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ANNEX

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

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

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PROGRAMME SYNOPSIS

Basic Act	Instrument for Pre-accession Assistance (IPA III)
Programme title	Cross-border cooperation programme North Macedonia –Albania for 2021-2027
OPSYS number	ACT-60751 2022: JAD.963195 2023: JAD.963206 2024: JAD.968729 2026: JAD.968730
Programming document	IPA III Programming Framework
Window	Window 5 Territorial and cross-border cooperation
Programme area	In North Macedonia: <ul style="list-style-type: none"> • Pelagonia, Polog and Southwest In Albania: <ul style="list-style-type: none"> • Dibër, Elbasan and Korçë
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 disaster response, and developing sustainable natural and cultural tourism
Programme thematic clusters, thematic priorities and specific objectives per thematic priority	<p><u>TP 0: Technical Assistance.</u> SO: To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.</p> <p><u>TC 2: Greener and Improved resource efficiency.</u> TP2: Environment protection, climate change adaptation and mitigation, risk prevention and management. SO1: Enhanced capacities of public services dealing with disaster response. SO2: Improved environmental protection of the cross-border region</p> <p><u>TC 4: Improved business environment and competitiveness.</u> TP5: Tourism and cultural and natural heritage; SO1: To strengthen sustainable natural and cultural heritage tourism in the programme area. SO2: Strengthening cultural cooperation, protection and enhancement of cultural and natural heritage.</p> <p><i>NB: The TC 5 will be mainstreamed. Beneficiaries' proposal for the mainstreaming of this thematic cluster is presented in Section 3.3 of this document.</i></p>
Sustainable Development Goals (SDGs)	<p>Main SDG: Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> <p>In the framework of the implementation of the seven years cross border cooperation programme, the operations selected will also contribute to the following</p> <p>In the socio-economic sphere: Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning</p>

	<p>opportunities for all; Goal 12. Ensure sustainable consumption and production patterns.</p> <p>In the territorial sphere: Goal 10. Reduce inequality within and among countries; Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable.</p> <p>In the environmental domain: Goal 13. Take urgent action to combat climate change and its impacts; Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</p>
DAC code(s) ¹	<p>11110 - Education policy and administrative management: 5%</p> <p>11120 - Education facilities and training: 5%</p> <p>33210 - Tourism policy and administrative management: 40%</p> <p>74020 - Multi-hazard response preparedness: 40%</p> <p>15110 - Public sector policy and administrative management: 10%</p>
BUDGET INFORMATION	
Budget Line	15.020300
Total cost 2021-2027	EUR 13 790 000
Total EU contribution 2021-2027	EUR 11 900 000
Yearly EU contribution	<p>For the year 2022 - EUR 2 890 000</p> <p>For the year 2023 - EUR 2 000 000</p> <p>For the year 2024 - EUR 3 430 000</p> <p>For the year 2026 - EUR 3 580 000</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
Responsible CBC structures/ relevant authorities in the IPA III participating countries ²	<p>In North Macedonia:</p> <ul style="list-style-type: none"> • Deputy Prime Minister for European Affairs, National IPA Coordinator (NIPAC) and CBC Structure established under the IPA III legal framework. <p>In Albania:</p> <ul style="list-style-type: none"> • The Government of Albania, National IPA Coordinator (NIPAC) and CBC Structure established under IPA III legal framework
JTS/Antenna Offices of the joint technical secretariat (JTS)	<p>JTS Main Office: Struga, North Macedonia</p> <p>Antenna office: Elbasan, Albania.</p>
Final date for concluding <u>Financing Agreement for the period 2021-2027</u>	For the budgetary commitment of 2022 at the latest by 31 December 2023

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>

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

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 2023 at the latest by 31 December 2024 For the budgetary commitment of 2024 at the latest by 31 December 2025 For the budgetary commitment of 2026 at the latest by 31 December 2027
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)

Bruxelles, le 19.5.2022

LIST OF ACRONYMS

BRD	Bureau for Regional Development (North Macedonia)
CBC	Cross-Border Cooperation
CBIB+	Cross-border Institution Building Plus Phase III
CC	Consultative Council
CfP	Call for Proposals
CRD	Centre for Regional Development
CSOs	Civil Society Organizations
CSF	Common Strategic Framework
EUD	Delegation of the European Union
ERP	Economic Reform Programme
EUSAIR	European Union Strategy for the Adriatic and Ionian Region
GDP	Gross Domestic Product
GfA	Guidelines for Applicants
GVA	Gross Value Added
INSTAT	Statistical Institute of the Republic of Albania
IPA	Instrument for Pre-accession Assistance
JMC	Joint Monitoring Committee
LGUs	Local Governments Units
JTF	Joint Task Force
LP	Lead Partner (Lead Partner Principle)
MoU	Memorandum of Understanding
MoLSG	Ministry of Local Self-government
MEFA	Ministry for Europe and Foreign Affairs
MFF	Multiannual Financial Framework
NIPAC	National IPA Co-ordinator
NGO	Non-Governmental Organisation
NUTS	Nomenclature of Territorial Units for Statistics
OS	CBC Structure (if the text refers to IPA II, Operating Structure)
RDI	Research, development and innovation
SEA	Secretariat for European Affairs
SME	Small and medium enterprise
SO	Specific Objective
SWOT	Strengths, Weaknesses, Opportunities and Threats analysis
TC	Thematic Cluster
TP	Thematic Priority
WTTC	World Travel and Tourism Council

1. PROGRAMME SUMMARY

The Cross Border Cooperation programme between North Macedonia and Albania will be implemented under the framework of the 2021-2027 Instrument for Pre-accession Assistance (IPA III). IPA III supports cross-border cooperation (CBC) with a view to promoting good neighbourly relations, fostering EU integration and promoting socio-economic development through joint local and regional initiatives.

The legal provisions for its implementation are stipulated in the following pieces of 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

This CBC programme was designed on the major findings of the situation and SWOT analyses presented in the Annex 1 of this document, which has provided a detailed socio-economic situational analysis of the regions included in the Programme area, an accurate snapshot of the current realities on the ground, based on statistical data available, reports, national, regional and municipal strategies etc., and revealed a series of constraints that weigh heavily on their development.

The Programme area is characterised by **rich natural and environmental resources, ethnic diversity and rich culture**. The two sides of the Programme area have rather different characteristics in terms of their economic development.

The needs of the Programme area are significant and beyond any CBC Programme's capacity to provide financially; the remoteness and peripheral nature of the regions result in the identified problems and therefore affect heavily the quality of the life of their citizens. In addition, the present development situation of the Programme Area derives from a set of historically, demographically, politically, geographically and economically driven factors, which cannot be overcome in a short period of time.

The COVID-19 pandemic affected the area, reducing GDP growth and impacting SMEs and employment. Tourism was severely hit, with numbers of tourists and overnight stays having significantly declined.

The programme builds on identified potentials and strengths and works towards reducing its weaknesses. The creation of opportunities to establish sound foundations for cross-border cooperation shall be integrated as a general approach in the implementation. Considering the identified needs and challenges of the programme area, the lessons learned from the previous period as well as the available financial envelope, the programme shall address two thematic priorities (TP):

TP 2: Environment protection, climate change adaptation and mitigation, risk prevention and management. This TP will contribute to a better coverage of civil and environment protection services for people, assets and nature, by strengthening civil protection mechanisms, providing equipment for protection against wildfires and landslides, improve the management of the protected areas and increase awareness of local population and visitors/tourists on environmental protection. It also contributes to TP7 aiming at increase the capacities of local authorities and other stakeholders.

TP 5: Tourism and cultural and natural heritage. This TP will contribute to identifying and developing key underutilised resources for creating complementary offers to the area's key natural, cultural and historical attractions. It will strengthen the capacities of tourism providers and promote a common sustainable approach to the use of the natural and cultural heritage. It will further raise awareness on the wealth of natural and cultural heritage and the need for its protection and sustainable use.

This CBC Programme includes also a Technical Assistance Priority.

The **overall objective/impact** of the Programme is 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 disaster response, and developing sustainable natural and cultural tourism.

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 Plan³ and the Green Agenda⁴ for the Western Balkans.

1.2. Preparation of the programme and involvement of the partners

The process of programming of this 2021-2027 IPA III CBC Programme commenced in May 2020 and was based on common experiences and on lessons learnt from previous and current IPA CBC Programmes (Final Evaluation Report of IPA CBC Programmes 2007-2013 – February 2017 and the Analysis of performance indicators Report June 30th, 2020 IPA II CBC programme 2014-2020).

The development of this Programme Document was steered by the two Operating Structures⁵ and NIPAC offices in both countries respectively: The Ministry of Local Self-government (MoLSG) and Secretariat for European Affairs (SEA) in North Macedonia and Ministry for Europe and Foreign Affairs (MEFA) in Albania and for this purpose a Joint Task Force (JTF) was established. The JTF is a collective body which consists of representatives from NIPAC, OSs, Line Ministries, LGUs from the programme territory, and other agencies of the two participating countries. The role of the JTF responsible for the strategic planning and programming of the 2021-2027 Programme, was to ensure the effectiveness and quality of the strategic planning and programming for the CBC programme, focused on needs identified from the eligible area of the programme, decide on the allocation of funds per TP and identify any strategic project in line with the programme strategy.

The EU Delegation to North Macedonia guided the overall process of the Programme preparation and facilitated the interaction among programming experts, Operating Structures, European Commission representatives, and the JTS. The CBIB+ Technical Assistance project supported and brought synergies with preparation of other CBC programmes and build on the existing good practices, as well as provided instructions to the Programming Experts on the programming process.

Several working sessions of the Programming Experts with OSs and EUDs were held throughout the whole programming phase in order to ensure effective communication leading to the identification of the Thematic Priorities to be addressed and the development of Strategic Interventions in the Programme Area.

Three JTF meetings were organised in each stage of the programme preparation to present and endorse the SWOT analyses and strategic interventions proposed by the programming experts.

Consultations meetings were held with Government representatives of both countries at the institutions dealing with the European Union's Strategy for the Adriatic and Ionian Region (EUSAIR), with the aim of these discussions being to identify possible synergies and complementarities in programme areas interventions with the priorities of EU Macro-Regional Strategies. The programming process was characterised by a wide participatory process and extensive consultations with stakeholders in all Programme Area Regions, involving relevant central, regional, local institutions and civil society organisations.

Eight meetings were organized in North Macedonia with ten Municipalities and three Regional Development Centres, with the participation of 36 representatives in total. Ten Meetings were organised in Albania, with three Regional Councils and 14 Municipalities, with the participation of 42 representatives in total. Two stakeholder consultation workshops have been organised during

³ COM(2020) 641, 6.10.2020

⁴ SWD(2020) 223, 6.10.2020

⁵ Operating Structures under IPA II CBC

the programming process in each country (four in total) involving around 40 participants/stakeholder representatives in each workshop. The purpose of the stakeholder consultation workshops was three-fold: 1) To inform the wider community on the state of preparation of the cross-border cooperation programme, including presentation of the Review Report and findings of the Social, Economic and Environmental analyses in the eligible programme areas; 2) To contribute to the SWOT analysis and identification of priority needs/opportunities for CBC interventions; and 3) To provide the stakeholders and beneficiaries of the CBC programme with an opportunity to express their opinions and provide valuable inputs to the programming process.

Consequently, all TPs were considered and individually ranked by all stakeholders in the CBC Programming process for their perceived importance. The resulting ranking represents a significant programming feedback that reflects on its bottom-up approach and is built on the **partnership** principle: TP 2: Environment protection, climate change adaptation and mitigation, risk prevention and management; and TP 5: Tourism and cultural and natural heritage.

The table overleaf depicts the main meetings/events organised and consultation carried out:

Date/Location	Milestone
22/04/2020	A letter from the European Commission regarding IPA III and starting of programming process received by the NIPAC Office
6 May 2020	Kick off meeting between OS in Albania and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan)
18/05/2020	Kick off meeting between OS in North Macedonia and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan)
26/05/2020	Coordination meeting between OS in North Macedonia, DEU in Skopje and NIPAC office and CBIB+3 on the programming process, (responsibilities and work plan)
27/05/2020	Coordination meeting between OSs in North Macedonia and Albania, NIPAC office in North Macedonia in the presence of EUD in North Macedonia and CBIB+3, on IPA III CBC Programming (work plan and questionnaires)
End June to end July	The process for the establishment of the Joint Task Force (JTF) took place
30/07/2020	1 st JTF meeting: Establishment of the JTF, adoption of its rules of procedure and the programming work plan
05/08/2020	JTS dispatched the questionnaires to the relevant CBC stakeholders
21/08/2020, Online	Kick-off meeting with the Delegation of the European Union to North Macedonia and the programming team. The purpose of the meeting was to present and discuss the Inception Report, objectives and expected results, outputs and timetable of activities for entire period of Programme Preparation.
25/08/2020, online	Coordination meeting on programming process for the North Macedonia-Albania CBC Programme, between programming experts, EU Delegation in North Macedonia and CBIB+3
21/08/2020, Online	OSs meeting: Introduction of the Programming Team of Experts, presenting the timetable of activities, key deliverables and approach of the experts and agreement on the key milestones for the process ahead. Representatives of the EU Delegations in North Macedonia and Albania and CBIB+ experts participated and contributed to the preparation process.
Early September 2020	Collection of the completed questionnaires
16-17-18/09/2020 Pelagonia, Polog, Southwest Regions, North Macedonia	Site visits: Consultation meetings in three Programme Regions of North Macedonia with Local Government representatives: presenting the state of play of programming process, discussions on main challenges, priorities, local strategies and other management issues relevant for the CBC programme. Identification of needs and potential priorities to be included in the new CBC programme.
16-17-18/09/2020 Dibër, Elbasan, Korçë Regions, Albania	Site visits: Consultation meetings in three Programme Regions of Albania with Local Government representatives: presenting the state of play of programming process, discussions on main challenges, priorities, local strategies and other management issues relevant for the CBC programme. Identification of needs and potential priorities to be included in the new CBC programme.

22 September 2020	The aggregated answers from the collected questionnaires were delivered to the programming expert for further elaboration and analysis
30/09/2020, North Macedonia and Albania Online Workshops	Stakeholders Consultations Workshops: Online consultation workshops organised in both countries at the same time, with around 40 participants in each country, from LGUs, CSOs, beneficiaries of the CBC projects and other relevant institutions. Presentation of the SWOT analyses and gathering of the stakeholders' views and suggestions on the key challenges, potentials for development and risks accounts from the programme areas.
01/10/2020, Online	Technical meeting with Operating Structures representatives, Delegation of the European Union to North Macedonia, Programming Team, JTS, CBIB+ experts. Discussing the Review Report comments, Multisectoral study and Strategic Project Concept Note to be send to LGUs for receiving potential project ideas.
02/10/2020, Webinar Training organised by CBIB+	Strategy development and formulation training: 1st JTF Webinar - IPA III CBC programming: Representatives (OSs, JTF, JTS, CBIB+, programming experts): explanation of IPA III CBC, programming process, planning step by step (situation analysis, main findings (SWOT, needs), strategic choices – selecting/defining priorities, indicators and targets), checking of the intervention logic, horizontal and cross-cutting issues.
14/10/2020, Tirana	Technical meeting with DG REGIO, EUD, Programming Team and CBIB+: discussion on the status, challenges, and programming process. Issues. Several questions were addressed related to the stage of preparation timing of finalisation of the programme Regulation form European Commission.
28/10/2020, Online	Technical meeting with Delegation of the European Union to North Macedonia, Programming Team and CBIB+ experts. Discussing the Multisectoral study and proposals for Strategic Intervention and selections of the Thematic Priorities for the preparation of the Programming Document.
30/10/2020, North Macedonia and Albania Online Workshops	Stakeholders Consultations Workshops: Online consultation workshops organised in each country at the same time, with 35 participants from each country, involving LGUs, CSOs, beneficiaries of the CBC projects and other relevant institutions. Presentation of the Multi-sectoral Study, strategic proposed interventions and getting stakeholders opinion on the selection of the Thematic Priorities to be included in the new Programming Document.
06/11/2020, Online	2 nd JTF meeting: Presentation of SWOT analysis and Multi-sectoral study, discussion on TPs and intervention logic, initial selection of activities steps to complete Programme document
20/11/2020	Technical meeting with the two OSs, other central & local institutions and EUDs to discuss on the state of play and measures to be taken for maturing the two Strategic Projects submitted under IPA II in order to be financed under IPA III CBC Programme North Macedonia-Albania.
27/11/2020, Online	3 rd JTF meeting: discussion on Programme Intervention Strategy and Activities confirmation of TPs and operations; discussion on indicators; allocations
07/12/2020	Submission of the 1 st draft of the programming document to European Commission
05/03/2021	Preparatory meeting on the steps to be taken for the preparation of the 2 nd version of the programme document
10/03/2021	Coordination meeting discussing the European Commission comments on the 1 st version of the programme document
18/03/2021	Coaching event on the intervention logic of the programme, by Promel project
19/03/2021	Official Commission comments transmitted to NIPAC and OS
23/03/2021	Technical meeting on the visibility issues under the IPA III CBC North Macedonia-Albania programme
21/04/2021	Public consultation for the programme
23/04/2021	4 th Joint Task Force meeting on the approval of the 2 nd draft version of the programme document
28/04/2021	Approval of the 2 nd draft of the programme document via written procedure by JTF
29/04/2021	Submission of the 2 nd version of the programming document to European Commission
07/06/2021	Informal European Commission comments on the submitted 2 nd version received
05/07/2021	Official European Commission comments on the submitted 2 nd version received
14/07/2021	Approval of the 3 rd draft of the programme document via written procedure by JTF

The programming process evolved in three consecutive, closely interlinked phases and corresponding outputs prepared by the programming experts: **1) Review Report; 2) Multi-sectoral study; 3) Programme Document.**

The Programming Document surmises the strategic vision, TPs, concrete activities and interventions including financial indication per each TPs for the upcoming seven years period of IPA III 2021-2027. All TPs were considered and individually ranked by all stakeholders in the CBC Programming process for their perceived importance. The resulting ranking represents a significant programming feedback that reflects on its bottom-up approach and is built on the **partnership** principle.

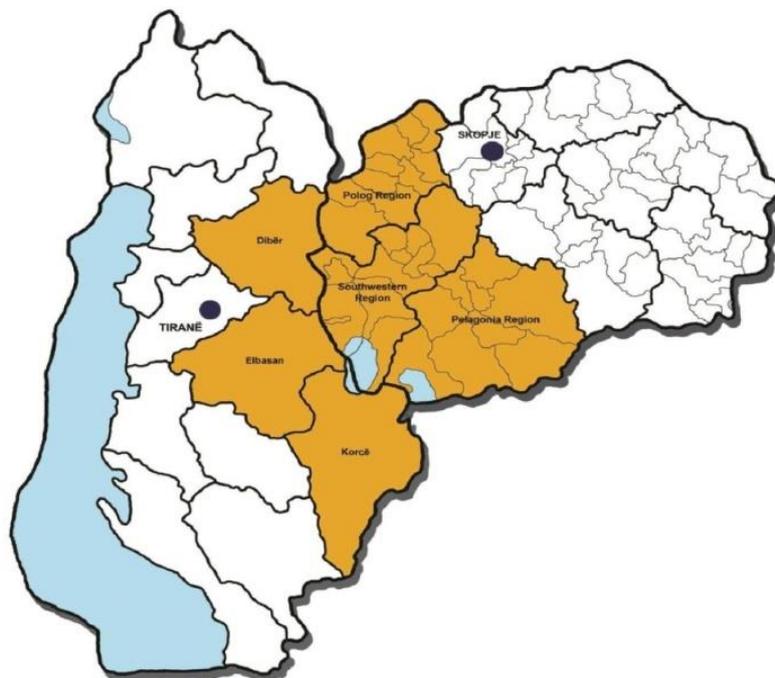
The proposed programme seeks to contribute to the IPA III general objective, aligned with the fifth specific objective/outcome **to support territorial and cross-border cooperation.**

2. PROGRAMME AREA

2.1. Situation Analysis

The eligible Programme Area remains unaltered – in terms of geographical/administrative coverage and population size – from the previous IPA CBC assistance for North Macedonia and Albania, covering three NUTS-3 regions in each of the beneficiary countries:

- **Pelagonia, Polog and Southwest** in North Macedonia, and
- **Dibër, Elbasan and Korçë** in Albania.



The programme area includes 27 municipalities in North Macedonia:

- **Pelagonia** region, consisting of the municipalities of Bitola, DemirHisar, Dolneni, Krivogastani, Krusevo, Mogila, Novaci, Prilep, and Resen;
- **Polog** region, consisting of the municipalities of Bogovinje, Brvenica, Gostivar, Jegunovce, Mavrovo and Rostusa, Tearce, Tetovo, Vrapciste and Zelino;

- **Southwest** region, consisting of the municipalities of CentarZupa, Debar, Debarca, Kicevo, MakedonskiBrod, Ohrid, Plasnica, Struga and Vevcani.

and 17 municipalities in Albania:

- **Dibër region**, consisting of the municipalities of Diber, Bulqiza, Mat and Klos;
- **Elbasan** region, consisting of the municipalities of Elbasan, Belsh, Cerrik, Gramsh, Librazhd, Peqin, Prrenjas;
- **Korçë** region, consisting of the municipalities of Korçë, Devoll, Kolonje, Maliq, Pogradec, Pustec.

The six regions that comprise the Programme Area have a total population of 1,375,879 of which North Macedonia accounts for 56% and Albania for 44%.

The dimensions of the eligible regions of the Programme Area in terms of geographical extension and population are listed below.

Countries	Regions	Size (km ²)	% of Country	Population	% of Country
North Macedonia	Pelagonia	4,717	18.3%	228,448	11.0%
	Polog	2,416	9.4%	321,957	15.5%
	Southwest	3,340	13.0%	219,622	10.6%
	TOTAL	10,473	40.7%	770,027	37.1%
Albania	Diber	2,586	9.0%	119,963	4.2%
	Elbasan	3,199	11.1%	276,765	9.7%
	Korce	3,711	12.9%	209,124	7.3%
	TOTAL	9,496	33.0%	605,852	21.3%
PROGRAMME TOTAL		19,969 km²	36.7%⁶	1,375,879	28%⁷

The length of the countries' border covered by the Programme Area is 191 km (151 km over land, 12 km along the Drin River and 28 km in the Ohrid and Prespa lakes).

There are 5 border crossing points between North Macedonia and Albania:

- **Íkafasan** (Struga) from North Macedonia through Qafë Thanë, leading to Pogradec, Librazhd and Elbasan in Albania;
- **Sveti Naum** (Ohrid) from North Macedonia through Tushemisht, leading to Pogradec at the south-eastern end of Lake Ohrid in Albania;
- **Spas** (Debar) from North Macedonia through Bllatë (Dibër), leading to Peshkopi, Bulqiza and Burrel in Albania;
- **Stenje** (Resen) from North Macedonia through Goricë (Pustec), leading to the northern shores of Lake Prespa in Albania.
- **Džepište** (Debar) from North Macedonia to Trebisht (Dibër) in Albania.

The border areas in North Macedonia and Albania feature different political and socio-economic legacies that define their current socio-economic, cultural, and administrative-political profiles and determine the rationale and potential for co-operation between institutions and people across the border for better integration and social and economic cohesion of the entire region. Good

⁶ Percentage of aggregated countries' sizes

⁷ Percentage of aggregated countries' population

governance at national, regional and local levels is and will remain of vital importance in this context.

- The Programme Area is characterised by **rich natural and environmental resources, ethnic diversity and rich culture**. **Geographically**, the landscape is dominated by generously forested mountains and hilly areas intersected by rivers, valleys and by three big water reservoirs – the Ohrid, Prespa and Debar lakes, surrounded by a National Park – which create favourable conditions for the development of tourism, recreational activities and for the wood processing and mining industries as well as of hydro energy, in which the two countries had already invested. There are seven National Parks in the Programme area – three on the side of North Macedonia (Galichitsa, Mavrovo, Pelister) and four on the side of Albania (Prespa, Bredhi i Drenovës, Lura, Shebenik-Jabllanicë).
- With regard to their **demography, five out of the six regions demonstrate a negative population growth** (with the exception of Polog, but even there the population is decreasing). This is **a negative development from the previous programming period (IPA II CBC)**, when only two of the regions of North Macedonia (Pelagonia, South West) were registering such trend, while all three regions of Albania were registering positive natural growth.

The main cause for this trend is migration (internal – from remote, peripheral mountainous areas to urban centres and abroad), which in turn is caused by lack of labour opportunities but also lack of appropriate transport infrastructure and low access to health and other basic services.

	North Macedonia			Albania		
	Pelagonia	South-west	Polog	Dibër	Elbasan	Korçë
Total population	228,448	219,622	321,957	119,963	276,765	209,124
Age of population 0-14(%)	15.3%	14.6%	16.2%	20.6%	18.2%	17.5%
Age of population 65+ (%)	16.6%	12.2%	9.6%	13%	14%	13.2%
Density ⁸	48.4	65.8	133.3	46	87	56

- **Politically**, the two countries feature similar levels of economic development and enjoy **continuous improvement in bilateral relations and increase in the exchange of goods and services**.
- Importantly, both countries are now **candidate countries for EU accession**. In March 2020, the EU Member States decided to open accession negotiations with both Albania and North Macedonia⁹. Shortly after the decision was followed by the presentation of draft negotiating frameworks by the European Commission laying out the guidelines and principles for their accession negotiations.

On October 6th, 2020, the European Commission adopted its **Communication on EU enlargement policy and the 2020 Enlargement Package**¹⁰ and a comprehensive **Economic and Investment Plan for the Western Balkans**¹¹, which aims to spur the long-term recovery of the region, a green and digital transition, foster economic regional cooperation, boost economic growth and support reforms required to move forward on the EU path.

⁸Population density is calculated on the basis of land area

⁹ <https://data.consilium.europa.eu/doc/document/ST-7002-2020-INIT/en/pdf>

¹⁰ COM(2020) 660 final

¹¹ COM(2020) 641 final

- As regards **local and regional bodies**, the cross-border eligible area is characterised by similar systems of governance on both sides of the border, comprising the central and local level government (municipalities), with the regional level aimed at establishing and implementing regional policies, harmonising them with national policies. Additionally, in Albania there is a third layer, the qarks, which are part of the local government and exercise attributes delegated to them by the municipalities (establishment and implementation of regional policies, their harmonisation with state policies at the regional level).

Other similarities include:

- The Local Governments Units (LGUs) have comparable attributions towards achieving local economic, social, environmental and cultural development and community cohesion;
 - The LGUs are expected to take on an increasingly active role towards building territorial cohesion and establishing an enabling environment that promotes local economic growth and meets the actual needs of the citizens;
 - The quality of municipal services and infrastructure is still inadequate and in many rural and mountainous areas is very bad or lacking (accessibility, coverage, quality of services provided);
 - The infrastructure needs of the municipalities remain high on their agenda, while the financial and management capacities of the municipal governments are still weak to address these needs also because of inadequate funds to cover the related costs;
 - Most LGUs struggle with low number and high turnover of staff, budgetary constraints and weak delivery of public services for the citizens;
 - Most of the small LGUs have difficulties in preparing good quality projects and have a low absorption of donor funding.
- With regard to their **economic structure**, the two sides of the Programme area have rather different characteristics in terms of their economic development. Agriculture, exploitation of mineral resources and tourism represent the most important economic sectors in the Programme area.

In North Macedonia, the **regional disparities** tend to be significant, in favour of the Skopje Region, which registers the biggest share (42.8%) of the country's GDP in 2017. The three regions of the Programme area have a modest share of 27.8% in the country's GDP, while their population represents roughly 37% of the total population.

In Albania, however, regional disparities tend to be more severe. The share of the three regions of the Programme area in the country's GDP accounts for only 1.55%, while the population accounts for roughly 21% of the total population.

- Despite the wealth of natural, historical and cultural heritage assets, **tourism development** across the Programme area is still in an early stage and leaves much to desire. The direct contribution of the entire tourism and travel sectors of both countries to their respective GDPs is rather meagre, albeit increasing over time.

Among the regions of the Programme area, in North Macedonia the Southwest region is the absolute leader with a 53.43% share of tourism activities due to the presence of Ohrid and Prespa lakes, whereas the Polog region is the least developed with a share as low as 2.86%. Pelagonia lies in between, with a tourist offer featuring its clean environment, historical urban areas and villages and its cultural legacy and capitalising on touristic attractions including glacial lakes, National Parks, several protected areas and archaeological sites.

In Albania, the three regions of the Programme area are very diverse in terms of tourism development. While Dibër Region is the least developed and still unexplored, Korçë has significantly increased capacities and ranks amongst the most preferred for tourism. Nevertheless, tourism offer is fragmented and generally oriented towards seasonal tourism in a single destination, in the absence of more comprehensive tourism packages and itineraries.

- In terms of **employment**, in North Macedonia, Pelagonia registers the highest employment rate out of the three regions of the Programme area (55%). The other two regions, Southwest (with 39.4%) and Polog (35.8%), are only barely above the Northeast region, with the lowest employment rate in the country.

In Albania, the three regions are ranked among those with the lowest unemployment rate. Elbasan is the region with the highest rate of employment in agriculture (67.2%) and, at the same time, the lowest rate in services (23.4%).

- Regarding **education**, in North Macedonia the programme regions have a number of educational institutions for lower and secondary education as well as Public Universities: St. Clement University of Bitola, State University of Tetovo, [University of Information Science and Technology](#) in Ohrid, Public-Private non-profit South East European University Tetovo & Skopje.

In Albania as well, the programme regions count a high number of educational institutions including institutions of lower education, secondary education but also the existence of two Public Universities 'Fan S. Noli' in Korça and 'Aleksandër Xhuvani' University in Elbasan as promoters of scientific research.

- In terms of **gender**, the ratio between male and female population in the two countries is balanced, with North Macedonia registering 50.03% male and 49.97% female and Albania 49.09% male and 50.91% female.

The education attainment for the two genders is balanced for primary and secondary school, while in tertiary education, from 2012 onwards, the percentage of female students is significantly higher. Regarding vocational education, the ratio of male graduates is only slightly higher in North Macedonia, while in Albania is significantly higher.

For both countries, however, the high participation of women in tertiary education does not translate into the employment participation and/or SME ownership.

Another issue holding women behind is the lower rates of land/property ownership¹².

- From the point of view of **transport infrastructure and connectivity**, the main road crossing the entire area is the **Pan-European Corridor VIII**, linking the Adriatic-Ionian region with the Southern Balkans and the Black Sea and expected to become – upon its completion – a multi-modal transport system comprising sea-, air-, road and rail routes extending from the Italian Adriatic coast into Bulgaria's Black Sea coast). Similarly, **branch D of the Pan-European Corridor X** (which links Northern Europe through Serbia and North Macedonia to the international port of Thessaloniki in Greece) is crossing the eastern part of the cross-border region in North Macedonia and is expected to run south into Greece, to meet the existing Via Egnatia motorway.

Inadequate transport infrastructure – at both the regional and local levels, as well as regarding the connection roads with the Pan-European Corridors VIII and X – and limited intra- and interregional connectivity represent major shared challenges across the Programme's cross-border regions. Adding to peripherality and insufficient levels of development, the lagging infrastructure and connectivity restrict the population's access to both key services and main markets and increase their sense of remoteness, hence intensifying depopulation through emigration and economic stagnation.

- Whereas the sustainable use, protection and valorisation of the significant assets of the regions' **natural and environmental resources and significant biodiversity** are certainly among the key factors for the sustainable development of the regions, the current situation with regard to **environmental infrastructures** leaves much to desire. **High levels of environmental pollution and degradation of protected areas** are a real threat, present across the regions.

Insufficient water supply systems (with water supply systems existing and covering a rather high proportion of the population in some urban areas, but ranging from as low as 20% up to

¹²See Annex 1 Situation Analysis, section Gender Analysis

80% in rural settlements, where the remaining population's needs for potable water are covered from wells and/or natural springs and with widely varying water quality).

The same applies to **inadequate waste collection and disposal/management systems** across all regions of the cross-border Programme Area, mostly characterised by solid waste disposal in local, so-called municipal landfills which are far from meeting the basic technical and sanitary safety standards – or, even worse, by illegal or informal landfills where industrial and municipal waste is dumped without control and it has a direct impact on environmental pollution, contamination of the soil and underground waters and indirect impact on the citizen's health. Notably, there are even urban centres which lack even such (e.g., Tetovo, the administrative centre of the Polog Region in North Macedonia, with 53.000 inhabitants).

Wastewater and sewage treatment represent another significant, shared challenge across the Programme's cross-border regions. The coverage of their population with wastewater processing and treatment plants and sewage networks is grim on both sides of the border, even far below the already very low national averages.

Both countries are highly vulnerable to natural hazards, including **floods**, droughts, **forest fires**, landslides, **earthquakes** and extreme temperatures that are amplified by climate change¹³.

The two countries share areas of great environmental interest but also tourism potential that ensure the synergy of the two selected thematic priorities:

Lura National Park and/or **Korab-Koritnik Natural Park** (Albania), **Sharmountain Park and the Mavrovo Park** (North Macedonia);

Thermo-mineral waters-Spa of Peshkopi and Kosovrasti Spa –curative bathing complexes;**The Spa of Peshkopi** lies about two kilometers east of the city of Peshkopi (Albania), and the **Kosovrasti spa is located east of Debar**, by the Debar lake, (North Macedonia).

National Park Galichica (North Macedonia) and Shebenik-Jabllanice (Albania): Lakes Ohrid and Prespa and the artificial Lake Debarform a complex with the **National Park Galichica** and **Shebenik-Jabllanice**– a relatively limited area with very rich biodiversity, high degree of heterogeneity and endemism and in that sense is considered a very valuable site in Europe.

Bredhi i Drenovës National Park, situated 10 km from Korça, on the side of the Morava Mountain.

Current forest management methods result in the creation of single species and single age forests. Illegal cutting, irrational use of forests, forest fires as well as failure to reforest barren land has impact on the loss of certain species and appearance of erosion and landslides in certain parts of former forest ecosystems. Additionally, the low public awareness and lack of management plans leads to municipal waste pollution.

- With regard to their **cultural and natural heritage**, the Programme's cross-border regions are characterised by a wealth of:
 - **Environmental resources and biodiversity** – among which the "Ohrid - Prespa" trans-boundary biosphere reserve, a Ramsar wetland of international importance shared with neighbouring Greece, a large number of national parks and protected natural areas which contain rivers and glacial lakes, caves, and other monuments of nature, mountain landscapes and sceneries of extraordinary beauty etc.
 - **Cultural and historical heritage areas** – notably among which Ohrid, included in the UNESCO World Heritage List – protected areas of special preservation interest, archaeological sites, traditional settlements of particular architectural value, numerous churches, mosques, monasteries, fortresses, bridges, fishing settlements and other urban and rural monuments.

¹³See Annex 1 Situation Analysis, section Environment

These assets do not benefit from adequate preservation and protection on the one hand, and proper promotion and sustainable valorisation on the other.

COVID-19 has caused deep recessions in the Western Balkans. In recent years consumption has been the main driver of growth in the region but has plunged since the pandemic began. Throughout the region the loss of jobs and wages since the start of the crisis, exacerbated by the high uncertainty, has cut deeply into private consumption. Thus, despite a rise in government consumption in all six countries, total consumption is expected to subtract from growth. The decline in total consumption is the largest contributor to negative growth in Montenegro, **Albania, North Macedonia**, and Serbia.

The International Monetary Fund (IMF) forecasts that the economy of North Macedonia will shrink by almost 5.5% in 2020 (vs. 3.5% GDP growth in 2019). The National Bank of North Macedonia forecasts are slightly more optimistic with a contraction of 3.5%. According to the EU, the economic contraction reached 3.3% y.o.y, after a 14.9% drop in Q2. In Albania, the pandemic has **significantly reduced growth to a negative 7.5% of GDP in 2020**, reflecting its dependence on tourism and remittances. According to the IMF's updated forecast from October 2020, GDP growth is expected to resume at 6.1% in 2021 and stabilise at 5.8% in 2022, subject to the post-pandemic global economic recovery.

The COVID-19 crisis has severely affected an overwhelming **82% of surveyed enterprises in North Macedonia, which reported significant financial losses** and temporary suspension of business operations. A considerable number of enterprises are at risk of closing soon. Around 15% of enterprises surveyed were not in operation at the time of the survey, whereas 41% were operating at a lower capacity. Overall, in Albania **47% of companies stopped work completely during COVID-19**, while the other 53% have continued to work totally or partly. **Among all economic sectors, tourism is the most affected with a 75% activity closure.** On the contrary, agriculture continued to work partly or totally at 81%.

Despite all efforts, in 2020 unemployment in the Western Balkans had risen. Though 40% of all private sector employees in the Western Balkans (2.1 million) were covered by subsidies, the average unemployment rate in June 2020 was an estimated 15.9%, up 0.5% compared to June 2011.

In North Macedonia, despite government support to protect the labor market the unemployment rate was 16.7%, the first increase since 2011.

Tourism was severely hit. A survey¹⁴ of the evolution of the number of tourists/number of overnight stays in the major municipalities of the Programme area shows significant drops in the number of tourists and the number of overnight stays.

2.2. Main findings

The border areas in North Macedonia and Albania feature different political and socio-economic legacies that define their current socio-economic, cultural, and administrative-political profiles and determine the rationale and potential for co-operation between institutions and people across the border for better integration and social and economic cohesion of the entire region. Good governance at national, regional and local levels is and will remain of vital importance in this context.

A detailed socio-economic situational analysis of the regions of the Programme area (as summarised in the section above) has provided an accurate snapshot of the current realities on the ground. On its basis, the main common constraints for sustainable development within the eligible regions of the IPA III CBC Programme North Macedonia – Albania for the period 2021-2027 in a number of key sectors have been identified as follows:

¹⁴See Annex 1 section Preliminary Impact Assessment of COVID-19

- **Five out of the six regions demonstrate a negative population growth** (except for Polog, but even there the population is decreasing), brought on mainly by migration (internal – from remote, peripheral mountainous areas to urban centres and abroad), which in turn is caused by lack of employment opportunities. The Programme tries to address the causes of migration by encouraging employment, self-employment and creation of start-ups;
- There are significant **gender gaps in terms of participation in employment, SME ownership and land/ property ownership**, with women holding a disadvantaged position. The Programme focuses on a number of targeted activities and dedicates an expected result with particular indicators within the second Thematic priority and other relevant indicators will be disaggregated by gender;
- The **local government units (LGU) are expected to take on an increasingly active role** towards building territorial cohesion and establishing an enabling environment that promotes local economic growth and meets the actual needs of the citizens, but struggle with **low number and high turnover of staff, budgetary constraints and weak delivery of public services for the citizens**. They also have **difficulties in preparing good quality projects and have a low absorption of donor funding**. The Programme will focus on supporting LGU to prepare and submit applications of adequate quality under its TPs, while at the same time proposes actions to increase their governance capabilities;
- The wealth of favourable climatic conditions, high presence of **natural and environmental resources** (mineral resources, ore, water, renewable energy sources and arable land) and significant **biodiversity** are weighed down by **insufficient water supply systems, inadequate waste collection and disposal/management systems, insufficient wastewater and sewage treatment**. These issues impact heavily on the development of the Programme area and on the sectors envisaged by the selected Thematic Priorities. However, the investments necessary for tackling them are far beyond the financial resources of a CBC Programme and can only be addressed by programmes at national level, financed by both national and EU/ other donors' funds (see section 3.4). The Programme does make an effort to contribute to alleviating some of these issues within the first thematic priority;
- The area is threatened by changes brought on by climate change, such as **floods**, droughts, **forest fires**, landslides, **earthquakes** and extreme temperatures; there is a perceived **lack of risk assessment, disaster risk reduction strategies and civil emergency plans in the program area and insufficient natural disaster and other disasters management capacities**. One of the Programme's specific objectives/outcomes is dedicated solely to addressing these issues;
- Current forest management methods result in the creation of single species and single age forests. **Illegal cutting, irrational use of forests, forest fires as well as failure to reforest barren land has impact on the loss of certain species and appearance of erosion and landslides in certain parts of former forest ecosystems**. The Programme dedicates a specific objective/outcome to address these issues;
- Although there are a number of approved transport projects currently underway, funded by the European Union or other donors, the **transport infrastructure** is still **inadequate**, leading to **limited intra- and interregional connectivity**. Although the investments necessary for tackling them are far beyond the financial resources of a CBC Programme and can only be addressed by programmes at national level, the Programme selected a strategic project that aims, inter alia, at improving **intra and interregional connectivity**, by establishing the international lake passenger line Struga – Ohrid – Pogradec. The passenger line will facilitate the access of the population and visitors of the Programme Area to the only airport in the area (Ohrid).
- The rich and varied cultural and historical heritage, abundant throughout the Programme area, in the form of historical and heritage areas do not benefit from proper **preservation and protection** on the one hand, and **promotion and sustainable valorisation** on the other. One of the Programme's specific objectives/outcomes is dedicated to addressing these issues.

- Despite the wealth of natural, historical and cultural heritage assets briefly described above, tourism development across the Programme area is still in an early stage and leaves much to desire. One of the Programme's specific objectives/outcomes is dedicated solely to addressing these issues.
- The entrepreneurship culture in the Programme area, reflected in the high number of companies, fails to reflect in the productivity and, consequently, in the GDP of the regions. One of the Programme's specific objectives/outcomes is dedicated solely to addressing these issues.

3. PROGRAMME STRATEGY

3.1. Rationale - Justification for the selected intervention strategy

For the first pillar of preparing this strategy, the statistical data pertaining to the six regions of the Programme area were examined, a large volume of strategic documents was reviewed and a variety of stakeholders were consulted, all in order to produce a review report to draw upon. The findings were subsequently presented and discussed with the CBC OSs and JTF in charge of the programming effort in keeping with the **coordination** principle.

The other pillar of this strategy is the financial package that will be made available to finance a seven-year CBC Programme. The needs of the Programme area are significant and beyond any CBC Programme's capacity to provide financially; the remoteness and peripheral nature of the regions make the infrastructure issues affect heavily the quality of the life of their citizens.

The third and most important pillar is ranking the TPs, as they were selected as a result of the socio-economic and SWOT analysis in consultation with the stakeholders.

Each CBC TP has been ranked by the stakeholders in the CBC Programming process according to the situation analysis and perceived importance for the Programme area. Together with the Situation Analysis, this ranking represents a significant programming input that incorporates a bottom-up approach based on the **partnership** principle. The selected priorities are:

Thematic priority 2 – **Environment protection, climate change adaptation and mitigation, risk prevention and management**

Thematic priority 5 – **Tourism and cultural and natural heritage**

Additionally, as a particularity of the IPA III CBC programming framework, TP 7 Governance, planning and administrative capacity building of local and regional authorities will be mainstreamed throughout the Programme.

The overall objective/impact of the Programme is **"An environmentally friendly cross-border region with a sustainable tourism sector for the women and men living in it"**.

The Programme seeks to contribute to the IPA III general objective/impact, *to support the beneficiaries listed in Annex I in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries to comply with Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership, thereby contributing to their stability, security and prosperity* by aligning to the fifth specific objective of IPA III, which is *to support territorial and cross-border cooperation*. The link between the Programme and relevant EU strategies for the Western Balkans is detailed in section 3.4 below.

The Programme seeks **coherence and compatibility with national, regional and local strategies**, reviewed for drafting strategy.

The selection of priorities follows the **coherence** principle, being selected from the Annex III of the IPA III Regulation.

During the consultation process, programme stakeholders considered environment and tourism as the two most important sectors that should be given priority within the Programme. Promoting

employment and enhancing competitiveness were also considered as potential priorities. Eventually, three Thematic Priorities have been chosen: Thematic priority 2 – **Environment protection, climate change adaptation and mitigation, risk prevention and management**; Thematic priority 5 - **Tourism and cultural and natural heritage** and Thematic priority 8 – **Competitiveness, business and SME development, trade and investment**. Taking into consideration the need to further focus the goal of the Programme, a JTF meeting was held to decide on two out of three thematic priorities. The thematic priorities that were eventually selected were decided upon by applying a set of criteria to each one of them, as follows: Strong cross-border value; Potential to create most synergies and multiplier effects with other TPs; Most benefits for the people; Institutions in place ready to undertake the interventions; Best use of a limited financial envelope, as compared to the multitude of needs.

The JTF decided that there is great synergy between environment and tourism, while competitiveness (and even employment and social inclusion) can be incorporated in and promoted by the tourism sector.

Table 1: Synthetic overview of the justification for selection of thematic priorities

Selected thematic priority/ies	Justification for selection
Thematic priority 2 -Environment protection, climate change adaptation and mitigation, risk prevention and management	<ul style="list-style-type: none"> -Diversified natural resources (water, forests, flora and fauna, climate) - Administration reforms strategies and legislation with a view to improve governance, planning and administrative capacity at local level; - Lack of integrated environment protection, monitoring and risk preparedness and prevention systems - Public budgets lack financial resources for addressing the infrastructure shortages (transport, water, energy and other environmental issues) - Degradation of environment and danger of various natural disasters in certain areas - Lack of regional mid- and long-term strategies on environment - Opportunities for design/formulation/implementation of joint programs/initiatives for integrated environment protection, monitoring and risk prevention systems (fire protection, disaster response, water pollution etc.) - Potential for local authorities to build capacities for better delivery of public services for the citizens <p>This thematic priority is highly relevant for the area, contributing to a better coverage of civil and environment protection services for people, assets and nature. It also contributes significantly to thematic priority 7.</p>
Thematic priority 5 - Tourism and cultural and natural heritage	<ul style="list-style-type: none"> -Rich tourist offer based on exploitation of natural resources, cultural heritage, sport and leisure - Diversified natural resources (water, forests, flora and fauna, climate) - Potentially attractive tourism areas lack international awareness - A wealth of cultural and natural heritage - The rich and varied cultural and historical heritage, abundant throughout the Programme area, in the form of historical and heritage areas do not benefit from proper preservation and protection on the one hand, and promotion and sustainable valorisation on the other - Great opportunities for women, youth, other vulnerable groups to fulfil their potential, finding employment or opening start-ups - A boost for the SME sector and general economic development - Potential for local authorities to build capacities for better protecting and valorizing the cultural and natural heritage <p>This thematic priority offers great potential for employment and business development contributes to closing the gender gaps in the area and contributes to TP 7 by helping local authorities build capacity in the sector.</p>

Technical Assistance will ensure sound Programme management throughout its entire lifecycle and capacity development of relevant Programme stakeholders. The financial allocation towards this Priority is 10% of the Programme budget. The indicative budget allocation for TPs takes into consideration the **concentration** principle combined with a balanced distribution of funds.

Thematic priority	Financial allocation
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Thematic priority 2 – Environment protection, climate change adaptation and mitigation, risk prevention -and management	45%
Thematic priority 5 – Tourism and cultural and natural heritage	45%
Thematic priority 0 - Technical Assistance	10%
Thematic priority 7 – Governance, planning and administrative capacity building of local and regional authorities	

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 the IPA II programme. Furthermore, a similar trend of applications received during the implementation of IPA II CBC programme has been noticed so justifying the need for allocating the same amount of funding. The typology of actions/activities foreseen in this Programming Documents for both TPs requires a balanced financing means, which will enable their implementation with tangible impact in Environment and Tourism.

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.

Strategic objectives	Definition of the indicator*	Baseline** (2021)	Target (2030)
Reconciliation, confidence building and good neighbourly relations	Number of organizations participating in cross-border networks/partnerships formed	293	500
	Number of organisations directly involved in the implementation of the projects	650	1300
Economic, social and territorial development of border areas	Number of new jobs resulting from programme activities	20	100
	Number of new businesses established	13	50
Capacity building at all levels	Number of organisations/institutions with increased capacities	92	180

*These indicators will be further disaggregated by gender and vulnerable groups

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

Programme beneficiaries will also report about these indicators in every annual implementation report. The regional monitoring system will help them in this task with the necessary data.

1 - Thematic Priority 2: Environment protection, climate change adaptation and mitigation, risk prevention and management

All six regions that comprise the Programme Area are characterised by favourable climate conditions and a high presence of **natural and environmental resources** (mineral resources, ore, water, renewable energy sources and arable land) and significant **biodiversity**.

The regions are rich in mountains, hilly areas intersected with rivers, valleys and lakes. There are three big water reservoirs in the region: Lake Ohrid, Prespa and Debar, surrounded by a National

Park. Environmentally sensitive areas are endowed with tourism development opportunities and the regions accounts for almost half the forests in both countries.

Sustainable use, protection and valorisation of these assets are among the key factors for the sustainable development of the regions. However, the high levels of environmental pollution and degradation of protected areas are a real threat, present across the regions. Indicatively, in Albania, in the district of Dibra (Lura National Park), due to the impact of the construction and wood processing industries; and in Elbasan, due to the significant presence of metallurgy. In North Macedonia, in the Polog region, poor waste management practices, paired with high intensity of mining activities, have led to the degradation of invaluable ecosystems, as well as to loss of precious natural resources and to potential health risks.

The climate change negatively affects the cross-border area via **floods**, droughts, **forest fires**, landslides, **earthquakes** and extreme temperatures; there is a perceived **lack of risk assessment, disaster risk reduction strategies and civil emergency plans in the program area and insufficient natural disaster and other disasters management capacities.**

The priority is in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, endorsed by the UN General Assembly following the 2015 Third UN World Conference on Disaster Risk Reduction (WCDRR).

Specific Objective/outcomes 1 Enhanced capacities of public services dealing with disaster response

Focus of the specific objective/outcomes:

- To promote investment to address specific risks;
- To ensure disaster resilience by strengthening civil protection mechanisms;
- To provide the region with better equipment for protection against wildfires, landslides, etc.

Specific Objective/outcomes 2 Improved environmental protection of the cross-border region

The focus of the specific objective/outcomes:

- To improve the management of the protected areas;
- To increase capacities of local authorities and other stakeholders;
- To increase awareness of local population and visitors/tourists on environmental protection.

2 - Thematic Priority 5: Tourism and cultural and natural heritage

The programme area has a high potential for tourism based on its natural heritage, rich biodiversity and tangible and intangible cultural heritage.

The Programme's cross-border regions are characterised by a wealth of:

- **Environmental resources and biodiversity** – among which the "Ohrid - Prespa" trans-boundary biosphere reserve, a Ramsar wetland of international importance shared with neighbouring Greece, a large number of national parks and protected natural areas which contain rivers and glacial lakes, caves, and other monuments of nature, mountain landscapes and sceneries of extraordinary beauty, etc.
- **Cultural and historical heritage areas** – notably among which Ohrid, included in the UNESCO World Heritage List – protected areas of special preservation interest, archaeological sites, traditional settlements of particular architectural value, numerous churches, mosques, monasteries, fortresses, bridges, fishing settlements and other urban and rural monuments.

Despite the wealth of natural, historical and cultural heritage assets, tourism development across the Programme area is still in an early stage and leaves much to desire. The direct contribution of the entire tourism and travel sectors of both counties to their respective GDPs is rather meagre, albeit increasing over time.

Tourism is among the worst impacted sectors of the economy by the COVID-19 crisis. Depending on the severity of the pandemic, the decline in the international tourism industry in Western Balkan countries is projected to be between 45 to 70% in 2020 (OECD, 2020)¹⁵. Specific measures targeting the tourism sector will be required to mitigate the impact of the pandemic and accelerate the recovery of tourism in the region. The industry needs to prepare for COVID-19 recovery and adapt their offer to the new global tourism market, once the restrictions are lifted.

Specific objective/outcome 1: To strengthen sustainable natural and cultural heritage tourism in the programme area.

Focus of the specific objective:

- Identifying and developing key underutilised resources of local population (women, youth) for creating complementary offers (handicrafts, preserves, local gastronomy products etc.) to the area's key natural, cultural and historical attractions;
- Strengthen capacities of tourism providers.

Specific objective/outcome 2: Strengthening cultural cooperation, protection and enhancement of cultural and natural heritage.

Focus of the specific objective/outcomes:

- Promoting a common, sustainable approach to enhance and sustainably utilise the natural and cultural heritage for development of tourism in the programme area;
- Raising awareness of the population and tourists/visitors on the wealth of natural and cultural heritage and the need to protect it and sustainably utilize it.

3 - Technical Assistance (TA)

The TA 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 programmes as well as an optimal use of resources. This will be achieved through the establishment and operation of a Joint Technical Secretariat (JTS) based on the territory of the IPA III beneficiary in which the Contracting Authority is located and an Antenna Office established on the territory of the IPA III beneficiary in which the contracting authority is not located. The JTS will be in charge of the day-to-day management of the programme and will be reporting to the OS and the JMC.

The **specific objective/outcome** of the TA is to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programmes between IPA III beneficiaries financed under IPA III as well as to ensure awareness of the programmes amongst national, regional and local communities in the eligible programmes area. It also supports awareness-raising activities at IPA beneficiary level in order to inform citizens in both IPA III beneficiaries. This priority may provide the necessary means for the preparation of the selected strategic projects. Also, in order to implement the strategic projects, this priority may secure the engagement of experts to prepare and elaborate technical specifications, designs, bill of quantities, etc. The selected strategic projects will be managed directly by the Contracting Authority.

Expected results:

1. Enhanced administrative support to the CBC structures and the joint monitoring committee.
2. Increased technical and administrative capacity for programme management and implementation.
3. Guaranteed visibility and publicity of the CBC programmes and their outcomes.

¹⁵Source: World Travel and Tourism Council, World Bank (<https://data.worldbank.org/>)

Target groups and final beneficiaries

(non-exhaustive list):

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

Main beneficiaries:

- CBC Structures
- Joint Monitoring Committee
- Local Authorities

Table 2: Example- Overview of the programme strategy / intervention logic

1 - Thematic Cluster (TC) 2: Greener and Improved resource efficiency						
Thematic Priority 2: Environment protection, climate change adaptation and mitigation, risk prevention and management			Indicators	Baseline value ¹⁶ (2021)	Target value (2030)	Data source
Specific objective(s) /outcomes	Results/Outputs	Types of activities	Impact:			
			Percentage of the population in the Programme area benefiting from protection measures supported by the programme, disaggregated by type (civil/ environmental protection) ¹⁷	0	10%	AIR; Survey
SO 1 Enhanced capacities of public services dealing with disaster response	1.1 Strengthened civil protection mechanisms in place 1.2 Improved emergency service facilities 1.3 Increased awareness of local population and visitors/tourists on disaster response	Promoting investment to address specific risks and ensuring disaster resilience - Improving joint multi-hazard programming and planning - Conducting risk assessment: development of trans-boundary disaster risk reduction strategies and improved civil emergencies plans - Procuring equipment for prevention, preparedness, rescue and recovery and/or small-scale investment in emergency centres facilities, including ICT solutions and technology improvements and training for the use of equipment - Building capacities and improving governance for managing and tackling emergency situations (training targeted to specific needs, transfer of expertise, expert advice etc.; disaster management systems developed) - Mapping the target areas - Awareness campaigns related to disaster response - Publishing guidelines addressed to the target areas' population and visitors/tourists (the list is non-exhaustive) - Generation of knowledge on the existing and expected future risks (including those associated with climate	Outcome			
			Number of relevant authorities ¹⁸ with increased capacities on prevention and mitigation of manmade hazards and natural disasters;	0	10	AIR; Monitoring system
			Output			
			1.1.1 Number of protocols for cross-border interventions established;	0	4	Protocols Monitoring system
			1.1.2 Number of disaster management systems developed ¹⁹	0	6	Monitoring system
			1.1.3 Number of digital ²⁰ maps of priority locations/areas of natural and cultural heritage with related hazard risks produced and functional;	0	6	Monitoring system
			1.1.4 Number of joint multi-hazard intervention plans developed	0	6	Service contracts Monitoring system
1.1.5 Number of joint risk assessments studies conducted;	0	6	Service contracts Monitoring system			

¹⁶ Source: regional monitoring system database. Values used in the table were as reported by the grant beneficiaries with 31 March 2021. The values presented have not all necessarily been verified in the field by the moment of submission of the document.

¹⁷ Calculated as the ratio of the population of the municipalities that benefited from the Programme's direct actions (civil/environmental protection) to the entire population of the Programme Area

¹⁸ National, regional and local authorities that have, by law, attributions in disaster response, direct beneficiaries and/or institutions invited to participate as part of the goal of thematic cluster 5, to 'improved capacity of regional and local authorities to tackle local challenges'

¹⁹ To be disaggregated by type (tackling forest fire, landslides, floods)

²⁰ Tailor-made e-maps detailing relevant hotspot locations and access routes

1 - Thematic Cluster (TC) 2: Greener and Improved resource efficiency

Thematic Priority 2: Environment protection, climate change adaptation and mitigation, risk prevention and management			Indicators	Baseline value ¹⁶ (2021)	Target value (2030)	Data source
SO 2 Improved environmental protection of the cross-border region		change) that supports multi-hazard risk anticipation and builds on higher-level studies and guidelines	1.2.1 Number of joint emergency centres established;	0	2	Monitoring system
		- Developing frameworks for cross-border cooperation and pooling of available resources for civil protection and disaster response when such arrangements would be mutually beneficial	1.2.2 Number of joint risk management measures developed;	0	4	Monitoring system
		- Practical solutions for enhancing resilience of critical infrastructure and systems to plausible risks and hazards that may affect their functionality	1.2.3 No of people with increased competences related to emergency preparedness and risk management and adaptation action* ²¹ ;	0	300	Attendance lists Monitoring system
		- Support implementation of ecosystem-based approaches and nature-based solutions to disaster risk reduction	1.3.1 Number of people directly participating in awareness events on disaster response ²²	0	1.000	Attendance lists Projects' reports
		- Engagement of policy-makers and key stakeholders who may be affected by the climate change and other emergent risks into 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)	1.3.2 Number of publications related to emergency response targeted for the wider public produced and distributed;	0	4	Project reports Monitoring system
		- Small scale investments for reducing or mitigating cross-border risks with aim to improve the safety of the local population and ensure environmental protection				
	2.1 Cross-border management of protected areas improved 2.2. Increased capacities of local authorities and other stakeholders (NGOs, universities, research centres etc.) on	Environmental protection through enhanced governance and improved institutional capacities - Cross-border mapping of bio- and geo-diversity of protected areas and joint management and monitoring system - Improving cross-border cooperation between authorities and other stakeholders in the area of environmental protection (e.g. combating deforestation, soil erosion, illegal solid waste depositing, unsustainable tourism practices etc.) - Procuring and installing equipment for eco-system monitoring - Building capacities and improving governance for managing environmental protection (training targeted to specific needs, transfer of expertise, expert advice etc.)	Outcome			
			Percentage of the Programme area covered by cross-border management measures for environmental protection ²³ ;	0	5%	AIR; Survey
			Number of organisations /institutions in the Programme area with increased capacities in the sector	0	10	AIR; Monitoring system
			Output			
			2.1.1 Number of sensitive eco-systems targeted by actions designed to protect them;	0	3	Monitoring system
			2.1.2 Number of joint environmental protection action plans developed	0	4	Monitoring system
	2.1.3 Number of bio-diversity and geo-diversity maps developed;	0	6	Monitoring system		

²¹Indicators marked with * will be disaggregated by gender, ethnicity and age group

²²To be disaggregated by in person/online events

²³See footnote 11

1 - Thematic Cluster (TC) 2: Greener and Improved resource efficiency

Thematic Priority 2: Environment protection, climate change adaptation and mitigation, risk prevention and management			Indicators	Baseline value ¹⁶ (2021)	Target value (2030)	Data source
environmental protection 2.3. Increased awareness of local population and visitors/tourists on environmental protection	- Raising environmental awareness among the target areas' population and visitors/tourists (the list is non-exhaustive)	2.1.4 Number of targeted actions implemented for protecting biodiversity and soil;	0	2	Monitoring system	
		2.1.5 Number of ha of planted forests;	0	20	Environmental agencies reports; Monitoring system	
		2.1.6 Number of site cleaning actions implemented;	0	2	Monitoring system	
		2.1.7 Number of integrated environmental monitoring and exchange of monitoring data systems developed, installed and functional;	1	4	Monitoring system	
		2.2.2 Number of people with increased capacities in relation to management of nature protected areas*;	0	100	Attendance lists; Monitoring system	
		2.3.1 Number of people directly taking part in awareness raising activities*;	255	500	Attendance lists; Project reports Monitoring system	

2 - Thematic Cluster (TC) 4: Improved business environment and competitiveness

Thematic Priority 5: Tourism and cultural and natural heritage			Indicators	Baseline value (2021)	Target value (2030)	Data source
Specific objective(s) /outcomes	Results/outputs	Types of activities	<u>Impact</u>			
			Percentage of businesses created and/or supported by the Programme still active after two years of their establishment	22	50%	Statistical Offices; Monitoring system
			Increase in the number of tourists visiting the Programme area	393.110	10%	Statistical Offices;
			Number of new jobs resulting from programme activities*	0	132	Statistical Offices; Monitoring system

2 - Thematic Cluster (TC) 4: Improved business environment and competitiveness

Thematic Priority 5: Tourism and cultural and natural heritage			Indicators	Baseline value (2021)	Target value (2030)	Data source
SO1 To strengthen sustainable natural and cultural heritage tourism in the programme area	<p>1.1 Opportunities for business/SME creation in tourism sector enhanced through identification, development and promotion of key under-utilised local resources (handicrafts, preserves, local gastronomy etc.)</p> <p>1.2 Initiatives addressed to women and youth in rural areas, including training and (self-) employment promotion measures, targeted at marketing traditional products (handicrafts, preserves, local gastronomy etc.)</p> <p>1.3. Strengthened capacities of tourism entrepreneurs</p>	<p>Encouraging entrepreneurship in the tourism sector</p> <ul style="list-style-type: none"> - Creating women associations to produce and promote local traditional products (handicrafts, preserves, local gastronomy products etc.); - Joint training initiatives for promoting the employability of youth in rural areas by learning traditional handicrafts, creating start-ups and producing goods for the tourism industry; - Promoting the Programme area’s tourism attractions, capacities and services - Grant schemes for tourism operators to increase accommodation and catering capacities and quality of services; - Actions aimed at diversification of eco- and sustainable tourism offers, as well as development of sustainable, circular and/or low-waste tourist products - Knowledge sharing and workshops for local stakeholders to integrate circular and sustainable principles in their products (the list is non-exhaustive) 	<u>Outcome</u>			
			Number of new businesses established as a result of the operation*;	1	12	Statistical Offices; Monitoring system
			<u>Output</u>			
			1.1.1 Number of new tourism-related products ²⁴ developed	26	100	Monitoring system
			1.2.1 Number of women associations created;	0	2	Monitoring system
			1.2.2 Number of members of the women associations	0	50	Monitoring system
			1.2.3 Number of potential entrepreneurs included in the target group*;	0	100	Attendance lists; Monitoring system
			1.3.1 Number of accommodation facilities improved/upgraded	0	10	Monitoring system
			1.3.2 Number of unemployed who went through an internship in host tourism enterprises*	0	10	Internships contracts; Monitoring system
						<u>Outcome</u>

²⁴A tourism product is a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific center of interest which represents the core of the destination marketing mix and creates an overall visitor experience including emotional aspects for the potential customers. A tourism product is priced and sold through distribution channels and it has a life-cycle”, Source: UNWTO.

In that respect as the new or improved CB tourist product should be considered any combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities from the two sides of the border around a specific center of interest, developed or improved by beneficiaries of this programme and offered in the market.

2 - Thematic Cluster (TC) 4: Improved business environment and competitiveness

Thematic Priority 5: Tourism and cultural and natural heritage			Indicators	Baseline value (2021)	Target value (2030)	Data source
<p>SO 2 To strengthen cross-border cooperation on sustainable management of cultural and natural heritage sites²⁵</p> <p>2.1 Joint initiatives to restore, protect and promote cultural and natural heritage locations implemented</p> <p>2.2 Improved tourism investments</p> <p>2.3. Increased awareness of the population and tourists/visitors on the wealth of natural and cultural heritage and the need to protect it and sustainably utilize it</p>	<ul style="list-style-type: none"> - Organising joint capacity building events for specific common cultural heritage preservation and management - Investments in rehabilitation, accessibility and revitalisation of cultural heritage - Investments in protection of natural heritage and value - Development of complementary specific thematic products (e.g. hiking, biking, culture, nature) - Integration of local offers and itineraries - <u>Design and implementation of visitor management action plans</u> <p>(the list is non-exhaustive)</p>	Increase in the percentage of visitors after opening or upgrading of cultural and natural heritage sites;	25,000	30%	National/Local Cultural & Tourism institutions/offices reports; Monitoring system	
		Number of organisations /institutions in the Programme area with increased capacities in the sector	92	150	AIR Monitoring System	
		Number of cross-border networks between cultural institutions formalized;	0	3	AIR; Monitoring system	
		<u>Output</u>				
		2.1.1 Number of cultural heritage sites improved;	1	2	Monitoring system	
		2.1.2 Number of cultural monuments rehabilitated/ made accessible to visitors;	0	2	Monitoring system	
		2.1.3 Number of natural heritage sites improved	0	2	Monitoring system	
		2.1.4 Number of people with increased capacities in relation to restoring, protecting and promoting cultural and natural heritage*	0	100	Attendance lists Monitoring system	
		2.2.1 Number of km of new or rehabilitated biking or hiking trails;	0	340	Monitoring system	
		2.2.2 Number of new itineraries developed ²⁶	0	3	Monitoring system	
		2.2.3 Number of new/improved tourist facilities	1	4	Monitoring system	
		2.3.1 Number of people directly taking part in awareness raising activities*;	0	500	Attendance lists; Project reports Monitoring system	

²⁵ Please note that legal entities implementing operations involving natural and cultural heritage sites and aspiring to increase the number of visitors in those sites must include among the activities of their project a visitor management action plan. Such a requirement will have to be reflected in the corresponding guidelines for applicants of the call for proposals.

²⁶In this context, the itineraries are considered a tourism-related product (see footnote 7) and can be aggregated with the output indicator 1.1.1.

3 - Technical assistance			Indicators	Baseline value (2021)	Target value (2030)	Data source
			<u>Impact</u>			
			Percentage of funds available under the programme that are contracted	80%	90%	AIR, Monitoring system
0.1. To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area	0.1.1 The administrative capacity for CBC reinforced	<ul style="list-style-type: none"> - Establishment and functioning of the Joint Technical Secretariat and its Antenna - Organisation of JMS 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 establishment of a monitoring system and related reporting - Organisation of evaluation activities, analyses, surveys and/or background studies 	<u>Outcome</u>			
			Percentage of JMC and OSs decisions implemented in a timely manner (as prescribed in the minutes of meetings – MoM)	80%	90%	AIR, MoM, Monitoring system
			Percentage of projects covered by monitoring missions	90%	100%	AIR, project reports Monitoring system
			<u>Output</u>			
			Number of JTS/antenna offices newly equipped and functional	2	2	AIR
			Number of events organized in relation to programme management	12	14	AIR, Monitoring system
			Number of project monitoring missions implemented	40	50	AIR, project reports, Monitoring system
			<u>Outcome</u>			
	0.1.2. Potential applicants and grant beneficiaries supported	<ul style="list-style-type: none"> - Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives - Preparation of internal and/or external manuals/handbooks - Assistance to potential applicants in partnership and project development (partners search forums etc.) - Advice to grant beneficiaries on project implementation issues 	Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support	40%	60%	AIR, project reports, monitoring system
			Number of organisations /institutions in the Programme area with increased capacities in the sector (to be disaggregated)	30	50	AIR, project reports, monitoring system
			<u>Output</u>			
			Number of people with increased capacities (to be disaggregated by potential applicants, grant beneficiaries and programme structures' employees)	100	150	AIR, project reports Monitoring system
			Number of local authorities benefiting from support	47	67	
			Number of internal/external manuals or handbooks prepared	0	2	AIR & other reports
			Number of queries of grant beneficiaries resolved	20	30	AIR & other reports
			<u>Outcome</u>			
	0.1.3 The visibility of the programme and its outcomes is guaranteed	<ul style="list-style-type: none"> - 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. 	Number of people reached by information/promotion campaigns	1000	2000	AIR and other reports
			<u>Output</u>			
			Number of information/promotion campaigns implemented	1	2	AIR & other reports
			Number of promotional and visibility events organized	5	10	AIR & other reports
Number of publications produced and disseminated			2	4	AIR & other reports	

List of Main beneficiaries: ++++++

Thematic Priority 2: Environment protection, climate change adaptation and mitigation, risk prevention and management	<ul style="list-style-type: none"> • Local self-governments • National and regional centres for disaster management and monitoring • Local and regional development organisations/agencies • Nature and environment protection institutions • Institutions in the field of environment/natural heritage • CSOs/NGOs active in nature, environment, and other relevant fields • Educational, science and research institutions and organisations
Thematic Priority 5: Tourism and cultural and natural heritage	<ul style="list-style-type: none"> • Local and regional tourist organisations • National tourism boards • Local and regional development organisations/agencies • Local self-governments • Chamber of commerce, crafts, business associations, clusters, cooperatives, association of farmers • Nature/environment protection institutions • Institutions in the field of cultural heritage • Educational, science and research institutions and organisations • Other formal and non-formal education and training organisations

List of indicative target groups and final beneficiaries: §§§§§§§§

Eligible stakeholders as beneficiaries of the Programme in North Macedonia

<p>Local, regional and government institutions</p> <ul style="list-style-type: none"> • 27 Municipalities part of three Regions • Subordinate institutions/local offices • ZELS – Non-profit organization • Universities in the respective regions • Ministries and agencies operating at the national level 	<p>Business Operators and SME</p> <ul style="list-style-type: none"> • Local and regional government units • Tourist service providers • Networks/clusters of SMEs • Hospitality industry operators (SMEs) • Chambers of Commerce and Industry
<p>Local/Regional agencies</p> <ul style="list-style-type: none"> • BRD/CRD • Public Agencies • Formal and non-formal educational and training institutions • Cultural institutions (museums, libraries) • 3 National Parks Management Institutions • Environmental regional directorates 	<p>Civil Society</p> <ul style="list-style-type: none"> • Non-Governmental Organisation • Centre’s as define by local laws • Residents and their organisations • Local Associations

Eligible stakeholders as beneficiaries of the Programme in Albania

<p>Local, regional and government institutions</p> <ul style="list-style-type: none"> • 3 Regional Councils/Qarks (Diber, Elbasan, Korce) • 17 Municipalities, part of three Regions/Qarks • Subordinate institutions/local offices • Albanian Development Fund (playing the regional development function) • Universities in the respective regions • Ministries and agencies operating at the national level 	<p>Business Operators and SME</p> <ul style="list-style-type: none"> • Local and regional government units • Tourist service providers • Networks/clusters of SMEs • Hospitality industry operators (SMEs) • Chambers of Commerce and Industry
<p>Local/Regional agencies</p> <ul style="list-style-type: none"> • VET educational institutions (all levels) • Tertiary education institutions • Other formal and non-formal educational and training institutions • Cultural institutions (museums, libraries) • 3 Regional Administrations of Protected Areas • Environmental regional directorates 	<p>Civil Society</p> <ul style="list-style-type: none"> • Non-Governmental Organisation • Centre’s as define by local laws • Residents and their organisations • Local Associations

+++++ Legal entities that would be expected to implement the CBC operations under each thematic priority

§§§§§§§ The stakeholders directly benefiting from the changes linked to the specific objective/outcomes (i.e. the target groups) and those who only benefit indirectly i.e. at the impact/overall objective level (final beneficiaries)

3.3. Horizontal and cross-cutting issues

1. The Programme envisages the thematic priority 2 – **Environment protection, climate change adaptation and mitigation, risk prevention and management** as one of the main pillars of the intervention; all other actions implemented under other TPs should be designed in line with the principles of sustainable environment and environmental protection promotion and produce at least neutral or positive impact on the environment. Positive impact should be emphasized in the action and mentioned in the indicators. The project applicants will be required to meet the local requirements related to protection of the environment, public health, cultural heritage and avoid impacts on the existing and planned ecological network (Emerald Network).

2. Activities and operations cannot set up barriers in relation to sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation; design and implementation of the cooperation programme and in particular in relation to access to funding taking account of the needs of the various target groups at risk of such discrimination and in particular the requirements of ensuring accessibility for disabled persons. Furthermore, specific types of activities are envisaged to promote and increase access to employment and entrepreneurship for people in vulnerable social groups; any positive impact on these groups should be emphasised in the indicators. Improving **labour market participation, especially of young people and women, disadvantaged groups and minorities, in particular Roma**, will be a priority and can strongly contribute to economic growth.

3. The promotion of equality between men and women should be made clear in all actions. Specific types of activities are envisaged to contribute to tackling the gender gap. Whenever an action achieves positive impact, it should be emphasised at the indicators level (whenever appropriate, they should be disaggregated. In line with the approach outlined in the EU Gender Action Plan, (GAP III) 2021-2025^{*****}, the programme will mainstream gender equality and also continue ensuring girls' and women's physical and psychological integrity, promoting the economic and social rights and strengthening girls' and women's voice and participation with targeted actions.

4. Activities and operations must be in line with the principles of good governance applied to the management of the programme, the enhancement of civil society and cross-border cooperation. For this programming period, a TP has been introduced, to be **mainstreamed across** the selected TPs of the Programme and Technical Assistance, namely **TP7: Governance, planning and administrative capacity building of local and regional authorities**.

The focus of this thematic priority is to **strengthen local and regional governance by enhancing the institutional capacity of public authorities and to promote efficient public administration, with an aim to solve legal and other obstacles in border regions**.

Wherever suitable (e.g. TP2, both Specific Objectives/Outcomes; TP5, second Specific Objective/Outcome), the CfPs can request that all applications must include at least one municipality among the key applicants, as well as specific activities aimed at strengthening governance, planning and administrative capacity building in the context of the targeted TP and in the broader context of CBC. In order to fulfill this requirement, the applicants may implement within their project proposals activities such as (indicatively):

- Creating new positions in the organigram, complete with job descriptions, to tackle the specific thematic priority (i.e. environment and tourism) and the cross-border cooperation (developing and managing partnerships)
- Strengthening the cross-border partnerships, beyond the context of the project, with a focus on developing better strategies and plans for further common interventions in the specific sector
- Establishing partnerships with smaller, weaker, remote municipalities in order to:
 - Expose them to the experience of CBC projects in particular and EU funded projects in general
 - Mentor them on good governance related to the specific sector
 - Include their staff in training/coaching activities implemented under the CBC projects

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- Proposing good governance measures for increasing the participation of citizens' associations in planning and decision making and including them in the rules and procedures of the institution
- Implementing sound financial management, ethics and anti-corruption measures
- Training/coaching/mentoring related to capacity building for the specific sectors
- Transfer of expertise with more experienced local self-government units, nationally or abroad
- Promoting legal and administrative cooperation and cooperation between citizens and institutions on the one hand, and institutions on both sides of the border on the other in order to tackle legal and other obstacles in border regions.

Each project may allocate a certain budget for the implementation of this type of activities. For projects that do not include local authorities amongst the partners, provisions should be made in the CFP to include at least one activity aimed at addressing local authorities' capacities.

Horizontal and cross-cutting themes of this CBC Programme shall also be mainstreamed through the Technical Assistance Priority that aims at strengthening the efficiency and effectiveness of interventions, by **delivering capacity building or articulate separate channels tailored for regional and local authorities**. The provision of this capacity building could adopt different forms such as training, study visits of technical character to EU Member States and from them (i.e. experts' visits), mentoring, participation in technical events of national or international character, etc.⁺⁺⁺⁺⁺ Whatever the form might be, it shall be thematically related to the nature of the operation (environment and tourism).

The application of the **horizontal principles and cross-cutting issues** at project and programme level will be monitored, assessed, and reported in the annual implementation reports as well as in the evaluations done during and after the 2021-2027 financial perspective.

In order to achieve the sustainability of the activities related to natural and cultural heritage tourism and planned 30% increase of number of the visitors, the project applications should foresee preparation of Visitor Management Action Plans.

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.

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

3.4. Coherence with other programmes and macro regional strategies

The coherence with other programmes, European sea-basin and EU macro regional strategies will have its focus on socio-economic interventions, the effectiveness, impact and sustainability of this IPA CBC Programme is substantially reliant on being part of a broader development agenda. It will be annually reviewed on both the IPA CBC Programme and the operations funded under it for coherence and complementarity with other IPA and nationally funded interventions to validate how this has been achieved. National IPA III – Action Documents in both countries:

Action Documents 2021 North Macedonia	Action Documents 2021 -2022 Albania
<u>EU for Prespa</u>	<u>EU for Innovation II</u>
<u>EU for Green Economy</u>	<u>EU for Circular Economy and Green Growth</u>
<u>EU for Environmental Standards and Clean Air</u>	<u>Support Protection of Irreplaceable Nature – SPIN (Enhancing national efforts on nature protection)</u>
<u>IPA 2020: EU for Municipalities</u>	<u>IPA 2020:EU for Municipalities</u>

<u>Interreg IPA CBC 2021-2027 Greece-North Macedonia</u>	<u>Interreg IPA CBC Greece-Albania</u>
<u>IPA III CBC Programme 2021-2027 Kosovo*-North Macedonia</u>	

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

There is a different focus of the applicants and beneficiaries in the Interreg IPA Programmes comparing to the bilateral 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 CBC programmes. There is a significant difference of available budget which influences the project partnership and scope of projects, so practice shows that bilateral IPA CBC programmes are more focused on the local level and there was no overlapping between the projects. However, comparing bilateral IPA CBC and Interreg IPA programmes (in particular Greece-Albania, Greece-North Macedonia, Bulgaria-North Macedonia, IPA Adrion, EURO MED and URBACT), similar priorities are identified and coordination and exchange of information between the programmes is necessary in order to create synergies and avoid duplication.

In addition, a series of initiatives in the fields of environment and tourism, as well as capacity building for local authorities, have been financed/ are under implementation by the EU and other donors in the Programme area.

The Western Balkans are one of the **regions in Europe most heavily affected by the impact of climate change**, Except for Kosovo, all other beneficiaries are signatories of the **Paris Agreement on Climate Change**, which builds upon the Convention on Climate Change and brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects. It aspires to cut greenhouse gas emissions 55 % by 2030, which will continue to create significant stress in the WBs despite mitigation efforts. Strengthening the efforts on **climate proofing, resilience building, prevention and preparedness** in the region is therefore crucial. It should include engaging the private sector in resilience investments and developing natural disaster risk transfer mechanisms. Initiatives dealing with preparation and implementation of long-term climate adaptation strategies to increase resilience, notably through climate proofing of investments would perfectly fit into the Agenda.

Furthermore, other programme initiatives combating land degradation and restoring degraded land for sustainable food production, improving sustainable forest management, soil organic carbon management, ecosystem conservation and land restoration, would also match the purposes of the Agenda, reducing biodiversity loss (deforestation and degradation).

One of the common challenges the Agenda seeks to address is bring **food processing establishments** into conformity with EU standards. At the same time, the demand for food in the region is increasing – both in terms of quantity and quality. A growing middle-class chooses to follow healthier and more nutrient-rich diets, including indigenous Balkan food products. Coupled with the growing tourism market and export potential, this represents a major opportunity for the region, provided the transition is sustainable.

While gradually transforming agri-food production systems in the Western Balkans, it will be necessary to ensure that the transition does not contribute further to unemployment or depopulation of rural areas or to deterioration of the rural landscapes and biodiversity loss. It will need to be countered with the creation of alternative and sustainable economic opportunities in rural areas, for instance, based on tourism services.

* 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.

The rural areas of the region will also require assistance in adapting to the consequences of climate change, which may result in water scarcity and extreme climate events, such as floods. In the long run, to transition to a sustainable food system, the Western Balkan countries will need to transform not only their primary production sector, but also the food processing sector and promote sustainable food consumption. Initiatives concerned with alignment of the agri-food and primary production sectors with EU standards for food safety, plant and animal health and welfare and with promotion of **environmentally friendly and organic farming** would likewise be harmonised with the Agenda.

Besides providing food, fresh water and clean air, protection from floods and storms, nature mitigates natural disasters, pest and diseases and it contributes to regulating the climate, combating land degradation and enhancing food security. As a region with a wealth of habitats and species, including several important endemic species, the Western Balkans should spare no effort to protect the **biodiversity** and the **ecosystem services** including through alignment with EU legislation. **Deforestation and illegal logging** are an important related challenge. The increase of dramatic forest fires in the WB and pest and disease outbreaks require better risk prevention in sustainable forest management and land use. The Western Balkans need to build close inter-institutional relations and private sector networks between each other to develop good governance in the forest sector and reduce the risk of illegal timber exports to the EU.

The Green Agenda for the Western Balkans can greatly benefit from **Smart Specialisation Strategies**, which are conceived as place-based, innovation-led transformation agendas for sustainability. They create the opportunity to engage regions and cities in transformation contributing to the European Green Deal, providing an overall framework and directionality for innovation investments. The strategies of Montenegro and Serbia can serve as inspiration to the other Western Balkan countries.

The Smart Specialisation Strategy of Montenegro, adopted in 2019, addresses environmental and sustainability in two priority domains: first, sustainable agriculture and food value chain; and second, energy and sustainable environment.

CBC provides the opportunity for tackling common problems and for sharing knowledge and good practice, for instance, on biodiversity benefits of nature-based solutions, mechanisms for regional cooperation on biodiversity conservation and on support to knowledge exchange with research centres. Moreover, education is key to positively affect behaviours regarding the environment, starting from an early age as well as to re-skill workers from transition industries. Curricula need to include key competences and skills necessary to perform in the green economy. To be successfully implemented, the Green Agenda for the Western Balkans needs to be reflected in the **reforms of the education systems and the provision of capacity building** to guarantee that people are equipped and prepared for the labour market and society of tomorrow. With proper information and education, the youth of the region can contribute decisively to the implementation of the Green Agenda.

The **Regional Cooperation Council (RCC)** could play an important role in building the regional dimension of the Green Agenda. The **RCC** is a regionally owned and led cooperation framework aiming at advancing the European and Euro-Atlantic integration of the region. In terms of environment and climate change, RCC maintains a permanent high-level regional policy dialogue and supports regional cooperation towards achieving Paris Climate commitments and 2030 energy and climate targets.

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.

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

Priorities are fully consistent with the **European Green Deal** which states as its overarching purpose *"The Green Deal will make consistent use of all policy levers: regulation and standardisation, investment and innovation, national reforms, dialogue with social partners and international cooperation."* Moreover, a priority is to unlock the full benefits of the digital

transformation to support the ecological transition. **An immediate priority is to boost the ability to predict and manage environmental disasters.**

ECRAN (Environment and Climate Regional Accession Network), financed by EU and managed by the European Commission, assists the beneficiaries in exchange of information and experience related to preparation for accession. ECRAN is **strengthening regional cooperation** between the EU candidate countries and potential candidates in the fields of environment and climate action and **assists their progress in the transposition and implementation of the EU environmental and climate acquis.**

Macro-regional strategies set a new model of governance based on effective cooperation and coordination of policies and actions over the national borders.

They are supported by the highest political levels of the EU, the Member States and the regions concerned and have become an integral part of EU regional policy. IPA III beneficiaries must be aware of their priorities and alignment to one of them will be one of the criteria for assessing an action for its further selection under IPA III calls for proposals.

The EU Strategy for the Adriatic and Ionian Region (EUSAIR), where North Macedonia is co-responsible for the coordination of the priority area "Connecting the region" - *Connectivity and Transport Infrastructure with focus on Intelligent Transport* and where Albania is co-responsible for the coordination of the priority area "Sustainable Tourism", with focus on diversified tourism offers (products and services), and sustainable and responsible tourism management (innovation and quality).

The EUSAIR identified the "**Environmental quality**" pillar as essential for ensuring the economic and social well-being of the Region's inhabitants. This pillar will address environmental quality through cooperation at regional level.

Within the priority "**Sustainable Tourism**" the Strategy also identified developing the Region's potential in terms of sustainable tourism that can be accelerated by offering innovative and quality tourism products and services. Responsible tourism behaviour involving all actors in the sector is also identified as an important issue.

The **Economic and Investment Plan** aims to spur the long-term recovery - backed by a green and digital transition - leading to sustained competitiveness and economic growth, implementation of reforms required to move forward on the EU path, and bringing the Western Balkans closer to the EU single market. It aims to unleash the untapped economic potential of the region and the significant scope for increased intra-regional economic cooperation and trade.

3.5. Conditions and assumptions

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

As a necessary condition for the effective management of the programme, the participating countries shall establish a Joint Monitoring Committee and provide proper and functioning premises and staff for the head and antenna 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.

4. INDICATIVE BUDGET

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

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

	IPA III CBC PROGRAMME NORTH MACEDONIA - ALBANIA															
	<i>Amounts in EUR</i>															
	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	-	-	2 890 000	510 000	1 500 000	264 706	3 430 000	605 294	-	-	2 890 000	510 000	-	-	10 710 000	1 890 000
Strategic project	-	-	2 890 000	510 000	1 500 000	264 706	3 430 000	605 294	-	-	2 890 000	510 000	-	-	10 710 000	1 890 000
Technical Assistance (Direct Grant)	-	-	-	-	500 000	-	-	-	-	-	690 000	-	-	-	1 190 000	-
Per method of implementation																
Direct Management: Total Envelope for Grants	N/A														10 400 000	1 625 294
Direct Management: Total Envelope for Procurements	N/A														1 500 000	264 706
GRAND TOTAL³¹	-	-	2 890 000	510 000	2 000 000	264 706	3 430 000	605 294	-	-	3 580 000	510 000	-	-	11 900 000	1 890 000

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

³¹ GRAND TOTAL from Table 3 and 4 should be equal

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

CLUSTERS	PRIORITIES	IPA III CBC PROGRAMME NORTH MACEDONIA- ALBANIA				
		European funding	Union	Co-financing	Total	rate per Thematic Priority
		(a)	(b)	(c) = (a)+(b)	(d) = (c)/(e)	
Thematic Cluster 2	1) Thematic Priority 2 “Environment protection, climate change adaptation and mitigation, risk prevention and management”)	5 355 000	945 000	6 300 000	45.68%	
Thematic Cluster 4	2) Thematic Priority 5 “Tourism and cultural and natural heritage”	5 355 000	945 000	6 300 000	45.68%	
3) Technical Assistance		1 190 000	-	1 190 000	8.6%	
GRAND TOTAL		11 900 000	1 890 000	(e) 13 790 000	100%	

The European Union contribution at the level of thematic priority shall not exceed the ceiling of 85% of the eligible expenditure. The co-financing will be provided by the final grant 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 envisaged to conclude a financing agreement between the European Commission, North Macedonia and Albania.

5.2. Indicative implementation period

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

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

5.3. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures³².

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 self-governments; National and regional centres for disaster management and monitoring; Local and regional development organisations/agencies; Nature and environment protection institutions; Institutions in the field of environment/natural heritage; CSOs/NGOs active in nature, environment, and other relevant fields; Educational, science and research institutions and organisations; Local and regional tourist organisations; National tourism boards; Chamber of commerce, crafts, business associations, clusters, cooperatives, association of farmers; Other formal and non-formal education and training organisations.

³² www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

The applicants shall be established in the IPA III Beneficiaries 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 and SME; Civil Society. Other essential 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 outcome (-s)/objective(-s) of the action and where it is necessary for its effective implementation

Strategic Projects- Procurement

The strategic project (for an indicative budget of EUR 1 500 000) will contribute to the second specific objective "Strengthening cultural cooperation, protection and enhancement of cultural and natural heritage" and contributing towards the expected results 2.1, "Joint initiatives to restore, protect and promote cultural and natural heritage locations implemented" and 2.2, "Improved tourism investments" under the second thematic priority of the programme "Tourism and cultural and natural heritage"

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.

A grant 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, this grant may be awarded without a call for proposals to the public institution hosting the CBC structure of North Macedonia, currently located in the Ministry of Local Self Government and the public institution hosting the CBC structure in Albania, currently the Ministry for Europe and Foreign Affairs, as co-beneficiary, supporting the implementation of Thematic Priority 7 **Governance, planning and administrative capacity building of local and regional authorities.**

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 of 18 July 2018 on the financial rules applicable to the general budget of the Union. 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 public institution hosting the operating structure of North Macedonia, currently located in the Ministry of Local Self Government.

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, JMC, JTS) is presented under the Financial Framework Partnership Agreement and/or Financing Agreements.

5.5. Project development and selection and implementation

Calls for proposals:

The responsible authorities in both countries – as listed in the previous section – are planning to implement the majority of interventions through grant schemes based on public calls for proposals. They will ensure full transparency in the process and access to a wide range of public and non-public entities. The JMC will be responsible for identifying the thematic priorities, specific objectives/outcomes, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission.

Indicatively, two to three calls for proposals are envisaged, each addressing both selected thematic priorities with their specific objectives – with the first one planned for 2023 and the other two as stated in the table above. The dynamics of the publication of calls for proposals and its number will depend on different factors, such as budget availability, logistics, timing of the evaluation and the level of interest from potential applicants.

Before the publication of the calls for proposals (and the definition of the tendering documents) the responsible authorities will review the current needs/perspectives and the degree of attainment of the indicators included in previous CfPs. To avoid overlapping and/or overloading of the potential applicants, the planning of the CfPs will be coordinated with those belonging to other programmes that could be potentially open/published simultaneously.

Strategic projects

Strategic projects are defined as those which have a significant cross-border impact throughout the Programme area and which will, on their own or in combination with other strategic projects, achieve in particular a specific objective/outcome put forward in the CBC programme document. A strategic project aims to achieve, in an extraordinarily integrative way, a significant and long lasting impact by improving peoples' lives on the whole or large parts of the eligible programme area. It requires the involvement of those decision makers usually responsible for the type of policy or domain in which the project is contextualized. It is always beyond the scope of projects that could be funded under calls for proposals. A project may be considered "strategic" because, even though it affects a limited territory in the programme area, it rebuilds or completes networks or deals with matters of general interest to the entire area, thus encouraging overall cooperation among the communities.

Strategic projects can be selected through calls for strategic projects or outside calls for proposals. In the latter case the programme partners will jointly identify and agree on any strategic project(s). In both cases the received proposals will be evaluated on the basis of pre-defined and non-discriminatory selection criteria. Strategic projects shall deliver clear cross border impacts and benefits to the border area and its people. The following shall also be observed: relevance and contribution of the project for the programme specific objectives/outcomes and expected results/outputs, maturity and feasibility of the project sustainability of results.

Moreover, the implementation of the programme is overseen by a JMC composed of representatives of both participating countries' institutions and civil society. The JMC will examine and provide an advisory opinion on the list of proposals before the strategic project award decision. All contract and payment issues are the responsibility of the Delegation of the European Union to North Macedonia, as contracting authority (CA) of this programme.

CBC Programmes proposed by IPA beneficiaries may allocate up to 35% of the overall CBC programme budget for strategic projects. Their implementation will be subject to prior assessment of their relevance and maturity by the Commission.

An initiative to select potential strategic projects was conducted under IPA II CBC technical assistance. This resulted in the collection and assessment of 19 projects undertaken in 2020. The projects submitted for examination were assessed and ranked, according to their level of maturity; only 4 of them were shortlisted for further examination, with two of them being submitted to the decision of the CBC Structures. After a number of technical sessions meant to assess the readiness/ maturity and compliance to the Programme's objective, one project has been selected to be included in the programming document.

The strategic project selected for the Programme is "Ohrid Lake – Bridging Two Countries Towards ONE Destination".

The project is in line with the second Thematic Priority of the Programme, '*Tourism and cultural and natural heritage*' (TP 5), second Specific Objective/outcome, '*Strengthening cultural cooperation, protection and enhancement of cultural and natural heritage*', contributing towards the expected results 2.1, '*Joint initiatives to restore, protect and promote cultural and natural heritage locations implemented*' and 2.2, '*Improved tourism investments*'.

The overall objective/impact of the project is *to contribute to the development of the tourism sector in the cross-border regions of the Lake Ohrid watershed, the municipality of Struga and Ohrid in North Macedonia and the municipality of Pogradec in Albania.*

The specific objective/outcome is to *enhance cross-border cooperation between the two countries by increasing the attractiveness of the area.*

The project will be implemented by a partnership consisting of three municipalities (Struga, Ohrid and Pogradec) and three civil society organisations, Organization of Employers of North Macedonia (OEM), as promoter, HOTAM (Association of hotels, restaurants, cafeterias and auto camps of North Macedonia) and the Albanian National, professional, Businesswomen and Crafts' Association (ANPBC).

Capitalising on the wealth of cultural heritage, landscapes and other local assets in the two countries, this action aims **to establish the international lake passenger line Struga – Ohrid – Pogradec**, thereby exploiting their potential to attract visitors and raising the quality of the tourism offer. The project will also lead to the **opening of permanent Customs and Border Police points in St. Naum and Pogradec respectively**. Overall, the project implementation will impact the entire Ohrid Lake region. The Contracting Authority will *acquire two solar cruise ships* that will be used for the international lake passenger line Struga– Ohrid – Pogradec. Other costs will be related to small infrastructure works such as *installation of water supply, sewerage and electricity installations and dredging activities to maintain water levels on Struga, Ohrid and Pogradec ports and to procure maintenance and fuelling equipment (a pump for pumping sediment from ports), which will be covered by the municipalities/national institutions.*

There is no railway connection between the two countries and the city of Ohrid has the only passenger airport in the cross-border region, with 3 regular airlines throughout the year and 8 seasonal destinations, served by 12 airlines. In 2019 the Ohrid Airport St. Paul the Apostle was ranked by the International Airports Council International (ACI) among the top 3 airports in Europe according to its high passenger growth rate in the first quarter of 2019, (63,9%, significantly higher than the EU average of 4.4%).

The project shall ultimately result in an increase in tourist spending and an extension of the tourist season beyond the summer months; and it will be of benefit for local population in target areas by generating more job opportunities and income and changing attitudes of local communities. This action will have a strong, direct impact on the inhabitants of the Lake Ohrid region (Southwest region population 219,622 from North Macedonia and Korça region population 209,124 from Albania).

The project proposal is based on the following documents, ratified by the Parliaments of both countries: Agreement between the Government of North Macedonia and the Council of Ministers of Albania for the Protection and Sustainable Development of the Ohrid Lake and its Basin (from 2005); Agreement between the Government of the North Macedonia and the Government of Albania for the establishment of an international lake passenger line Ohrid - Pogradec (from 2005) and Agreement on cooperation in the field of tourism between the Government of North Macedonia and the Council of Ministers of Albania (from 2006).

Most of the provisions in the agreements between the two countries have not been implemented. Article 1 of the Agreement between the Government of North Macedonia and the Government of Albania concluded in Ohrid on 25 September 1999, stipulates the establishment of an international lake passenger line Ohrid - Pogradec. A Decision was made on June 15, 2016 to establish a

temporary border crossing point located at the port of the place called St. Naum – Municipality of Ohrid, but it is still not in operation.

This strategic idea is correlated with the Strategy for Regional Development of North Macedonia 2009-2019 and Albania Country Strategy 2020 – 2025.

The sustainability of the project will be ensured by the participation of the relevant municipalities, which will have an opportunity to increase their governance capacities by a more hands-on approach on an important economic sector and will also help with relevant permits and authorizations. The partnership takes into consideration three scenarios regarding the management of the passenger line:

- Creating a public-private partnership
- Creating a public utility company
- Appointing the OEM as the manager

Indicative budget summary

Expenditures	Costs (EUR)	Funding
Two Solar cruise ships that will be used for the international lake passenger lines and necessary equipment for the operation of the ships	1 500 000	EU contribution
Installation of water supply	40 000	Co-financing by National/Beneficiaries funds
Sewerage and electricity installations	60 000	Co-financing by National/Beneficiaries funds
Wastewater installations	52 000	Co-financing by National/Beneficiaries funds
Equipment to maintain water levels on Struga, Ohrid and Pogradec ports	37 706	Co-financing by National/Beneficiaries funds
Maintenance and fueling equipment (a pump for pumping sediment from ports)	40 000	Co-financing by National/Beneficiaries funds
Customs and police border-crossing booths	35 000	Co-financing by National/Beneficiaries funds

There are no works contracts foreseen as EU contribution in the IPA III CBC programme North Macedonia-Albania for the period 2021-2027. For this strategic project the EU contribution relates only to the purchase of the two solar boats that will operate in Lake Ohrid. The other expenditures described in the table above, are foreseen as part of the co-financing by the national/beneficiary funds.

The conditions that the strategic project should fulfill prior to approval are:

- Clear cross-border dimension and support to a selected thematic priority
- Readiness/maturity to be implemented
- Impact on the eligible area
- Link with regional or other strategies for development within the same area
- Co-financing
- Direct benefit to a sizeable portion of the population of the eligible area
- Cost-effectiveness

- Complementarity with parallel actions
- Sustainability
- The possibility to be implemented within the timeframe of the programme

The indicative steps needed for the maturity of the project are:

Completion of studies and cost benefit analysis – end of 2022 2021

- Issuance of relevant permits – mid of 2023
- Installation/preparation of harbours – mid of 2023
- Agreement and Establishment of operating company – end of 2022
- Installation/preparation of customs/police check points – beginning of 2023
- Technical specification and tender documents for procurement of boats – mid of 2022
- Launch of tender – earliest Q1 2023
- Contracting – Q4 2023

The technical specifications for the purchase of the solar boats will be elaborated by the technical assistance the latest by mid 2022. The procurement of the boats will start the earliest in Q4 2022 and the contract will be signed the earliest in Q4 2023.

The contracting of the EU funds will be achieved by the end of 2023 at the latest. Should this condition not be fulfilled, the JMC will reallocate the funds earmarked for the strategic proposal towards the calls for proposals.

Should other mature Strategic Projects be proposed by the CBC Structure during the programme implementation, these may be considered for financing up to the ceiling of 35 % of the programme budget. The proposed projects will be discussed at the JMC and will require amendment of the programme.

5.6. Scope of geographical eligibility for procurement and grants

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

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

6. REPORTING, MONITORING AND EVALUATION

The description of the programme reporting, monitoring and evaluation requirements and modalities is presented under the Financial Framework Partnership Agreement 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 Delegations. The European Commission and the EU Delegations should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

The design and implementation of the visibility and communication 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.

A brainstorming session with communication officers from various projects has been organised to collect ideas for innovative approaches and solutions regarding information and visibility.

8. SUSTAINABILITY

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

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

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