policy
- CSOs
- Business operators in agriculture, etc
- Educational, training and research centres

Table 3.4 Overview of the intervention logic for the Thematic Priority 5

2 - TC4: Improved business environment and competitiveness

TP5: Tourism and cultural and natural heritage			Indicators	Baseline year 2021	Target year 2030	Sources of data
			<p>Impact</p> <ul style="list-style-type: none"> - Number of organisations participating in natural and cultural tourism projects jointly implemented by cross border partners. - No. of new jobs resulting from programme activities to promote sustainable tourism activity in the cross-border area 	0 in 2021 133 in 2021	50 in 2030 333 in 2030	National and local data
<p>2.1. Development of sustainable, nature-and-culture tourism contributes more to cross border economic development</p>	<p>2.1.1. New eco-friendly higher quality and integrated cross border tourist products, services and infrastructure developed and improved</p>	<ul style="list-style-type: none"> - Joint awareness and training activities for business associations, MSMEs and Local authorities on adoption of principles and best practices of green and circular economy as complementary to eco-friendly, sustainable nature and culture tourism; - Joint promotion/ support of connections/partnerships between environmentally friendly farms and agribusinesses with tourist providers to promote sustainable tourism in the cross-border area; - Identification of opportunities and promotion of circular economy through networking of MSMEs and farmers in support to tourism activity; - Joint training and education of skills on Smart Use of ICT tools by MSMEs – enabling their digital interaction, reduction of paperwork to increase SMEs growth in tourism and related sectors; - Support and promotion of joint cross border e-business and e-marketing services for 	<p>Outcome</p> <ul style="list-style-type: none"> - % of tourists using new and improved products and services³⁴ - % of tourism offers (products and services) generated by the cross border programme adopted by tourist operators in the eligible area 	0% 16.67%	80% 80%	INSTAT KAS Regional Development reports; Municipality Statistical Reports; Project data reports JTS monitoring reports.
			<p>Output</p> <ul style="list-style-type: none"> - Number of persons (disaggregated by gender and age) from local authorities and private operators with increased capacities on eco-friendly, sustainable tourism; 	0	150	
			<ul style="list-style-type: none"> - Number of new joint cross border tourism products and services developed; 	6	30	
			<ul style="list-style-type: none"> - Number of tourist operators participating in cross border tourism networks supported by the programme; 	0	50	
			<ul style="list-style-type: none"> - Number of new digital tools (mapping, websites) to promote joint cross-border tourism introduced; 	1	10	
			<ul style="list-style-type: none"> - No. of joint cross-border digital platforms (online booking) developed; 	0	10	

³⁴ According to UNWTO terminology a product includes also service: “Services are the result of a production activity that changes the conditions of the consuming units, or facilitates the exchange of products or financial assets. They cannot be traded separately from their production. By the time their production is completed, they must have been provided to the consumers (SNA 2008, 6.17).”

	internationalisation of tourism offers:	- No. of persons with increased capacities (disaggregated by gender and age) on new entrepreneurial skill in the tourism sector, marketing and promotion techniques;	0	100	
2.1.2 Natural and cultural heritage sites are better promoted and developed	-Support joint initiatives and actions to develop joint touristic high-quality products and services, with clear local cross-border identity (natural, heritage, gastronomic); -Joint promotion of cultural events and heritage sites in the programme area by local authorities, tourist providers and NGOs; -Support and promotion of joint small-scale investments in natural and cultural heritage sites to renovate and promote eco-friendly sustainable tourism standards in the cross-border area;	Outcome Number of historical sites and buildings newly open to public visits.	0	5	
		Number of newly established thematic routes.	0	3	
		Output Number of tourism natural heritage sites that are better promoted and improved thanks to programme activities	0	20	
		Number of visitors supported in the cultural heritage sites;	0	2.000	
		Number of touristic natural heritage services and products developed in the market thanks to programme activities;	0	20	

Target groups:

- Population in the eligible area
- Local and regional authorities' staff
- Associations of Local Governments
- CSOs, e.g. Youth and Woman Organisations
- Regional Development Agencies
- Education and training organisations
- Central authorities (Regional Departments from the LM and Agencies operating in the eligible area)
- Entities responsible for tourism and culture heritage
- Youth and students
- Business operators in fields such as tourism and agriculture (farmers)
- Public utility companies

Main beneficiaries:

- Local and regional authorities
- Legal entities managed by local authorities responsible for touristic and culture heritage sites
- Association of municipalities
- Local business support organisations
- Ministries, agencies and institutions involved in environmental policy
- CSOs
- Business operators in tourism, agriculture, etc
- Educational, training and research centres

3 - Thematic Priority 0: Technical Assistance

The Technical Assistance (TA) will aim to ensure the effective, efficient and accountable management of the cross-border programme.

The specific objective of the technical assistance is twofold:

- (i) to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme; and

- (ii) to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.

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

The technical assistance allocation will be used to support the work of the national CBC Structures (OS) and of the Joint Monitoring Committee (JMC) in ensuring the efficient set-up, implementation, monitoring and evaluation of the programme, as well as the optimal use of resources. This will be achieved through the establishment and operation of a Joint Technical Secretariat (JTS) with 2 offices based respectively in Albania and Kosovo. The JTS will be in charge of the day-to-day support to the management of the programme and will be reporting to the OSs and the JMC.

Expected results:

1. The technical and administrative capacity for the Joint Management Structures for programme management and implementation enhanced;
2. Capacity building for potential applicants and grant beneficiaries with an emphasis on strengthening the participation of regional and local authorities in the CBC operations strengthened;
3. Guaranteed visibility and publicity of the CBC programme.

Target groups and final beneficiaries (non-exhaustive list)

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

Main beneficiaries:

- CBC Structures
- Joint Monitoring Committee
- Joint Task Force
- Joint Technical Secretariat
- Local Authorities

Table 3.5 Overview of the intervention logic for the Technical Assistance Priority

3 - TP 0: Technical Assistance						
Technical assistance			Indicators	Baseline value year 2021	Target value year 2030	Data source
Specific objective(s)/ Outcomes	Results/ Outputs	Types of activities/actions (examples)	Impact			
			Percentage of funds available under the programme that are contracted	47%	100%	AIR, Monitoring system, Interim and Final Reports,

3 - TP 0: Technical Assistance

Technical assistance			Indicators	Baseline value year 2021	Target value year 2030	Data source
						Evaluation Reports
0.1. To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme	0.1.1 The technical and administrative capacity for the Joint Management Structures for programme management and implementation enhanced	<ul style="list-style-type: none"> - Management of the Joint Technical Secretariat and its Antenna - Organisation of JMC and OS meetings - Support to the work of the Joint Task Force in charge of preparing the programme cycle 2028-2034 - Monitoring of project and programme implementation, including the contributing to the monitoring system and related reporting - Organisation of evaluation activities, analyses, surveys and/or background studies 	<u>Outcome</u>			
			Percentage of JMC, JTF and OSs decisions implemented in a timely manner (as prescribed in the minutes of meetings)	90%	90%	AIR, MoM, Monitoring system, written procedures, draft documents
			Percentage of projects covered by monitoring missions	100%	100%	AIR, project reports, Monitoring system
			<u>Output</u>			
0.1.2. Capacity building for potential applicants and grant beneficiaries with emphasis on strengthening the participation of	<ul style="list-style-type: none"> - Organisation of events, meetings, training sessions, study tours or exchange visits to learn from the best practice of other territorial development initiatives - Preparation of internal and/or external manuals/handbooks - Assistance to potential applicants in partnership and project development 	<u>Outcome</u>				
		Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support	90%	60%	AIR, project reports, monitoring system	
		<u>Output</u>				
		Number of capacity building	8	65	AIR, project	

3 - TP 0: Technical Assistance

Technical assistance		Indicators	Baseline value year 2021	Target value year 2030	Data source	
	regional and local authorities in the CBC operations ensured;	(partners search forums etc.) - Advice to grant beneficiaries on project implementation issues - Organisation of training sessions/ on-hand support for local authorities on how to benefit from EU funds and to prepare good proposals;	events for potential applicants, grant beneficiaries and programme structures' employees (disaggregated for the type of organisation)			reports Monitoring system, minutes/reports from the events and other reports
			Number of internal/external manuals or handbooks prepared	0	3	AIR and other reports
			Number of queries of grant beneficiaries resolved	3	15	AIR and other reports
0.2. To raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.	0.1.3 The visibility of the programme and its outcomes is guaranteed	- Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc.	<u>Outcome</u>			
			Number of people reached by information/promotion campaigns	180	1500	AIR and other reports
			<u>Output</u>			
			Number of information/promotion campaigns implemented	4	15	AIR and other reports
			Number of promotional and visibility events organised	2	10	AIR and other reports
			Number of publications produced and disseminated	8	16	AIR and other reports, draft documents /studies/surveys

3.3. Horizontal and cross-cutting issues

In line with the approach outlined in the **EU Gender Action Plan**, (GAP III) 2021-2025, IPA III CBC Albania-Kosovo will mainstream gender equality and also continue ensuring girls' and women's physical and psychological integrity, promoting economic and social rights and strengthening girls' and women's voice and participation with targeted actions. The issue of gender mainstreaming is addressed mainly in the fourth thematic cluster (Thematic priorities on

Business development and Tourism) in order to empower women entrepreneurs in tourism and other business activities in urban and rural areas. The CBC programme will also stimulate the employment of vulnerable groups, such as young people, women disadvantaged groups and minorities, in particular, Roma and will relate to project ideas and social businesses initiatives.

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

The mainstreaming of TC5

The programme will improve the capacities of local and regional authorities to tackle local challenges with regard to promoting local and regional governance, and enhancing the planning and administrative capacities of local and regional authorities both in Albania and Kosovo programme area, in accordance with the TC 5. The mainstreaming of this cluster will increase and strengthen the participation of regional and local authorities in CBC and will be dealt with at the level of CBC operations as well as through activities to be implemented under the technical assistance priority.

Furthermore, the support of partnerships between CSOs and local governments, so as to ensure local ownership and sustainability of the actions, is part of the programme in all its priority interventions.

Table 3.6 Overview of the proposed measures while developing the mainstream Thematic Cluster on local and regional authorities to tackle local challenges

<p>Under the thematic priority Technical Assistance</p>	<p>1. To deliver capacity building or articulate separate channels tailored for regional and local authorities when they would</p> <ul style="list-style-type: none"> a. provide training for potential applicants on the preparation of CBC applications and project management/implementation, b. organise “clinics” for unsuccessful applications, and c. hold helpdesks, based on the needs’ assessment mentioned above (see point 1). d. Assistance to potential applicants in partnership and project development (partners search forums etc.) e. Organisation of training sessions/ on-hand support for local authorities on how to benefit from EU funds and to prepare good proposals; <p>This should allow regional and local authorities to prepare and/or participate in good quality applications with peer legal entities or in partnerships with civil society organisations, as well as efficiently manage those projects in which they take part. A full-time expert could be hired to cater for the capacity building of the regional and local authorities across the border, preparing and implementing CBC projects. Furthermore, this expert will also be behind the foregoing clinics and helpdesk, as well as the needs assessment.</p>
<p>Within CBC operations</p>	<p>2. Every application and strategic project should demonstrate that regional and local authorities have been involved in their development and their future implementation. Every operation should describe how it has been developed, how it is aligned to and contributes to local development plans or how its implementation will be monitored and evaluated.</p>

3. If so agreed, in some calls for proposals or within a specific lot of a call for proposals, **to include regional and local authorities in every CBC partnership of applicants.** For regions eligible to different CBC programmes, attention should be paid to avoid saturation. Such calls for proposals or lots within a call could receive, for example, applications that have several local authorities as implementing partners (inter-municipal cooperation), and most importantly, it should encourage partnerships with smaller, weaker, rural local authorities, by which, for instance, the main applicant (a larger municipality) will assist a smaller one, seconding staff to it, or receiving staffers for training purposes from those less developed municipalities (share of resources)

NB: If so decided, Actions fully relying on the staff of the regional and local authorities should be privileged, while reducing to a minimum³⁵ the presence of external managers among the human resources of the project.

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

3.4 Coherence with other programmes and macro regional strategies

As stated in the **IPA III Programming Framework**, IPA III CBC support will be granted in full complementarity with the previous financial assistance under IPA I and IPA II CBC as well as with the EU policies in the respective sectors, and the Interreg IPA programmes. The framework has identified five thematic windows, namely: (i) rule of law, fundamental rights and democracy; (ii) good governance, EU *acquis* alignment, good neighbourly relations and strategic communication; (iii) green agenda and sustainable connectivity; (iv) competitiveness and inclusive growth; and (v) territorial and cross-border cooperation. These five windows are all facets of the EU policy for enlargement and are linked with one another in a complementary manner. Furthermore, IPA III CBC will ensure synergy and complementarity with **bilateral and regional programmes** and overall coordination of programming with the objectives and **thematic priorities of the EUSAIR**. The latter will primarily be mobilised to address issues of regional nature, or when a regional approach will allow for greater efficiency.

At the global level, IPA III CBC is also part of the **2030 Agenda for Sustainable Development** which plays the role of umbrella strategy to achieve a more sustainable future for the planet and to eradicate poverty. As such, the Sustainable Development Goals (SDGs) represent for the IPA III beneficiaries both a direct commitment taken at the multilateral level and an additional requirement to converge on the EU policy framework in the accession process. In this context, IPA III CBC activities will be consistent with and supportive of the beneficiaries' undertakings for their achievements.

The programme specifically targets the greener and improved resource efficiency as its first priority cluster advancing interventions towards protection against man-made and natural hazards, environmental education and sustainability and valorisation of environmental resources and biodiversity to contribute to the economic development of the programme area.

The programme will ensure coherence with the Green Agenda for the Western Balkans according to its Guidelines for Implementation³⁶. Out of the five pillars of the Agenda, three of them have a special relevance for possible CBC operations, namely:

³⁵ This could be regulated with the enforcement of a maximum percentage for this purpose out of the total eligible costs of the action.

³⁶ Brussels, 6.10.2020 SWD(2020) 223 final Commission Staff Working Document: Guidelines for the Implementation of the Green Agenda for the Western Balkans/

- (1) climate action, including decarbonisation, energy and mobility,
- (3) biodiversity, aiming to protect and restore the natural wealth of the region, and
- (5) sustainable food systems and rural areas.

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

The activities under the CBC programme shall promote the circular economy and green growth through non-state actors to increase green jobs and green employment, offer green solutions that result in lower material consumption and material extraction from the environment, and that increase the production of recyclable materials and reusable products. These activities are aligned with **the Economic and Investment Plan for the Western Balkans**³⁷

The Plan regards the development of a **robust private sector** as essential for regional socio-economic integration, and to improve the region's competitiveness and job creation. The role of MSMEs is particularly important. In this context, as this IPA III CBC programme puts forward, the focus should be put on supporting MSMEs in **the thematic priorities** identified by the beneficiaries, such as **tourism** and environment.

The Plan also emphasises that there is scope for exploiting economic opportunities in the **creative and cultural sector and its contribution to the region's sustainable tourism potential**. The EU will intensify cooperation with the Western Balkans in the implementation of its 2018 **Framework for Action on Cultural Heritage**. This IPA III CBC programme itself should step up cooperation on the preservation and promotion of cultural heritage within sustainable tourism strategies. To support this sector, the EU will also encourage the integration of cultural and creative industries from the region into European professional networks and value chains.

In addition, priorities are aligned with the objectives of the **Tirana Declaration on joint regional protocols to support sustainable tourism recovery and growth in Western Balkans 6**³⁸, namely: i) position tourism as a key strategic sector for regional economic recovery and sustainable development; ii) Coordinate the reopening and continued operations of the travel and tourism supply chain; iii) Facilitate a safe and seamless traveller journey to bolster WB6 recovery and growth; iv) implement harmonised health and hygiene protocols to align sector efforts and boost traveller confidence; and v) Coordinate promotion and communication to build trust in the WB6 as a responsible, trustworthy and sustainable destination.

EU Sea-basin strategies and EU Macro-regional strategies as the EU Strategy for the Danube Region (EUSDR) and **EU Strategy for the Adriatic and Ionian Region (EUSAIR)** seek to be a driving force for harmonising the development of geographical areas, where several countries work together on fields of common interest for each country's and the whole region's benefit. The general objective of the EUSAIR is to promote economic and social prosperity and growth in the region by improving its attractiveness, competitiveness and connectivity. With four EU members (Italy, Greece, Croatia and Slovenia) and six non-EU countries (San Marino, Serbia, North Macedonia, Albania, Bosnia and Herzegovina and Montenegro) the strategy will contribute to the further integration of the Western Balkans. The countries are aiming to create synergies and foster coordination among all territories in the Adriatic-Ionian Region in the following four thematic areas/pillars: i) Blue growth; ii) Connecting the region; iii) Environmental quality; and iv) Sustainable tourism. Although Kosovo is not a participant in the EUSAIR, it will indirectly contribute to furthering the macro-regional strategy via the CBC programme with Albania. The selected thematic priorities and thus the entire programme document are closely aligned with two of **the EUSAIR's pillars** (tourism and environment).

³⁷ COM 2020/ 641 Economic and Investment Plan for the Western Balkans

³⁸ Signatories of the Tirana Declaration on joint regional protocols to support sustainable tourism recovery and growth in the Western Balkans 6, on April 8th 2022, are: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia and representatives of Regional Cooperation Council (RCC) and European Commission.

Both Albania and Kosovo are part of the ongoing and future **Multi- beneficiary and bilateral IPA programmes**, thus the priorities selected through this programme in the same eligible area will be carefully considered to avoid overlapping and create synergies to make the best use of the joint programme. The selected thematic priorities: i) *Protecting the environment, promoting climate change adaption and mitigation, risk prevention and management*; ii) *Encouraging tourism and cultural and natural heritage*; are aligned and complementary with different existing and future Multi - beneficiary and bilateral IPA financed projects in sectors such as: i) Environment, climate action and energy; ii) Competitiveness, innovation, agriculture, and rural development; and iii) Education, employment and social policies.

The IPA III CBC programme Albania-Kosovo will be implemented in parallel with other CBC, Interreg and transnational programmes that share the same borders. Concerning the territory coverage and priorities chosen, it has an overlapping with i) IPA III CBC programme Montenegro-Albania; ii) IPA III CBC Programme Montenegro-Kosovo and iii) Kosovo-North Macedonia.

As regards Albania, the Lezha region and the Municipality of Tropoja are in the eligible area of both programmes – Albania-Kosovo and Montenegro-Albania; while for Kosovo the West Economic Region is part of the eligible area of both programmes – Albania-Kosovo and Montenegro-Kosovo.

As regards the thematic priorities of Albania-Kosovo and Montenegro-Albania programmes, there is an overlapping between thematic priorities. The Albania-Kosovo programme will focus on Environment, Tourism and Competitiveness/SME while the Montenegro-Albania programme will tackle Environment and Tourism. As regards priorities selected under Albania-Kosovo and Kosovo-Montenegro there is overlapping - both CBC programmes have selected Tourism and Cultural and Natural Heritage.

As regards Kosovo, besides the overlapping of territory in Albania-Kosovo and Montenegro-Kosovo, overlapping of the territory is also encountered in Albania-Kosovo and Kosovo-North Macedonia programmes, concerning the South Economic Region which is part of the eligible area for both IPA III CBC Albania-Kosovo and IPA III CBC Kosovo-North Macedonia.

In this context, although overlapping is encountered between various CBC programmes at Thematic Priorities level, different SOs have been selected. Furthermore, the complementarity between these CBC programmes will be secured through coordination during CfPs in order not to focus the same TPs within the CFP at the same time.

In addition, there are several Interreg IPA programmes which share complementarities with IPA CBC programme Albania-Kosovo, in terms of territory. i) Interreg IPA CBC South Adriatic (Italy-Albania-Montenegro); ii) Interreg IPA (transnational) Euro MED Programme; iii) Interreg IPA (transnational) Adriatic programme and iv) URBACT (interregional) programme. However, there is a different focus of the applicants and beneficiaries in the Interreg IPA Programmes compared to the bilateral IPA-IPA CBC programmes. Interreg IPA programmes attract a significant number of institutions on the central level, as well as organisations with strong capacities comparing to the partners in bilateral IPA-IPA CBC programmes. There is a significant difference of available budget which influence on project partnership and scope of projects; the past practice has shown that bilateral IPA-IPA CBC programmes are more focused on the local level, and there has been no overlapping between the projects. The IPA III CBC Albania-Kosovo and Interreg IPA programmes have similar priorities, demanding coordination and exchange of information between the programmes in order to create synergies and avoid duplication.

3.5 Conditions and assumptions

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

As a necessary condition for the effective management of the programme, the participating beneficiaries shall establish a Joint Monitoring Committee and provide proper and functioning premises and staff for the head and antenna³⁹ offices of the Joint Technical Secretariat. Particular attention should be paid to create the necessary working conditions to ensure the continuity and professional development of staff in key functions within all management structures of the programme. The latter should strive to present the programme as a beneficial instrument for strengthening collaboration and exchanges among citizens of the eligible area.

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

³⁹ In case this office is deemed necessary to be set up.

4. INDICATIVE BUDGET

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

Table 4.1: Indicative financial allocations per year for the period 2021-2027

	IPA III CBC PROGRAMME BENEFICIARY ALBANIA - BENEFICIARY KOSOVO															
	Amounts in EUR															
	2021		2022		2023		2024		2025		2026		2027		Total (EUR)	
	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing
Per type of activity																
Operations	-	-	2 040 000	360 000	-	-	-	-	3 240 000	571 764.7	-	-	2 280 000	402 352.94	7 560 000	1 334 117.64
Technical Assistance (Direct Grant)	-	-	360 000	-	-	-	-	-	360 000	-	-	-	120 000	-	840 000	-
Per method of implementation																
Direct Management: Total Envelope for Grants **	N/A														7 560 000	1 334 117.64
Direct Management: Total Envelope for Procurements **	N/A														-	-
Indirect Management with the IPA III beneficiary: Total Envelope	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL⁴⁰	-	-	2 400 000	360 000	-	-	-	-	3 600 000	571 764.7	-	-	2 400 000	402 352.94	8 400 000	1 334 117.64

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

⁴⁰ GRAND TOTAL from Tables 4.1 and 4.2 should be equal

Table 4.2: Indicative financial allocation per priority and rate of Union contribution (for the period 2021-2027)

CLUSTERS	PRIORITIES	IPA II CBC PROGRAMME Albania - Kosovo			
		European Union funding	Co-financing	Total	rate per Thematic Priority
		(a)	(b)	(c) = (a)+(b)	(d) = (c)/(e)
Thematic Cluster 2	1) Thematic Priority 2	3 780 000	667 058.82	4 447 058.82	45.68%
Thematic Cluster 4	2) Thematic Priority 5	3 780 000	667 058.82	4 447 058.82	45.68%
3) Technical Assistance		840 000	0	840 000	8.6 %
GRAND TOTAL		8 400 000	1 334 117.64	9 734 117.64 (e)	100%

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

5. IMPLEMENTATION ARRANGEMENTS

5.1. Financing agreement

In order to implement this programme, it is foreseen to conclude a financing agreement between the European Commission, Albania and Kosovo.

5.2. Indicative implementation period

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

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

5.3. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁴¹.

5.3.1 Operations

Direct management

The operations part of this action will be implemented under direct management.

Calls for Proposal- Grants

a) Purpose of the grants:

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

b) Type of applicants targeted:

The beneficiaries shall be: Local and regional authorities; Legal entities managing natural parks and other preserved areas; Central authorities (Regional Departments from the LM and Agencies operating in the eligible area); associations of local governments; regional development agencies; local business support organisations; business operators in tourism, agriculture and other relevant economic sectors; CSOs, Youth and Woman Organisations; education and training organisations; pupils and students; business operators in fields such as tourism and agriculture (farmers); public utility companies.

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

Potential beneficiaries as specified in section 3.2 could be: Local, regional and government institutions; Local/Regional agencies; Business Operators; Civil Society. Other essential

⁴¹ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

characteristics of the potential applicants, such as their place of establishment shall be specified in the guidelines for applicants of the call for proposals. The default scope of potential beneficiaries given above may be narrowed down in terms of geographical location or type of applicant where it is required because of the specific nature and the specific objective(-s) of the action and where it is necessary for its effective implementation.

5.3.2 Technical Assistance (Direct Grants)

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

The grants will be awarded for the implementation of the thematic priority technical assistance under this programme. Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Government of Albania – CBC Structure established under IPA III legal framework , as lead partner and the public institution hosting the CBC structure in Kosovo as co-beneficiary

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

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Government of Albania - CBC Structure established under IPA III legal framework

5.4. Programme Management Structure

The description of the programme management structures with the list of their main responsibilities and tasks in programme preparation, implementation and management (i.e. NIPAC, CBC Structures, Joint Monitoring Committee, Joint Technical Secretariat) is presented under the Framework and/or Financing Agreements.

5.5. Project development and selection and implementation

Calls for proposals:

All thematic priorities of the programme will be implemented through calls for proposals. The Joint Monitoring Committee will be responsible for identifying the thematic priorities, specific objectives, results, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission.

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

The JMC decision may also consider the recommendations stemming from consultations held with stakeholders at the local and national levels, including representatives of the donor community.

Strategic projects

During the preparation of the programme, no **strategic project** has been identified. However, during the programme implementation period, the CBC structures may consider allocating part of the programme financial allocation (up to 20 % of the total EU funding) to fund one or two strategic projects in particular related to one or two of the thematic priorities of the programme, most specifically to the thematic priorities revolving around Environment and Tourism.

The CBC structures together with the Delegation of the European Union in Albania could organise a consultation with the purpose of gathering ideas for strategic projects under the programme.

Strategic projects can be selected through calls for strategic projects. They can also be selected outside calls for proposals. The selection must be endorsed by the Joint Monitoring Committee and by the European Commission. If the strategic project is selected outside call for proposals, the CBC programme must be amended to incorporate such a strategic project..

The approval of such strategic projects by the Commission will be conditional upon showing: a clear cross-border dimension and support to one of the thematic priorities and achievement of one of the specific objectives of the programme; readiness/maturity to be implemented; impact on the programme area; link with regional or other strategies for development of the bordering areas; level of contribution and co-financing from regional authorities; number of the population benefiting from the intervention; cost-effectiveness of the intervention; complementarity with parallel actions; sustainability of the intervention; and certainty of being carried out within the period of implementation of the programme. Furthermore, these projects must have a complete tender documentation and, in case of infrastructure investments, apart from the necessary environmental impact assessments, all the necessary permits for location and construction.

5.6. Scope of geographical eligibility for procurement and grants

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

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

6. REPORTING, MONITORING AND EVALUATION

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

7. INFORMATION AND VISIBILITY

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

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

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

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

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

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

8. SUSTAINABILITY

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

Sustainability at the operation level equally plays a crucial role. Every operation should have a tangible impact on its target groups at cross-border level. Sustainability should be embedded in every application, showing how the expected outcomes will benefit the region even after the operation might have ended. In every call for proposals, one of the award criteria is sustainability as shown in Section 5 of the evaluation grid for full applications.