COMMISSIONE
EUROPEA

Bruxelles, 15.12.2015
C(2015) 9491 final

DECISIONE DI ESECUZIONE DELLA COMMISSIONE

del 15.12.2015

che approva il programma di cooperazione transfrontaliera "Interreg-IPA CBC Italia-Albania-Montenegro" per il periodo 2014-2020 nell'ambito dello strumento di assistenza preadesione (IPA II)

CCI 2014TC16I5CB008

(Il testo in lingua italiana è il solo facente fede)

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LA COMMISSIONE EUROPEA,

visto il trattato sul funzionamento dell'Unione europea,

visto il regolamento (UE) n. 236/2014 del Parlamento europeo e del Consiglio, dell'11 marzo 2014, che stabilisce norme e procedure comuni per l'attuazione degli strumenti per il finanziamento dell'azione esterna dell'Unione[1], in particolare l'articolo 2, paragrafo 1,

visto il regolamento (UE, Euratom) n. 966/2012 del Parlamento europeo e del Consiglio, del 25 ottobre 2012, che stabilisce le regole finanziarie applicabili al bilancio generale dell'Unione e che abroga il regolamento (CE, Euratom) n. 1605/2002[2], in particolare l'articolo 84, paragrafo 2,

considerando quanto segue:

(1) Il regolamento (UE) n. 231/2014 del Parlamento europeo e del Consiglio[3] definisce gli obiettivi e i principi di base dell'assistenza preadesione ai beneficiari elencati nel suo allegato I.

(2) A norma dell'articolo 7 del regolamento (UE) n. 231/2014, l'assistenza è attuata attraverso programmi annuali o pluriennali riguardanti uno o più paesi, nonché programmi di cooperazione transfrontaliera. I suddetti programmi sono elaborati in conformità del regolamento (UE) n. 231/2014 e dei pertinenti documenti di strategia nazionali o multinazionali indicativi di cui all'articolo 6 di tale regolamento. I programmi di cooperazione transfrontaliera tra uno Stato membro e uno o più beneficiari dell'IPA II dovrebbero anche essere elaborati in conformità degli articoli 31 e 34 del regolamento di esecuzione (UE) n. 447/2014 della Commissione[4].

(3) A norma dell'articolo 6, paragrafo 2, del regolamento (UE) n. 236/2014, i programmi di cooperazione transfrontaliera tra gli Stati membri e i beneficiari dell'IPA II sono attuati in gestione condivisa.

(4) A norma dell'articolo 6, paragrafo 4, del regolamento di esecuzione (UE) n. 447/2014 della Commissione, lo Stato membro che ospita l'autorità di gestione può anche

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1 GU L 77 del 15.3.2014, pag. 95.

2 GU L 298 del 26.10.2012, pag. 1.

3 Regolamento (UE) n. 231/2014 del Parlamento europeo e del Consiglio, dell'11 marzo 2014, che istituisce uno strumento di assistenza preadesione (IPA II) (GU L 77 del 15.3.2014, pag. 11).

4 Regolamento di esecuzione (UE) n. 447/2014 della Commissione, del 2 maggio 2014, recante le modalità di applicazione del regolamento (UE) n. 231/2014 del Parlamento europeo e del Consiglio, che istituisce uno strumento di assistenza preadesione (IPA II) (GU L 132 del 3.5.2014, pag. 32).

firmare la convenzione di finanziamento tra la Commissione e i beneficiari dell'IPA. Si dovrebbe pertanto stabilire se sarà lo Stato membro a dover firmare la convenzione di finanziamento.

(5) A norma dell'articolo 6, paragrafo 3, del regolamento (UE) n. 236/2014, la Commissione può adottare programmi d'azione pluriennali per un periodo fino a sette anni nell'ambito dell'IPA II. Per gli anni diversi dall'anno d'impegno iniziale (2015), gli impegni sono indicativi e dipendono dai futuri bilanci annuali dell'Unione.

(6) Il Consiglio ha istituito un partenariato per l'adesione o un partenariato europeo per tutti i beneficiari elencati nell'allegato I del regolamento (UE) n. 231/2014. Il 30 giugno 2014 la Commissione ha adottato un documento indicativo di strategia multinazionale per il periodo 2014-2020[5], che stabilisce le assegnazioni indicative per i programmi di cooperazione territoriale per il periodo 2014-2020.

(7) Il 30 giugno 2015 l'Italia, a nome di Italia, Albania e Montenegro ("i paesi partecipanti") ha presentato alla Commissione una proposta di programma di cooperazione transfrontaliera denominato "IPA CBC Italia – Albania - Montenegro 2014-2020". Tale progetto di programma è stato elaborato conformemente all'articolo 34 del regolamento di esecuzione (UE) n. 447/2014 della Commissione. Esso mira a fornire assistenza per la cooperazione transfrontaliera riguardante priorità tematiche selezionate di comune accordo e stabilisce le assegnazioni indicative per il periodo 2014-2020. A norma dell'articolo 31, paragrafo 4, del regolamento di esecuzione (UE) n. 447/2014 della Commissione, essa dovrebbe approvare tale programma.

(8) A norma dell'articolo 30, paragrafo 1, del regolamento di esecuzione (UE) n. 447/2014 della Commissione, il programma di cooperazione transfrontaliera "Interreg-IPA CBC Italia — Albania - Montenegro 2014-2020" stabilisce inoltre l'elenco delle regioni ammissibili che costituiscono l'area del programma.

(9) A norma dell'articolo 31 del regolamento di esecuzione (UE) n. 447/2014 della Commissione, la Commissione ha valutato il programma di cooperazione transfrontaliera e ha formulato osservazioni conformemente al paragrafo 3 dello stesso articolo in data 11 agosto 2015. L'Italia, a nome dei paesi partecipanti, ha fornito informazioni supplementari il 30 settembre 2015 e ha presentato un programma di cooperazione transfrontaliera ulteriormente riveduto il 26 novembre 2015.

(10) A norma dell'articolo 34 del regolamento di esecuzione (UE) n. 447/2014 della Commissione, il programma di cooperazione transfrontaliera comprende anche tutti gli elementi di cui all'articolo 8, paragrafi da 2 a 4 e paragrafi 7, 9 e 10, del regolamento (UE) n. 1299/2013.

(11) Il programma di cooperazione transfrontaliera "Interreg-IPA CBC Italia - Albania - Montenegro 2014-2020", allegato alla presente decisione, dovrebbe costituire un punto di riferimento per l'adozione delle pertinenti decisioni di finanziamento, senza costituire di per sé un impegno finanziario.

(12) È necessario adottare una decisione di finanziamento, le cui modalità sono stabilite all'articolo 94 del regolamento delegato (UE) n. 1268/2012 della Commissione[6].

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5 C(2014)4293 del 30 giugno 2014.

6 Regolamento delegato (UE) n. 1268/2012 della Commissione, del 29 ottobre 2012, recante le modalità di applicazione del regolamento n. 966/2012 del Parlamento europeo e del Consiglio che stabilisce le regole finanziarie applicabili al bilancio generale dell'Unione (GU L 362 del 31.12.2012, pag. 1).

(13) A norma dell'articolo 43, paragrafo 1, lettera b), del regolamento di esecuzione (UE) n. 447/2014 della Commissione, le spese sostenute dai beneficiari di un beneficiario dell'IPA II sono ammissibili se sono state pagate dopo la presentazione del programma di cooperazione transfrontaliera, mentre a norma della lettera a) di tale articolo, le spese sono considerate ammissibili se sono state sostenute da un beneficiario di uno Stato membro e pagate tra il 1º gennaio 2014 e il 31 dicembre 2023. È quindi soltanto necessario fissare la data di inizio dell'ammissibilità delle spese per quanto riguarda i beneficiari dell'Albania e del Montenegro.

(14) La presente decisione non pregiudica la posizione della Commissione per quanto riguarda la conformità di ogni operazione finanziata nell'ambito del programma di cooperazione transfrontaliera in Italia alle norme sugli aiuti di Stato applicabili al momento della concessione del sostegno.

(15) Il programma di cooperazione transfrontaliera di cui alla presente decisione è conforme al parere del comitato IPA II, istituito dall'articolo 13 del regolamento (UE) n. 231/2014.

(16) È pertanto opportuno approvare il programma di cooperazione transfrontaliera proposto,

HA ADOTTATO LA PRESENTE DECISIONE:

Articolo 1

Approvazione del programma di cooperazione transfrontaliera

È approvato il programma di cooperazione transfrontaliera "Interreg-IPA CBC Italia — Albania - Montenegro 2014-2020" riportato nell'allegato I e contenente i seguenti assi prioritari:

a) asse prioritario 1 "Rafforzare la cooperazione transfrontaliera e la competitività delle PMI";

b) asse prioritario 2 "Gestione intelligente del patrimonio naturale e culturale per lo sfruttamento del turismo sostenibile transfrontaliero e dell'attrattiva territoriale";

c) asse prioritario 3 "Protezione dell'ambiente, strategia di gestione dei rischi e di riduzione delle emissioni di carbonio";

d) asse prioritario 4 "Accrescere l'accessibilità transfrontaliera, promuovere servizi e strutture di trasporto sostenibile e migliorare le infrastrutture pubbliche";

e) asse prioritario 5 "Assistenza tecnica".

Articolo 2

Contributo finanziario

1. L'importo massimo del contributo dell'Unione europea per l'attuazione del programma "Interreg-IPA CBC Italia — Albania - Montenegro 2014-2020" di cui all'articolo 1 è riportato nell'allegato II della presente decisione ed è fissato a 78 801 422 EUR, da finanziarsi a titolo delle seguenti linee di bilancio specifiche secondo la nomenclatura del bilancio generale dell'Unione europea per il 2015:

   a) 13 05 63 01 (Cooperazione transfrontaliera (CBC) — Contributo dalla rubrica 1b): 39 400 711 EUR;

   b) 13 05 63 02 (Cooperazione transfrontaliera (CBC) — Contributo dalla rubrica 4: 39 400 711 EUR.

L'attuazione della presente decisione è subordinata alla disponibilità degli stanziamenti previsti nei rispettivi bilanci per il periodo 2016-2020 in seguito all'adozione del bilancio per ogni singolo esercizio oppure in base alle disposizioni del regime dei dodicesimi provvisori.

2. Il tasso di cofinanziamento per ciascun asse prioritario è stabilito all'allegato III. Il tasso di cofinanziamento per ciascun asse prioritario si applica alla spesa totale ammissibile, pubblica e privata. Il tasso di cofinanziamento degli assi prioritari 1, 2, 3 e 4 si applica alla spesa totale ammissibile, pubblica e privata. Il tasso di cofinanziamento dell'asse prioritario 5 si applica alla spesa pubblica ammissibile.

Articolo 3

Inizio dell'ammissibilità

Le spese sono ammissibili al finanziamento nell'ambito del programma di cooperazione transfrontaliera di cui all'articolo 1 se sono state sostenute da un beneficiario dell'Albania e del Montenegro e pagate dopo il 30 giugno 2015.

Articolo 4

Modalità di attuazione

Il programma è attuato mediante gestione condivisa.

Sarà conclusa una convenzione di finanziamento tra la Commissione e i governi di Albania e Montenegro in conformità dell'accordo quadro concluso tra la Commissione e l'Albania, e tra la Commissione e il Montenegro, rispettivamente.

Il direttore generale della direzione generale della Politica regionale e urbana è abilitato a firmare tali convenzioni di finanziamento a nome della Commissione.

Articolo 5

Destinatari della decisione

La Repubblica italiana è destinataria della presente decisione.

Fatto a Bruxelles, il 15.12.2015

Per la Commissione
Corina CREŢU
Membro della Commissione

PER COPIA CONFORME
Per il Segretario generale

Jordi AYET PUIGARNAU
Direttore della cancelleria
COMMISSIONE EUROPEA

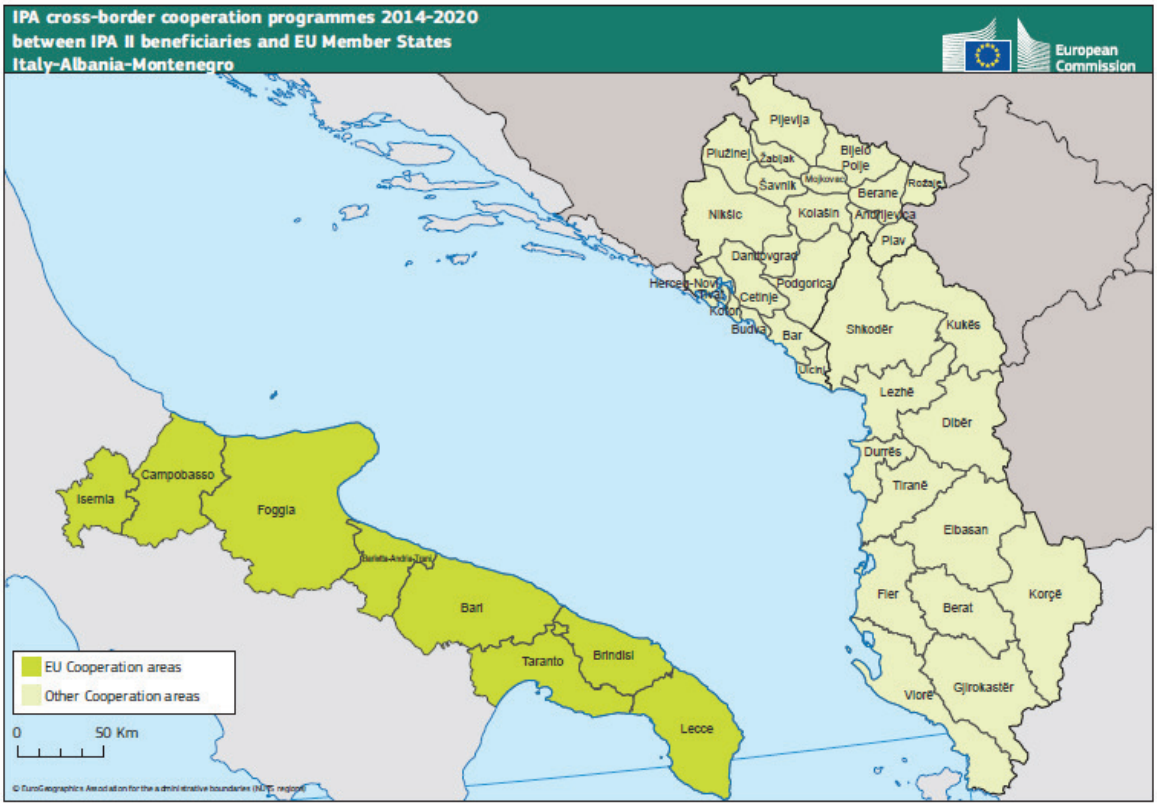
Interreg – IPA CBC

EUROPEAN UNION

Interreg IPA II Cross-border Cooperation Programme

Italy-Albania-Montenegro

2014-2020



version 1.4

2015

Summary

CCI	2014TC16I5CB008
Title	Interreg IPA II Cross-border Cooperation Programme Italy-Albania- Montenegro
Version	*<0.3 type='N' input='G'>*
First year	2014
Last year	2020
Eligible from	01 January 2014
Eligible until	31 December 2023
EC decision number	*<0.8 type='S' input='G'>>*
EC decision date	*<0.9 type='D' input='G'>>*
MS amending decision number	*<0.10 type='S' maxlength='20' input='M'>>*
MS amending decision date	*<0.11 type='D' input='M'>>*
MS amending decision entry into force date	*<0.12 type='D' input='M'>>*
NUTS level III regions (or equivalent regions in the non-MS) covered by the cross-border cooperation programme	ITF21 Isernia ITF22 Campobasso ITF44 Brindisi ITF45 Lecce ITF46 Foggia ITF47 Bari ITF48 Barletta-Andria-Trani AL ALBANIA ME MONTENEGRO

SECTION 1 STRATEGY FOR THE COOPERATION PROGRAMME'S CONTRIBUTION TO THE SELECTED THEMATIC PRIORITIES AND THE RELEVANT PARTNERSHIP AGREEMENT AND COUNTRY STRATEGIC PAPERS

1.1 Strategy for the cooperation programme's contribution to the selected thematic priorities and the relevant Partnership Agreement and Country Strategic Papers

1.1.1 DESCRIPTION OF THE COOPERATION PROGRAMME'S STRATEGY FOR CONTRIBUTING TO THE SELECTED THEMATIC PRIORITIES AND THE RELEVANT PARTNERSHIP AGREEMENT AND COUNTRY STRATEGIC PAPERSTHE EUROPE 2020 STRATEGY PUTS FORWARD THREE MUTUALLY REINFORCING PRIORITIES:

The Europe 2020 strategy puts forward three mutually reinforcing priorities:
- **Smart growth:** developing an economy based on knowledge and innovation.

- **Sustainable growth:** promoting a more resource efficient, greener and more competitive economy.

- **Inclusive growth:** fostering a high-employment economy delivering social and territorial cohesion.

The Italy, Albania and Montenegro IPA CBC Programme (2014-2020) is designed in the framework of the European strategy for a *smart, inclusive and sustainable growth* and the relevant national strategic documents[1].
The strategy contributes to pave the way of the economic development of the area of intervention (hereinafter region) and has the ambition to contribute to the implementation of the four pillars set by EUSAIR: "Blue Growth"; "Connecting the Region"; "Environmental Quality"; "Sustainable Tourism" that are coherent with the following thematic priorities set by IPA regulations[2] and selected by the national delegations as field of the Programme assistance: enhancing cooperation and competitiveness of SME's, improving smart and sustainable economic development, protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management, promoting sustainable transport and improving public infrastructures.

The strategy has been developed taking into consideration the links between the different priorities and the specific and global impacts of implementing actions. As example: promoting sustainable transports[3] has a direct impact on environment protection and competitiveness while it has indirect impacts on development of tourism. At the same time, in order to promote

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1 Cfr.Italian Partnership AgreementIT: I; Albania Country Strategic Report (2014-2020) Draft version 3; Montenegro 2013 Progress Report SWD(2013)411 final; Indicative Strategy Paper For Montenegro 2014-2020)

2 EU Regulation n.231/2014, Annex III "Thematic priorities for assistance for territorial cooperation".

sustainable transports, efforts have to be made by researchers and innovative enterprises as far as the development of technologies and tools, by regional and national authorities regarding to policy of sensitiveness and legal framework.
According to the results of the territorial analysis, challenges have been translated into TPs and SOs with a results-oriented approach.

The overall objective of the Programme is to enhance strategic cross-border co-operation for a smart and a more sustainable development of the Programme area, mainly across the maritime border.

Such overall objective is the basis for elaborating the Programme's strategic framework, which refers to four thematic priorities, namely:

(g) enhancing competitiveness, the business environment and the development of small and medium-sized enterprises, trade and investment through, inter alia, promotion and support to entrepreneurship, in particular small and medium-sized enterprises, and development of local cross-border markets and internationalisation;

(d) encouraging tourism and cultural and natural heritage;

(b) protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness;

(c) promoting sustainable transport and improving public infrastructures by, inter alia, reducing isolation through improved access to transport, information and communication networks and services and investing in cross-border water, waste and energy systems and facilities.

The selected thematic priorities are structured into **four priority axes**, reflecting the needs and challenges as identified in the territorial analysis of the Programme area:

1. Strengthening the cross-border cooperation and competitiveness of SMEs.

Specific Objective related to PA-1:

SO 1.1: : Enhance the framework conditions for the development of SME's cross-border market.

The main expected results are:

a) Enhanced SME's cooperation and competitiveness through the better interaction among the business and research actors
b) Strengthened culture of entrepreneurship and enterpreneurial mind sets, skills and attitudes.
c) Strengthened and empowered innovation clusters and networks, in particular in their cross-border dimension, mainly in the field of blue economy, sustainable agriculture, food processing, green economy and social innovations

This priority axis is in line with the needs, challenges and results of :

- **Albania Country Strategy Paper**, that foresees, among the results related to this field of intervention, to foster the competitiveness and innovation, in particular through the development of small and medium scale enterprises, thus enhancing Albania's integration in regional and EU markets; to improve overall competitiveness of the agricultural sector and sustained rural areas.

- **Indicative Strategy Paper for Montenegro,** that stresses how Montenegro needs also to improve the business environment by developing access to information infrastructure to reduce both the digital divide within the country and the gap with the EU. It also needs to support the ability of traditional industries to compete and innovate through ICT improvements, training and digital skills development. Another important mechanism to increase the competitiveness of the economy of the country includes improving the quality and efficiency of the research and innovation policy, and strengthening its links with businesses.
- **Italian Partnership agreement**, where the Thematic Objective 3 "*Promoting the competitiveness of SME's, agricolture, fisheries, and aquaculture"* is addressed to reach, *inter alia*, the following expected results: *strengthening, modernization and diversification of territorial productive systems*; *Start-up and consolidation of Micro e SME'S*; *Enanching competitiveness, job conditions and technological innovation of enterprises in the sector of fisheries.*

2. Smart management of natural and cultural heritage for the exploitation of cross border sustainable tourism and territorial attractiveness.

Specific Objectives related to PA-2:

SO 2.1: Boost attractiveness of natural and cultural assets to improve a smart and sustainable economic development.

SO 2.2: Increase the cooperation of the key actors of the area for the delivery of innovative cultural and creative products.

The main expected results are:

a) Better cross-border smart and sustainable tourism management.
b) Improved products and services for cross-border natural and cultural assets.
c) Increased structured cooperation and networking in the cultural and creative sectors.

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

Albania Country Strategy Paper , where is clearly stated that IPA funds might also foresee assistance to the preservation of cultural heritage. The potential of SMEs notably in the tourism industry is underutilized. The linkage of tourism with the preservation of nature and cultural heritage could play a stronger role to boost economic growth and development.
Indicative Strategy Paper for Montenegro, that considers tourism, energy and agriculture and rural development the main areas with great potential for economic growth. The reforms for improving economic competitiveness and innovation therefore need to pay particular attention to these economic sectors. This includes, inter alia, improving the business environment, regulatory performance, access to capital for SMEs..

Italian Partnership agreement, where the Thematic Objective 6 "*Protecting environment and promoting the efficient use of resources"* is addressed to improve conditions and standards of touristic offer and of cultural heritage, in the areas of attractiveness; competitive repositioning of touristic destinations; consolidation, modernization and diversification of territorial productive systems (including tourism sector).

3. Environment protection, risk management and low carbon strategy

Specific Objectives related to PA-3:

SO 3.1: Increase cross-border cooperation strategies on water landscapes.

SO 3.2 Promoting innovative practices and tools to reduce carbon emission, to improve energy efficiency in public sector.

The main expected results are:

a) Multi-level and multi-sector plans adopted in the fields of water cycle management, coastal and inland environmental risks prevention and biodiversity safeguard
b) Integrated initiatives in the fields of water cycle management, coastal and inland environmental risks prevention and biodiversity safeguard
c) Improved CBC/national/regional/local capacity for sustainable energy planning, done according to EU standards;
d) Energy efficiency schemes for public administrations adopted and energy sustainability goals met.

This priority axis has been developed according to the provisions set in the National Strategic papers:

Albania Country Strategy Paper foresees that investment needs in the water sub-sector are substantial whilst management capacity constraints exist. The Programme assistance has to be envisaged to support the various to manage the basic elements of a sector approach such as strategy development, budget planning, institutional and organizational development, coordination amongst others. As far as energy sector is concerned, there is a need for reforms in order to ensure the functioning of the overall system.
Indicative Strategy Paper for Montenegro, states that assistance intervention should focus on the transposition and implementation of the water *acquis*, preparation of river basin management plans and creating conditions for establishing an efficient and effective water management system. In the area of climate change mitigation and adaptation, IPA assistance actions will concentrate on strengthening the institutional capacity to design, implement and monitor mitigation policies, as well to enhance the resilience of vulnerable economic sectors and infrastructure to climate change. Furthermore, IPA II may support the promotion of energy efficiency and the use of renewable energy sources.
Italian Partnership agreement where the OT 4 "sustaining the transition towards low carbon economy in all sectors" foresees the expected results of reduction of energy consumption in public buildings and reduction of hydro geological and coastal erosion risk.

4. Increasing cross border accessibility, promoting sustainable transport service and facilities and improving public infrastructures.

Specific Objectives related to PA-4:
SO 4.1 Increase coordination among relevant stakeholders to promote sustainable cross border connections in the cooperation area.

The main expected results are:

a) Sustainable cross border transport connections inside the area improved.
b) Existing connections, with regular transit times and shared procedures, optimized.
c) Quality of interregional connectivity of the area through also an efficient multimodal transport network improved.
d) Consolidated supply logistic chain to bring a door-to-door integrated transport system introducing new intermodal maritime-based.

This priority axis contributes to the reach the main expected results as indicated in the following documents:

Albania Country Strategy Paper considers as priority in the transport sector to ensure the completion and maintenance of existing investments, the connectivity to European networks, and to address safety issues.
Indicative Strategy Paper for Montenegro includes, among the main results to be achieved through IPA assistance, the improved capacity of the administration for defining an appropriate sector strategy and drafting appropriate legislation, as well as capacity building for the preparation and implementation of complex infrastructure projects; the enhancement of the opportunities for developing combined transport; the interconnection with the neighboring countries.

Italian Partnership agreement in the expected results of the Thematic Objective 7, includes the improvement of regional mobility, modal integration and improvement of multimodal connections; enhancement of the connections of secondary and thirdly links to TEN-T network.

The strategy presents two cross-cutting issues:

- "*strengthening research, technological development, innovation and information and communication technologies through, inter alia, promoting the sharing of human resources and facilities for research and technology development*" (hereinafter Research & Innovation) as a condition leading any kind of economic development;
- "*promoting local and regional governance and enhancing the planning and administrative capacity of local and regional authorities*" (hereinafter Governance) as a prerequisite for attaining the Strategy objectives and for the efficient implementation of the Strategy policy measures and instruments across all thematic priorities.

Both the items are considered horizontally in the breakdown of the identified pillars in specific actions.
Research and Innovation is a requisite for any kind of development and is a crucial point to be considered in the implementation of the programme intervention.

Developing the systemic dimension of innovation, improving the linkages between the various innovation players, notably the science system and higher education, the government and the private sector, with a view to facilitate technological transfer and commercialization of research results, is significantly relevant for the cooperation area. Continuous technological, managerial and operational innovation is a major driver for sustainable development and growth. Each of the public and private entities operating in the field of innovation play a diverse, yet complementary, role in the innovation and research field: governments and public institutions are key players for creating favorable conditions for innovation, supports innovative firms and universities through incentives and other mechanisms; research institutions are typically involved in basic and applied research and generate new knowledge; firms are crucial in turning knowledge into new products and services, and are active particularly in the part of the R&D leading to commercialization through development testing, prototypes, etc. The "Research and Innovation" actions will increase coordination and synergies among these players to build an effective system as driver for competitiveness and productivity gains and, therefore, for ensuring MSMEs sustainability and growth. Furthermore, stimulating enterprises to learn from each other and exchange experiences, sharing access to research and testing facilities is also a boost to establish international linkages and cluster.

The other cross-cutting issue **"*promoting local and regional governance and enhancing the planning and administrative capacity of local and regional authorities*"** is fundamental for the effectiveness of Programme intervention.

Even if the participating Countries have different legislative and operational frameworks where local institutions operate; however, they have to face common challenges in the different fields

of the Programme intervention. The ”capacity building” actions will increase the capacity of the public sector in the countries involved - in particular with regard to enhancing administrative and institutional capacities and to promoting sustainable development in the field of intervention according to EU standards . In this context, capacity building will, inter alia, help joint planning, financing and implementation of actions, first and foremost, to bolster *macro-regional* thinking.

1.1.1.1 THE PROGRAMME TERRITORY

This Cooperation Programme (CP) describes the context and priorities for cross-border cooperation (CBC) among Italy, Albania and Montenegro for 2014-2020. It aims to enable regional and local stakeholders from the three (3) countries to exchange knowledge and experiences, to develop and implement pilot actions, to test the feasibility of new policies, products and services, and to support investments. The programme is co-funded by the European Regional Development Fund (ERDF) and the Instrument for Pre-Accession Assistance (IPA) and has a total budget of 92.707.555,00 EUR (including National cofinancing).

This Section presents the eligible programme territory, analyses its main features, and provides an overview of the development challenges surrounding the Programme area, which may be addressed through cross-border cooperation. It intends to serve as a point of departure for unfolding a programme strategy which aims to improve the economic, social and territorial cohesion of the area and – at the same time – to contribute to the EU2020 Strategy, South East Europe (SEE) 2020 and to the EU Strategy for the Adriatic and Ionian Region (EUSAIR).

Following specific requests of the participating countries, the IT-AL-ME Programme Area was extended and, as a result, is comprised of:

Member States:

Italy:	2 regions, 8 provinces

IPA countries:

Albania:	The whole country
Montenegro:	The whole country

The Strategy of the programme builds upon the results of the territorial analysis, the findings of the consultation process and the lessons learnt from other Cooperation Programmes covering the same eligible area during the period 2007-2013. More specifically, the territorial analysis has taken into consideration the following documents:

- Italian Partnership agreement
- The two Regional ERDF Operational programmes for Molise and Puglia
- The EC progress report 2013 and Country Strategy Paper for Albania
- The EC progress report 2013 and Indicative Strategy Paper for Montenegro 2014-2020
- Thematic reports on Innovation and smart specialization for the three countries
- Eurostat and national statistics

1.1.1.2 GEOGRAPHICAL SPECIFICITIES

The Programme Area is located strategically between Eastern Europe and the Mediterranean sea. It covers a total of 66.365 km^2 and has a population of 7.805.809 inhabitants. Albania covers the largest part of the Programme Area (more than 40%), and the Italian Region of Molise the smallest (4437 km^2).

The Region of **Puglia** borders the Adriatic Sea in the east, the Ionian Sea to the southeast, and the Strait of Otranto and Gulf of Taranto in the south. Its southernmost portion, known as Salento peninsula, forms a high heel on the "boot" of Italy. Puglia is mostly a plain; its low coast, however, is broken by the mountainous Gargano Peninsula in the north, and there are mountains in the north central part of the region. It is bordered by Molise to the north, Campania to the west, and Basilicata to the southwest. It neighbours Albania, Bosnia-Herzegovina, Croatia, Greece, and Montenegro, across the Adriatic and Ionian Seas, respectively.

The Region of **Molise** borders Abruzzo to the north-west, Lazio to the west, Campania to the south, Puglia to the southeast and the Adriatic Sea to the northeast. The territory is characterized by mountainous inlands surrounded by hilly coastal plains.

Albania shares a 172 km border with Montenegro to the northwest, a 115 km border with Kosovo to the northeast, a 151 km border with the Former Yugoslav Republic of Macedonia to the north and east, and a 282 km border with Greece to the south and southeast. Its coastline is 487 km long. The lowlands of the west face the Adriatic Sea and the strategically important Strait of Otranto, which puts less than 100 km of water between Albania and Puglia. Albania has a coastline on the Adriatic Sea and the Ionian Sea. Most of the country's territory is occupied by the mountains.

Montenegro has a 293.5 km coast on the Adriatic Sea to the south-west and is bordered by Croatia to the west, Bosnia and Herzegovina to the northwest, Serbia to the northeast, Kosovo to the east, and Albania to the south-east.

1.1.1.3 TERRITORIAL SOCIO-ECONOMIC PROFILE

DEMOGRAPHIC STRUCTURE

The Italian Region, **Puglia**, is the most densely populated with 50% of the Programme Area's population concentrated there (4,050 million inhabitants). The latest census of 2010 recorded a population growth of +1.52% between 2001 and 2010. Moreover, a significant Albanian community of 12,000 people has been registered in the region**.** *(Source:ISTAT)*

Molise has a population of 319,780 inhabitants. The latest census of 2010 recorded a population decrease of -0.57% between 2001 and 2010. An average density of 63.60 inhabitants per m^2 makes it the second-smallest, least populous, and least densely populated region of Italy. *(Source:ISTAT)*

Albania has a population of 2,8916 million inhabitants for a total area of 28750 km². The latest census of 2011 recorded a population decrease of 8.8% between 2001 and 2011. This is due to the continuing emigration trend mainly to neighbouring countries such as Greece and Italy. It is also interesting to note that Albania records important internal migration flows toward the most developed West (mainly the coastal area and Tirana). *(Source:INSTAT).*

The population of **Montenegro** over the past two decades has remained practically unchanged in terms of total numbers, from 615,035 in 1991 to 620,029 in 2011, as per the 2011 census. The country covers an area of 13812 km2 and has a population density of 44.9 per km2. The demographic structure of the country, however, has significantly changed due to large migration of the previously predominant rural population to the urban areas. Along with depopulation, the rural areas and smaller cities have been hurt by a 'brain drain' process leaving them without skilled human resources.

ECONOMIC PERFORMANCE

The global economic crisis of the past five years affected significantly the Programme Area. The overall growth in terms of GDP has been sluggish. The crisis has reversed the process of convergence of regional GDP per capita and unemployment within Italy, and hit Albania and Montenegro just as they were consolidating the progress they had made after emerging from years of political instability and painful economic reform programmes. For most countries in the Balkan region, the period 2003-2007 was one of the strongest in more than a decade, with annual real GDP growth averaging about 6%, while the region also received large inflows of FDI in 2003-2007. The economic slowdown in EU countries – the main recipients of Balkan exports – and the decreased influx of foreign direct investment triggered the first symptoms of the crisis in the Programme Area by the last quarter of 2008, from which it has still not recovered.

Even though Italy is the third largest economy in the Eurozone, its economy has been shrinking during the recession years. In the Region of Puglia, over the period 2000-2011, the growth rate of the GDP per capita was -3,4%, shrinking at a faster rate than the national average (-2,3%). Although Puglia is considered one of the most dynamic regions in Southern Italy, over the period 2000-12 the convergence of gross GDP to national values was weak, especially because of sluggish productivity growth (+1.7 vs. +2.3%) *(Source: DG Enterprise and Industry, Regional Innovation Monitor Plus*).

In Molise, the real GDP growth rate was -10.8% in the period 2008-2012. In 2012, the GDP growth rate was still particularly bad: -2.5%. Per capita GDP was equal to €17,337 in 2012. There was approximately a 8.6% decrease since 2008 *(Source: DG Enterprise and Industry, Regional Innovation Monitor Plus*).

In **Albania**, economic growth slowed to 1.6% in 2012 from 3.1% a year earlier. Financial constraints, low confidence among investors and the global crisis affected the economy. Albania experienced a slowdown in 2012 due to weak private domestic spending. Despite the fact that year 2013 marks the lowest economic performance of Albania in the past 10 years, still a GDP growth of 0.7% is estimated. Economic weakness was a result of a frail domestic aggregate demand caused by the reduction of remittances due to the weak economic situation in Greece and Italy, but also by the reduction of government budget revenues and consequently lower public investment in infrastructures and other important sectors *(Source: INSTAT)*

Montenegro's GDP per capita in 2013 was 5,356 EUR, while in 2012 it amounted to 5,074 EUR. The real growth rate of GDP in 2013 was 3.3%. After two years of moderate growth, the economy entered into recession in 2012 having difficulties to attract foreign investment needed for its reactivation. Real GDP contracted by 2.5%, pulled downward by the poor performance of industry, construction, transport, financial services and agriculture.

The economy of the Programme Area is mostly a service based economy. The tertiary sector is dominant. The tourism sector represents a major element in the economy, in terms of absolute value, Gross Value Added (GVA) and employment. Importantly, it offers an opportunity for future economic growth and the rebalancing of the economy. The share of the primary sector is

low compared to the other two sectors of the Programme Area's GVA, but remains important both as a source of employment and income, especially in rural areas.

The services sector dominates the economy of **Puglia**, even though agriculture is quite important leading the national trend. Puglia produces 23.1% of the value added of the agricultural sector of the Italian South and 9.5% the national one.

In **Molise**, the analysis of Value Added at current prices also shows an increase in the weight of the primary sector in the definition of the total result of the regional economy: in 2011 it resulted as 4.4%. The services sector records a more significant increase up to 71.1% in 2011.

In **Albania**, in terms of GDP structure, 50% of value added in Albanian economy is created by the services sector in 2013. However, agriculture remains one of the largest and most important sectors with a lot of dynamic developments. It represents around 20% of GDP while accounting for about half of total employment. Albania's agricultural sector continues to face a number of challenges, including small farm size and land fragmentation, market limitations due to competition from Greece and Italy, limited access to credit and grants and inadequate rural institutions.

In **Montenegro**, the share of services in GDP is estimated to increase from 69% in 2010 to the level of 77% in 2016. Key sectors of the economy are increasingly becoming tourism and agriculture, along with the already strong energy sector. Agriculture (characterized by a large number of small agricultural households) accounts for 7.4%, industry and mining 5.4%, construction 4.6% and transportation 4.1% of the valued added. Companies in the arts, leisure and recreation sector accounted for 2% of gross added value in 2012. *(Source: Monstat).*

LABOUR MARKETS AND EMPLOYMENT

Conditions in the labour market of the entire Programme area are fairly critical. The unemployment rate is more than double the EU-28 average rates (10.8%). Inequalities also appear in regard to age and gender. Youth unemployment rates are particularly high. Women's unemployment is also soaring and follows the same pattern in all participating regions, reflecting very small integration of women into the labour market. Internal migration and the informal sector constitute structural aspects of employment in the entire Programme Area.

In **Puglia**, employment is concentrated in services (including the public administration) a sector that represents 66 % of the employed population; the figures are lower for industry (25.4 %) and agriculture (8.5 %). The unemployment rate is standing at 23% in 2013. Those in employment are principally men. It is interesting to note that 2012 figures reports positive trends –since 2010 – in women's employment. In the past five years there has been a significant increase in immigration levels whereas historically Puglia has always had a high level of emigration. Another significant phenomenon is commuting by 'teams' of specialized workers who periodically move to the north of Italy to work as subcontractors for large construction firms. *(Source: EURES- The European Job Mobility Portal*).

The Region of **Molise** has an employment rate equal to 54.7% (20-64 age group) during the period 2010-2012. It holds the 16th position among the Italian regions and the 1st position among Southern Italy regions.. Negative trends in employment dynamics start after 2008. Youth unemployment rates (aged 15-24) in 2011-2012 rose from 28.6% to 41.9%. It is important to note that the highest loss of workers hit less skilled employees during 2007-2010.

The economic growth registered in the last decade in **Albania** is not very much visible on formal employment levels. In 2007, the first labour force survey recorded an employment rate of 56.4%. The registered unemployment rate in 2013 remained high at 13% on average, at the same level as in 2012. The registered unemployment rate remained high at 13% on average,

down slightly from 13.4% in 2011. The labour market in Albania is influenced by many factors, such as higher participation rates of young people in education. The Labour Force Survey (LFS) in 2012 showed that the participation rate in work was 65.5 percent (74.3% for men and 56.6% for women). The labour market is characterized by high participation of self employment reflecting the entrepreneurial spirit of the population. The informal economy remains an important provider of jobs, and child labour remains an important challenge. *(Source: INSTAT)*

In **Montenegro**, a shift is noted from its industrially oriented economy to services. In 2012, approximately 76% of workers were employed in services and 18% in industry. The total number of employed people according to MONSTAT in 2013 was 171,474. In 2013, the trade sector employed the majority of workers (21.8%) followed by the public sector (12.0%). Only 2.54% of the total labour force is employed in agriculture (in the Programme Area, 1.53% of total employed population).

In Montenegro unemployment is high at 19.1% in first quarter of 2014, and has remained practically unchanged since 2010. . Regional disparities are significant. In the coastal and central regions, the unemployment rate is 10% and 15.6% respectively, but it rises to 36.7% in northern Montenegro. Unemployment particularly affects the young (15-24 years) and the long-term unemployed. The slow process of employment generation has also been accompanied by unfavourable migration trends and a steady 'brain drain' process. In the internal migration from the less developed north to the more developed central and coastal areas, the northern region has lost 9.34% of its population from 2007 to 2012.

EDUCATION

Education is one of the most important tools to fight poverty. The EU target is to improve the quality and effectiveness of education and training by reducing school drop-out rates to less than 10% and increase share of people in tertiary education to at least 40%. The Italian participating regions are still far from reaching these goals but the situation is improving over the last decade. The two IPA countries are characteristically suffering in the field of vocational training, which often does not provide the needed skills and preparation to compete in the labour market. Links between educational institutions and the business sector tend to be weak and result in low innovation, research and development activity.

In Italy, education allocates 4.29% of the GDP. The educational domain in **Puglia** highlights good results despite the relatively low performance of the region with regard to Italian average. However, the school dropout rate is very high (19.9% in 2013), above the national average of 17%, with the 20% of young people aged between 18 and 24 years, leaving school early. (Source MIUR).

Molise holds the sixth position in Italy in relation to education and training of youngsters aged 15-19. Molise remains far from the EU 2020 target (i.e. 40% of regional population aged 30-34 with tertiary education attainment); the University attractiveness index scores a negative trend in 2012 (-26%), while the share of population aged 18-24 years without any degree is lower than 20%. (Source MIUR).

Montenegro allocates approximately 4.5% of its GDP to education (2010). Its educational system is relatively well developed. Less than 2% of the inhabitants are illiterate. Secondary schools are located in every city. The tertiary educational system consists of one public university, two private Universities and seven private individual faculties. 70% of all secondary graduates enrol in high education institutions. Nonetheless, the quality of school and university education needs to be improved. In addition, there is a mismatch between education

qualifications and the labour market, but the country has started to address its priorities in this area.

Education is considered a priority field in **Albania**. In the last 10 years public expenditures on education barely exceed 3% of GDP but in meantime this figure does not include a lot of private incentives which have appeared in field. Unlike general education, vocational education has recorded a downward trend. The number of students enrolled in vocational education institutions declined during the period 2006-2011 by about 38% since they are switched to tertiary education. Vocational education is conceived as second best to tertiary education and not as a way to enter the labour market. Opportunities for lifelong learning and opportunity for persons previously removed from education and low-skilled workers to enhance their competencies for work are still limited in quantity and in quality.

HEALTH

Health in the Programme Area represents a sector in which significant progress still needs to be achieved. Italian regions are among the least developed ones with regard to the Italian average with characteristically high percentages of hospital migration for recovery. In the IPA countries, significant efforts are taking place to align health policy with EU standards. However, ambitious goals are limited by the low level of public expenditure. Public health expenditure is characteristically low in the Programme Area (Montenegro records the highest with 9.12% of GDP followed by Italy with 7.2% and Albania with 2.8%). (*Source: Health 2020 as a Framework for Creating Synergy Between Health and Other Sectors Experience of Montenegro, July 2014)*

Puglia Region is still classified among the ''less developed'' ones in Italy. Its public healthcare service is organized into six local authorities, two hospital trusts and two research institutes, with a total health workforce of about 40,000 professionals. 660 is the total number of clinics and general hospitals; Hospital migration in terms of transfers for recovery reaches 7.3%; Integrated Domestic Elderly Assistance (IDEA) for people aged over 65 is equal to 2.2%, while existing dedicated hosting structures are currently 1.200. The improvement of quality and accessibility of services especially in rural areas, the enforcement of infrastructures and the full implementation of e-health tools for managing socio-sanitary policies are some of the main goals for 2014-2020 programming period *(Source: ISTAT).*

Molise Region disposes of 58 clinics and general hospitals. A specific problem seems to be hospital migration, translated in transfers for recovery. In fact the related percentage in 2012 was 20.8, which represents the highest rate among Italian Adriatic Regions. Additionally, Molise is classified as a ''transition region'' concerning children aged 0-3 served by childhood services sharing socio-sanitary difficulties with the rest of Southern Italy, whose average in this particular category reaches 5%, against 17.9% in Northern Italy. IDEA for people aged over 65 is equal to 3.9% *(Source:ISTAT).*

In **Albania**, the health system is mixed with public and private health services. In private hospitals are offered better services while in public hospitals still remain some problems of shortages due to high accumulated debt from public entities and unequal distribution of health services among hospitals. The EC progress report of 2013 emphasized that "*Primary healthcare lacks appropriate funding and human resources. The coverage of insurance-based care is still very low. The public hospital sector remains underdeveloped whereas the private sector is growing without proper regulation".* However despite problems and shortages in Albanian health system life expectancy at birth in Albanian is one of the highest in the region with 77 years, compared with 75 years in Montenegro and 83 in Italy.

In **Montenegro**, primary health care is provided at municipal level (18 medical centres and three health stations). Secondary health care is provided through seven general hospitals, three specialized hospitals, one clinical centre, one institute for physical medicine, rehabilitation and rheumatology „Dr Simo Miloševic" AD Igalo and five stationary facilities. The government strategy 'Health Policies in Montenegro up to 2020' aims to integrate Montenegro's health system with the European and global health development process.

As far as life expectancy is concerned, it has been extended over the past 10 years in all three countries. However, Italy has a higher average of life expectancy with 79.7 years, while in Albania is 2,2 years less (77.5 years) and in Montenegro is only 76.1 years.

Furthermore, infant mortality is decreasing over the years, but it still high in Albania reaching 8.7 infants per 1000 live birth while in Montenegro and Italy is almost half, 4.4 and 3.1 respectively.

Through crossborder cooperation Italian regions could establish transnational networks of healthcare providers and set up actions to manage hospital migration (e.g. according to Regulation (EC) No 883/2004 for transferring patients suffering from rare diseases to other Member States), while Albania and Montenegro may strengthen the capacity for transposition of the EU Directive 2011/24 into their countries. The whole territory may contribute to improve safety, quality and efficiency of existing healthcare systems, benefit from the mobility of expertise and have access to highly specialised care services.

1.1.1.4 RESEARCH, INNOVATION & SME COMPETITIVENESS

SME innovation is one of the major drivers for competitiveness. The Programme Area lags behind the European economy in terms of economic development and obviously necessitates measures of support. Its innovation system is weak, characterised by low R&D investment, low employment in high-technology sectors, small number of patents, insufficient cooperation networks, lack of SME internationalisation and inadequate collaboration between SMEs, Business Support Organizations and research centers. These conditions are made more critical by the economic and debt crisis affecting the national economies of the participating countries. More specifically, the competitiveness and innovation performance characteristics of the Programme Area can be summarised as follows:

The **Italian regions of Puglia and Molise** allocate **significantly lower GDP shares to RTD (GERD)** in comparison to the Italian and EU average; similarly business share in GERD is less that EU average;

Patent applications rates are very low in the two regions; Italy also scores much lower than the EU average;

Puglia has **low employment in high-technology sectors**; Italy similarly is below EU average levels; the same goes for employment in knowledge-intensive services;

The **number of researchers and the total R&D personnel is lower than Italian and EU average**; education indicators also lag behind;

Italy's **SME competitiveness performance is lagging behind EU average** considerably; investments are at EU average;

Italy's eligible regions have more **different profiles** (from "Low tech regions" to "Advanced manufacturing regions" and "Advanced services regions" and from "Research intensive regions" to "Regions with no specialization in knowledge activities").

The following key observations (conclusions derived from World Bank's "Overview of the research and innovation sector in the Western Balkans", 2013) can be made for **Albania and Montenegro**:

Low scientific performance, resulting from the insufficient supply of inputs—human resources, research funding, and facilities; nevertheless scientific performance is showing signs of improvement;

Brain Drain- for example, in Albania more than 50 percent of all lecturers and research workers emigrated during the period 1991–2005;

Obsolescence and depreciation of **research infrastructure**; poorly shared across institutions;

Low patenting activity; inadequate management of intellectual property (IP);

Inefficient **technology- transfer mechanisms** and commercialization of research results;

Missing links of **industry-science interactions**; ad hoc collaborations without long- term strategy;

Businesses show little interest to invest in research and innovation; declining trends in the employment of researchers by the business sector;

Missing **legal framework** to manage intellectual property; missing reforms to facilitate contract enforcement, competition, access to finance, and labour market regulation;

Restructuring and consolidation of **public research organizations** remains unfinished.

REGIONAL INNOVATION CHALLENGES

Puglia can boast a significant industrial system. Located around the large industrial area of Bari, Brindisi and Taranto, but also with significant presence in the Salento, plants and larger production sites are operating in the fields of iron and steel, basic chemicals and fine rubber, glass, energy, automotive, aerospace, food processing, ICT and building materials. Next to them are present in various towns smaller industrial settlements. The regional system of R&D is composed of five (5) Universities (4 state, one private) and their Industrial Liaison Offices (ILO), research centres both public and private, from the Technology Parks of "Technopolis" Valenzano and the "Citta della ricerca" in Brindisi and other technological districts. Puglia has been involved in the aeronautics sector since 1934. Continuous investments in research and development have turned Puglia into a centre of excellence in the aerospace sector which boasts one of the largest industrial concentrations of aerospace firms in Italy and where numerous companies have state-of-the art production facilities. In the last years, the aerospace sector has experienced significant growth. SMEs involved in space account for a yearly turnover of 1 billion EUR and employ about 6 000 people - sometimes recruited directly from the university[4].

[4] EURISY: http://www.eurisy.org/article-smes-in-the-puglian-space_8#sthash.b2en0hCV.dpuf

An aeronautical cluster is present in Puglia and includes large and small enterprises, most of which are situated in the province of Brindisi. It is important to note that Puglia is the only region operating diverse business specialisations: «fixed-wing"(Alenia), "rotating-wing"(AgustaWestland), propulsion and aerospace software (Space Software Italia).

Aero-space research is carried out at the University of Bari, the Polytechnic of Bari and the University of Salento, and also in research centres such as: CETMA, ENEA, CNR-IMM, CNR-ISSIA and Consorzio OPTEL. Considering that much of the research linked to the aero-space cluster indirectly concerns also other fields, ARTI (Regional Agency for Technology and Innovation) estimates that approximately 500 researchers are involved directly or indirectly in research activities relating to the aero-space sector. 300 of them are employed by universities (200 at the University of Bari and 100 at the University of Lecce) and over 200 by research centres, mainly situated in the province of Brindisi. [5]

In the recent years, Puglia has strongly promoted a cluster policy. There are currently 18 thematically driven clusters. Among them, the Creative Puglia cluster brings together 302 private and public partners (companies, foundations, consortia and associations as well as trade unions, Centre for Vocational Training and Research, Industry associations, Handicraft and Trade representatives). Cultural sectors are widely represented: visual art, audio visual, dance, music, multimedia, design, etc.).

The cultural and creative sectors are a key strategic resource for Puglia, which records significant results:

- Growth in the demand for cultural and creative products: all creative and cultural industries recorded increased audiences and consumers, above national averages. Specifically, for what concerns cinema and live entertainments, in the period 2008-2010 Puglia registered[6]:
  - more events (+ 44%, from 94,215 to 136,345);
  - more spectators (+26% from 7.9 mln to 10 mln);
  - more tickets (+ 43%, from 943,000 to 1,350,000;
  - Increase in tourism demand (+23% during the period 2002-2012*);*
  - Expansion of the cultural and creative networks: over 200 new public areas.

In Puglia there are also the headquarters of all major public research centres. In addition to a system of networks of public laboratories, Puglia has a significant presence in the framework of European research infrastructures. It is worth to mention the IAM - Mediterranean Agronomic Institute of Bari, the International Centre for Advanced Mediterranean Agronomic Studies, the Mediterranean Centre for Climate Change (CMCC), and the ESFRI infrastructure for biodiversity.

Several research consortia are also present in the region, such as the Centro Ricerche Bonomo, CETMA, OPTEL, ISBEM and Laser Centre that have a significant public participation.

The analysis of patent activity in Puglia region in the period 1980 - 2011 highlights the prevalence of "Mechanical" and "Chemical" macro-sectors. Almost 40% and 19% of patents in these two sectors have been registered respectively from Puglia from 1978 to 2010.

However, despite progress in terms of innovation capacity and the increasing awareness about innovation issues in regional policy-making, Puglia remains one of the least innovative regions in

[5] ARTI: http://www.arti.puglia.it/index.php?id=169&L=1

[6] Statistical data are from the presentation “Culture and creativity in APULIA” , Apulian ICT Living Labs of June 10, 2013

Italy (Source: EU Regional Innovation Monitor Plus). In **Molise**, the regional innovation system is fragile and characterised by low R&D investment. All indicators show a very limited innovation capacity with respect to both North-Central and Southern Italian regions. In 2011, the total R&D expenditure was only 0.42% of the GDP, significantly lower than the national average (1.25%).

The share of SMEs introducing innovation products or processes was 16.4% in 2010 (last available year), half of the Italian average. These data show the weak competitiveness and fragmentation of local industry. Moreover, the innovation system is also affected by the lack of collaboration between public research and business, as well as by the weaknesses of local organisations providing technology transfer and business services.

The inadequacy of regional technological infrastructures (poorly developed broadband network and logistic facilities and the low level of ICT diffusion are other constraining factors that hinder the development of an innovation friendly environment.

According to the Global Competitiveness Report 2013-2014 of the World Economic Forum, the Global Competitiveness Index for **Albania** is 3.8, while the innovation and sophistication factor is only 3.1. Efforts to stimulate innovation and to strengthen human capital are being made. The national budget for research slightly increased, but the level of investment in research and technological development is still low. Level of investment in research as a share of GDP is estimated around 0.35%, however this figure does not include the private sector contribution (private universities, SMEs), despite the fact that it is limited. The private sector remains dominant and continues to account for about 80% of GDP. Business registration and licensing continued to perform well through the established network of one-stop shops. In 2012 the number of new businesses registered grew by 8% year-on-year; they make up 12% of all active enterprises. SMEs play a very important role in the Albanian economy, providing 71% of official employment, a. 90% of active enterprises in Albania are micro enterprises (1-4 employees), of which 87% operate in the services sector.

Montenegro's innovation policy focuses mainly on research, in order to become a knowledge-based society and increase its economic competitiveness. According to the Global Competitiveness Report 2013-2014, the Global Competitiveness Index for Montenegro is 4.2 while Innovation and Sophistication is only 3.6. The level of investment in research increased from 0.13% in 2010 to 0.43% of GDP in 2012. About three-fifths of the 1.62 percent gap in R&D financing (GERD) between Montenegro and the EU can be traced to exceptionally low private sector spending, while the remaining 40% is due to inadequate public sector performance. The private sector in Montenegro contributes 27% of the GERD. Yet government budget outlays on R&D as a share of total general government expenditure have increased from 0.20 percent in 2008 to 0.27 percent in 2010. The plan is to raise the level of investment in research to 1.4% in 2016 (source: Ministry of science).

Commercialization of research and private sector spending on R&D are hampered by weak technological capacity. R&D Survey results for 2011 show that 2,303 personnel were engaged in R&D jobs that year, of which 1,699 were researchers. Approximately 65% of those employed in R&D institutions work at the University of Montenegro. *(Source: MONSTAT)*

Montenegro recently created its first science and technology park and has taken several measures in line with the European Research Area and Innovation Union to strengthen capacity building. In 2012, it amended the Strategy on scientific research activities 2012–2016, placing greater focus on development research and introducing new instruments to bring national research funding more in line with the EU research priorities. On 1 June 2014, a first Centre of excellence named Bio –ICT was established in bio-informatics.

Montenegro has research infrastructure potential in the areas of: (a) biomedical and life sciences; (b) Information and Communication Technologies (ICT); and (c) materials science (*Source: WESTERN BALKANS REGIONAL R&D STRATEGY FOR INNOVATION; WB, 2013)*.

SMEs contribute around 60% of Montenegrin GDP. They account for about 99% of the total number of enterprises and their share in total employment is about 67%. . Public-sector support for SMEs is far from optimal. Most SMEs lack managerial and marketing experience.

Business support services (business centres, business incubators, business advisory services, etc.) to help them build up performance and strengthen their competitiveness, are not well developed. Furthermore, the business advisory profession and tradition of using its services is still in the early stage of development in Montenegro. Other constraints include the existence of business barriers and inadequate access to finance. These discourage initiatives for fostering cross border cooperation and creating various types of business clusters and vertically integrated company linkages. So far, for example, out of the 63 potential business clusters identified to date, only 4 have been established in metal-processing, inland water fishing, wine production and olive oil production. Consequently, options should be explored for reducing business barriers and creating a more business-friendly environment for cross border cooperation.

The Indicative Strategy Paper for Montenegro 2014 – 2020 sets as priority the development of a comprehensive industrial competitiveness strategy and of the necessary administrative capacity needed to ensure its appropriate implementation.

1.1.1.5 TERRITORIAL ATTRACTIVENESS: NATURAL AND CULTURAL HERITAGE

TOURISM AS A DRIVER FOR GROWTH

The Programme Area is a culturally diverse European region that has unique cultural/historic heritage, attractive natural landscapes, and old culinary traditions offering a variety of eno-gastronomic and folk craft products. Tourism is therefore one of the important drivers of the Programme Area economy, in terms of absolute value, Gross Value Added (GVA) and employment. However, the Area is characterised by inefficient cross-border territorial synergies, seasonal tourism demand, lack of brand reputation, absence of sustainable identity promotion strategies, and difficulties in accessibility. Furthermore, its economic development is particularly compromised by the lack of planning instruments for the smart and sustainable cultural and natural heritage, along with the shortage of knowledge, experience and skills in destination management and marketing, as well as the lack of differentiated and innovative tourism products and services. In this context, the Programme represents an opportunity for for the area to develop jointly shared models for sustainable tourism management at macroregional level and to promote less known destinations, through better links to traditional tourist offers.

Overnight stays during the period 2008 – 2011 in the Programme Area were about four times higher than the European average in the same period. The Italian regions obviously show the highest tourism rates, while Albania records the highest tourism growth rate (50% increase from 2008 to 2012). Tourism tends to concentrate in coastal regions.

The Italian Adriatic Regions have by far the largest tourism accommodation capacity Across the Programme Area countries, the share of inbound tourism (visits from abroad) differs very widely: in 2011, it ranges from a low of 40.9 % of total nights spent in Italy, 44.4% in Albania to a

high of 88.8 % in Montenegro. Montenegro is in the lead recording the longest length of stay in the Area, with an average 6.35 days, and Albania the lowest with 2.5 days.

Tourism demand in **Puglia** remains below national average. In Italy, Puglia is among the top 5 leisure tourism destinations in terms of internal arrivals and ranks 7th for business tourism. According to 2013 regional data, over 3.1 million arrivals and approximately 13.3 million overnight stays have been registered. The contribution of the tourism sector to GDP is at the range of 8% and, according to IPRES forecasts, the trend is positive and tourism will result even more relevant in the next years. Maritime tourism is especially important for the region: there are 64 ports, of which 46 on the Adriatic side and 18 on the Ionian side, hosting a total amount of 12.703 boat moorings, fully congested during summertime. (Source: Agenzia Puglia Promozione, IPRES).

Molise is very seasonal and is concentrated along the coastal sites. Only 36.4 beds per person are available each 1,000 inhabitants. Moreover, 80% of the hotels are located near Campobasso and its province. According to UNIONCAMERE data (2011) the percentage of tourist enterprises of the overall existing enterprises in Molise, reaches 6%, against a national average of 6,6%.. Only 4,2% of regional employees come from this field, below national value (5,3%).

Private operators in Molise cultural sector corresponds to 0,5% of national cultural enterprises. The percentage of cultural employees (1,3%) is below Southern Italy average (1,6%) and below national average as well (1,7%). At a glance, one of the main needs of the territory seems to be the creation of networking among cultural and historical heritage and natural landscapes. So, it appears necessary to better enhance - through appropriate joint initiatives of cross-border cooperation - ancient rural boroughs, historical sites and green treasures which can represent a model of attractiveness in terms of genuine lifestyle, environmental quality, social cohesion against demographic loss. (Source: Unioncamere Molise).

In **Albania**, the development of sustainable tourism potential has been identified as a key challenge since the previous programming period and remains one of the main strategic priorities of the government. Despite the steady growth of incoming travellers over the recent years, the number of travellers remains low compared to neighbouring countries of Greece, Montenegro and Croatia. Hotel accommodation capacity, which recorded a steady growth until 2011, has slowed down during the past three years. There is still space to improve hospitality standards and differentiation of tourism product. The Ministry of Tourism is in the process of preparing the new Tourism Strategy for the period 2014-2020 and has launched a process for preparation of a National Coastal Spatial Plan and a lot of ambitious projects in support of tourism. The government is improving management and has adopted more strict measures against uncontrolled development and illegal construction throughout the coastal zone.

Tourism has been in expansion over the past years in **Montenegro** and has become the country's key industry. Besides attractive coast and several inland cities, the country offers unique landscape resources, mountains, forests, lakes, clean rivers, mineral and thermal springs, natural parks, biodiversity, old traditional villages and rich historical and cultural heritage, including a well-known culinary tradition of its diverse ethnic groups. The National tourism organisation builds on these qualities to promote the country on the global tourism market as the 'Wild Beauty'.

In Montenegro, 1,492,006 arrivals were recorded in 2013, 3.6% more in comparison with the previous year 2012, while overnight stays registered a 2.8% increase from 2012. Overnight stays of domestic tourists represent 10.6%, while the foreign tourists represent 89.4% of all overnight stays in 2012. The tourism sector accounts for 19.5% of GDP. In 2013 the direct contribution of travel and tourism to GDP stood at 9.8% of total GDP. *(Source: Montenegro Statistical Office, 2014)*

The key weaknesses hampering tourism development, particularly outside the major tourist centres on the coast, are inadequate hospitality infrastructure, insufficient capacity to plan and implement tourism development programmes, poor management and marketing skills, static and ineffective tourist promotion, lack of financial resources, low integration of cultural heritage in the tourism offer, lack of information exchange within the tourism industry, low level of networking between tourism operators and other sectors like agriculture, and lack of differentiated and innovative tourism products and services that would encompass the whole region and make it more attractive to potential tourists. Consequently, the tourism season is short and one of the key challenge that its promoters are facing is to extend it beyond the summer months accounting for more than 75% of visitor arrivals.

(Data in this section are derived from Eurostat, ISTAT, ISTAT, MONSTAT).

PROTECTION AND ENHANCEMENT OF NATURAL RESOURCES

The Programme Area has a wide set of valuable natural areas in terms of landscape and rich biodiversity, including forests, agricultural land, mountainous zones, watercourses and coastlines, caves and cavities of karst origin with a typical territorial appearance. However, as noted earlier, the Programme Area is characterised by inefficient cross-border territorial synergies, seasonal tourism demand, lack of brand reputation and absence of sustainable identity promotion strategies. Furthermore, it is important to note the distinct line between the participating EU-member state and the two IPA countries as regards the protection of natural resources. The Italian regions' share of protected areas and Natura sites is much larger. This undoubtedly indicates a different approach in designation and management of these areas. It is clear that the two non-member states need capacity building, better enforcement and proper coordination, since strong and well equipped administration at national and local level is imperative for the application and enforcement of the acquis. A more careful development planning that takes into account the unique natural values at cross-border can be envisaged with this Cooperation Programme.

In **Puglia** there are different categories of sites under protection, according to EU, national and regional law. They include: 2 national parks; 16 national natural reserves; 3 marine protected areas; 19 regional protected areas. In relation to NATURA 2000 there are 89 sites of interest (20,6% of the regional surface), of which 11 are Special Protection Zones. (Source: Istat)

The region of **Molise** has a variety of important Natural Protected Areas (1,46% of regional surface): One National Park, shared with Lazio and Abruzzo; four Natural Reserves; two Oasis managed by environmental activist organizations. In relation to NATURA 2000, 85 sites of Community Interest can be found (21,5% of the regional surface), as well as 12 Special Protection Zones (14,7% of the regional surface). (Source: Istat)

In **Albania** the proportion of protected territory was increased from 0.75% to 15.83% and includes 17 National Protected Areas, five Managed Natural Reserves, Nature Monuments, Protected Landscapes and Ramsar sites. The current coverage of protected areas is uneven and is not representative of the different habitat types which exist in the country. The national network is still small to have an effective long-term impact on biodiversity protection. The government has taken a lot of measures to eliminate threats by informal construction, woodcutting and illegal hunting. Fishing resources are also endangered particularly due to the over-fishing near coastal area and use of illegal practices. Only a few steps have been taken following the acceptance by the Bern Convention in 2011 of the candidate sites proposed by Albania for the Emerald Network.

Montenegro has a network of 5 nationally protected parks , which covers 7.37 % of the national territory: Durmitor, Skadarsko jezero (Skadar Lake), Lovćen, Biogradska gora and Prokletije. The rest includes over 48 protected areas designated as: Natural Monument, Landscape of Outstanding Qualities, and Nature Reserves covering 1,69% of the territory. All Nature Reserves (except for Tivatska solila) are located within the two National Parks – the Lake of Skadar and Durmitor Mt. – thus forming their integral parts). Transboundary areas are also included in the network, such as the Lake of Skadar, shared between Montenegro and Albania. Forests are the most extensive ecosystem in the country, covering approximately 45% of its territory. *(Source: "Results of the initial evaluation of Protected Area Management in Montenegro using RAPPAM Methodology", Ministry of Tourism and Environment of Montenegro, 2011)*

Montenegro is aligning its nature protection policy and preparing for establishment of the Natura 2000 network, even if most of actions have not been implemented to date due to a lack of capacity, financial limitations and other pressing priorities. Among others, the development of scientific information and data required for the designation of sites slated for protection is still at a very early stage. Municipal authorities responsible for preparation of studies and protection of sites of regional importance) do not have the sufficient knowledge or means to engage in such endeavors, and are unable to stop uncontrolled development. Disappearance of natural features of protected objects of nature is pronounced in the Montenegrin Littoral where the tourism/urban development pressure is dominant, particularly on the protected beaches and their immediate hinterland. The implementation of the Coastal area management programme (CAMP MNE), prepared with UNEP support in 2014, along with more careful development planning taking into account the unique natural values of the coast could stop further degradation of this area.

1.1.1.6 ENVIRONMENTAL PROTECTION, RISK MANAGEMENT AND LOW CARBON STRATEGIES

The Programme Area participants face many shared environmental threats such as climate change impacts, the need to reduce CO2, PM and NO2 and formation of ozone, and degradation of the environment. Cross-border cooperation can be critical in this direction, as new solutions need to be found and these can benefit greatly from pooling knowledge and exchange of good practices.

CLIMATE CHANGE

Overall the Programme Area is characterized by medium level of per capita emissions with a noted contrast between Italy (at appr. 6.5 teq) and Montenegro at approximately half that level. Albania is distinctively lower at 1,5 teq per capita and year, as a result of the low motorization and the very high share of electricity from Renewable Energy Sources (RES).

According to a recent ARPA Puglia air quality survey, the Region of **Puglia** presents quite a homogeneous status, mostly respecting the Italian law parameters. The only exceptions can be found in Taranto (Tamburi neighbourhood) and Martina Franca. Despite this, sustainable urban mobility for CO2 low emissions is an issue, and Puglia still results, at national level, one of the main Italian Regions in terms of industrial pollution of the atmosphere. The most important industrial plants are based in Brindisi and Taranto areas, so their contribution to the general balance of air quality, is definitely heavy. Finally, ozone concentration, especially during

summertime, is diffused all over the territory and constantly exceeds target values for health protection. (source: Arpa Puglia)

Reduction of CO2 emissions is a priority also in **Molise** where CO2 emissions increased by 57% during 2005-2011 in relation to 1990 values.

Albania lacks a comprehensive country-wide climate policy and strategy. The country regularly associated itself with EU positions in the international context, but has not yet put forward a mitigation commitment by 2020. In line with the EU Green Paper 'A 2030 framework for climate and energy policies', the country needs to start reflecting on its climate and energy framework for 2030. As regards alignment with the climate *acquis*, legislation has been adopted in the field of fuel quality. Significant efforts are still required to enhance the country's monitoring, reporting and verification capacity. Climate awareness at all levels remains low and cooperation between all relevant stakeholders requires further strengthening.

As regards climate change, **Montenegro** has ratified the Kyoto Protocol. It is a non-Annex I Party to the United Nations Framework Convention on climate change (UNFCCC) and has no greenhouse gas (GHG) emission limitation/reduction target. According to the 2013 EU Progress report: "*Montenegro is not ready to take on a legally binding GHG emission limitation or reduction commitment under the post-2012 climate regime. It is not able to meet the GHG reporting obligations under Decision 280/2004/EC on the monitoring mechanism. The country has associated itself with the Copenhagen Accord but not yet put forward a mitigation commitment by 2020 consistent with those of the EU and its Member States. Regarding alignment with climate acquis, Montenegro is at an early stage".*

AIR QUALITY

The major cause of air pollution problems in the programme area are industrial activities (including power plants, oil refineries, chemical industry and metallurgical complexes), the construction sector, uncontrolled combustion of the waste at the landfills and transport mainly through increased traffic (including the existing large number of vehicles and its annual growth, the bad quality of fuel used, their production year).

In **Puglia**, according to its Annual Report on Air Quality 2013, the only problem concerns PM10. Data shows that the limit of 35 exceedances per annum of the daily average of 50 µg/m3 was overpassed, in Torchiarolo (due to emissions from biomass) and in Martina Franca (due to the traffic). Thresholds set by the law were not exceeded for NO2 (a maximum of 15 mg/m3 against the limit of 40mg/m3) and the average value of NO2 (in mg/m3) shows lower values in 2013 compared to 2002. Ozone (O3) in summer months is a widespread criticality for this region. Limit values set for health protection have been overpassed for the last few years in multiple sites including Lecce, Brindisi, Taranto and Foggia.
No such data are available for **Molise** region.

In **Albania**, the key elements that contribute to the reduction of air quality are transports and the construction sector. From the measurements made at monitoring stations of Korca and Vlora the main air pollutant is particulate matter whose annual average PM10 content is higher than the normal average content in Albania and the limits of European legislation. For other pollutants, no problematic measurements have been observed.

Air quality in **Montenegro** is a big concern: measurements show that concentrations of PM10 in 2012 was 52 µg/m38, which is much higher than what the EU and the World Health Organization (WHO) have set to protect health. A recent report in Montenegro on air quality in 2013 (from EPA, Environment Protection Agency of Montenegro) states that during that year,

the annual limit value for PM10, 40 µg/m3, was exceeded in some of the locations; especially in the cities of Berane, Bijelo Polje, Bar, Cetinje, and Podgorica, it's necessary to employ air pollution measures and improve air quality.

Since air quality represents one of the main challenges for the programme area, appropriate measures of assessment should be taken through monitoring, modelling, and objective estimation for the compliance with the environmental standards according to the Directive 2008/50/EC. Besides this, in order to reduce adverse effects of air pollution on health and environment, measures need to be taken, starting from reducing negative environmental impacts, pollution and GHG emissions in different fields, from public and freight transport to industrial production and energy supply.

EXPOSURE TO NATURAL RISKS

Many parts of the Programme Area present a relatively high exposure to risks of natural and human causes compared to national and EU average (landslide, seismic, hydraulic and hydrogeological risks, soil desertification, erosion and fires, stress from urban and tourism development, or industrial pollution). Moreover, even more aggressive are social behaviors, the processes of economic development and new lifestyles that increasingly impact on the Programme Area landscape altering its beauty and integrity.

In **Puglia** Region, forestry fires, in 2011, caused 945 cases of ''green'' surface destruction. Soil consumption and progressive constructions highlight a concrete menace for regional ecology, notably in Salento, in central areas and in Ionic bow. The coastal zone is highly stressed by tourism and by human activities. This is true especially for sand dunes (37% of coastal line), suffering erosion and loss of natural defensive functionality against marine advancement. Almost all the landslide risk is concentrated in the province of Foggia, where around 30% of the territory is classified at risk in comparison to a regional average equal to 8.4%.

Molise is the Italian region with the highest number (36%) of municipalities exposed to landslide risk. High seismic risk is extended to 91,2% of regional territory while the inhabitants potentially damaged correspond to the 83,3% of the whole regional population. Furthermore 43 municipalities are situated in Highest Risk Area, 84 in Medium Risk Area and only 9 in Low Risk Area *(Source:ISTAT/Protezione Civile, 2012).*

Almost all of **Montenegro** is exposed to frequent seismic events, especially along the coast, the Zeta-Skadar depression and the Berane basin. Around 40% of its territory is within a zone of anticipated seismic intensity, affecting around 60% of the population. Floods are the most frequent natural hazard, with Pažićko polje and the Lim River valley most prone to flooding.

As regards industrial pollution control and risk management, **Albania** ratified in September 2012 the Protocol on Preparedness, Response and Cooperation to Pollution Incidents by Hazardous and Noxious Substances (OPRC-HNS). As regards environmental noise policies, a permanent task force has been established to deal with noise pollution in urban centres and costal tourist areas but enforcement of its decisions is dubious.

The Programme participating countries practice different approaches in the water field and presents a different level of maturity to embody European Directive on water sector, adopting, in particular, River basin management plan (RBMP) (under Directive 2000/60/EC, the Water Framework Directive (WFD)) and flood risk management plan (FRMP) (under Directive 2007/60/EC, the Floods Directive).

The whole Programme area is facing important challenges in terms of environmental impact on water management, on one hand protecting, improving and maintaining the environmental

condition of surface and ground waters, on the other by conforming to Priority Area 4 "To restore and maintain the quality of waters" and Priority Area 5 "To manage environmental risks" of the European Danube Region Strategy – EUSDR (in Montenegro).

WATER AND WASTE MANAGEMENT

The Programme participating states practice different approaches in the water field; Puglia and Molise are included in the River Basin District named “Distretto idrografico dell'Appennino meridionale”, whose Management Plan was approved on Italian Official Journal n.160 of 10/07/2013. This RBMP represents the strategy implementation of Water Framework Directive 2000/60/EC in terms of water management and governance, sustainability and protection, integrating the provisions of Flood Risk Management Plan under Directive 2007/60/EC in terms of efficient and rationale use of water resources, guaranteeing a sound management and evaluation framework of flood risks.

Strategy Papers for Albania and Montenegro recommend the setting up of measures to improve institutional capacity and creating conditions to establish an efficient and effective water management system. In October 2006 the *International Commission for the Protection of the Danube River* (ICPDR) received the formal letter from Montenegro announcing their ratification of the Danube River Protection Convention, with the objectives of conserving, improving and promoting a rational use of surface waters and groundwater, control hazards originating from accidents (floods, ice or hazardous substances), reduce the pollution loads entering the Black Sea.

Besides the overall high consumption, which is partially caused by low water prices and low collection rates, other problems in the water supply system include water shortages, especially in the coastal areas and during the summer season, and insufficient level of coverage of the rural areas with public water supply systems (with poor water quality control for the waters from the rural water supply systems and other sources). Quality of drinking water is regularly monitored for the public water supply systems and the quality requirements are in line with WHO and EU standards. Discharge of communal and industrial wastewater into natural recipients is done with almost no treatment other than primary. An additional problem is the lack of pre-treatment of industrial wastewater discharged into the public sewage systems, and a low level of residential connection to the sewerage especially in the remote areas.

As far as the protection of the environment is concerned and with reference to water cycle management, the Programme Area is characterised by a lack of related integrated plans and it suffers from wastages and high consumption levels, either when water is used for civil, industrial or agriculture scopes. Additionally, the area is missing common models, developed according to EU standards, for the safeguarding and exploitation of local biodiversity and marine and inland water landscapes.

Water is a main issue in the political and administrative agenda of **Puglia**, as it is essential for its agricultural sector, encompassing almost 352.000 farms. The Region does not have any relevant surface fresh water source and it manages the biggest water supply system in Europe (the Acquedotto Pugliese). Therefore, the strategic priorities for the sector are mainly the re-use of waste water and water efficiency. (Source: ISTAT).

Molise is characterized by the presence of surface fresh water that is collected and distributed throughout five water systems that are serving around 500,000 users.

In **Albania** recent developments demonstrate improvements. The Law on integrated water management was adopted in 2012 and a water supply and sewerage master plan was finalized in 2013. Centralized wastewater collection only exists in the larger cities. Four wastewater treatment plants are functioning while three other plants are not yet operational and two more are under construction. The capacity of public water companies to manage basic services in delivering drinking water and waste water treatment is weak. Development of river basin management plans, including at regional level, is at an early stage.

Montenegro, on the other hand, has good quality and abundant underground and surface waters due to rich rainfall and relatively well-preserved water resources and low density. But the average consumption is exceptionally high. The country has an ambitious plan to improve the water supply and waste water management infrastructure. Particular focus will be assigned to improving the municipal waste water collection and treatment for the most important agglomerations.

In the field of **waste generation**, the Programme Area is characterized by lower waste levels than the EU28 but with rapidly rising per capita levels and overall poorly coordinated waste management mechanisms with limited recycling structures and a heavy reliance on (often uncontrolled) landfills. Yet, there are considerable variations within the Programme Area, especially between the Italian regions and the two IPA countries.

In **Puglia**, the annual production of urban waste decreased from 2009 to 2011. Special waste production falls under: waste treatment and sewage water depuration (20,7% of the total); metal production (9,8%); chemical industry (9,7%); electric energy, water and gas production (9,1%).(Source: ISTAT).

In **Molise**, urban waste recovered per inhabitant – during 1996-2012 – increased from 364.7 kg to 404.4 kg. Traditional management methods seem to persist and in 2012 the amount of waste carried to dumps was double of the Italian average. The percentage related to recycled waste has improved, even though it is still below the Southern Italy average (26,5%) and below national average as well (45%).

In Albania there is a progress in adopting implementing legislation on waste management and preparing management plans in Tirana, Lezha and Shkodra. Waste management remains a serious cause of concern. Separation of waste has not yet started with few exceptions, and recycling rates are very low. The recycling industry is nascent and municipalities have very weak capacities to manage waste, including at the end destination. Most of the waste is still disposed of unsafely in legal and illegal dumpsites or burned. There are still no facilities for hazardous, medical and construction waste, and no clear procedure for the management and control of landfills. New investments in the area of waste should focus more on waste separation and recycling.

In the area of waste management**, Montenegro** adopted implementing legislation on waste oil handling, on handling PCB-containing equipment and waste, on handling and processing construction waste, and on conditions and methods of disposal of cement asbestos waste. The negative impacts from waste will be reduced by constructing 6 waste management centres with an EU regulations compliant sanitary landfill, each. In addition, 15 waste treatment installations will be constructed. This will allow starting of the closures of all non-compliant landfill sites. A strategy for the export/treatment of hazardous waste and a waste prevention programme will be prepared in line with the EU waste legislation.

LOW CARBON STRATEGIES AND RENEWABLE ENERGY SOURCES

Energy policy is perceived as one of the key challenges of the coming decade at European, but also at global level. In order to ensure the achievement of the EU 2020 goals, EU Member

States need to invest in measures which support the shift towards a resource-efficient and low-carbon European economy that is efficient in the way it uses all resources, to decouple economic growth from resource and energy use, reduce CO2 emissions, enhance competitiveness and promote greater energy security.

There is recognition of the strategic importance of energy efficiency for the future development and prosperity of the Programme Area, which has still untapped potential to reap economic advantages through further utilization of renewable energy from natural resources (e.g. wind, water, solar/geothermal, biomass etc). In the RES sector specifically there is a division between the Italian regions, where RES is relatively low but diversified (with wind power and photovoltaic (PV) being well developed), and the two non-member states, Albania and Montenegro, which have a higher share due to the importance of hydro-power.

Certain areas of the programme are susceptible to climate change, notably flooding and land erosion; the presence of infrastructures for hydropower, may further worsen these risks. An appropriate strategic planning on water management and renewable energy sources should foresee relevant climate change mitigation and adaptation measures.

High level of experience and expertise on specific renewable energy production and energy efficiency is already available in some regions of the Programme area. Cross-border cooperation and knowledge exchange, in particular, in the regulatory framework, can facilitate reaching EU energy strategy goals. It can also help to take stock of favourable location factors such as geothermal sources, wind conditions, solar radiation and regional biomass resources, in order to diversify renewably energy resource potential and implementation.

Most of the regions of the Programme area show high energy consumption and a low degree of energy efficiency of buildings and infrastructure which are the main contributors to greenhouse gas emissions. The efficient use of energy can make an important contribution to achieving a low-carbon economy, to combating climate change with positive effects on air quality.

Both **Puglia** and **Molise** offer a surplus of electric energy production; Puglia ranks third in Italy for electric energy produced from renewables. Nevertheless, energy provision still remains underdeveloped. According to the available data, from 2012 to 2013 electric energy consumption has decreased of -1,4%, from 18.545,70 (mln/kwH) to 16.970,50. **Molise** Region, in the period 2005-2011, has significantly improved its production of electric energy from alternative sources. In 2011, it reached 67,4% of this production, exceeding the 20% target indicated by Europe 2020 Strategy. According to a 2012 survey (ISTAT), Molise counts on 78,5% as consumption of energy covered by renewables. Currently, this makes Molise the best ''green'' electricity producer in Adriatic-Ionian Italy. In the region, eolic plants have dramatically increased by 420%, hydroelectric Energy arose to +48% (see also Documento Programmatico Molise POR FESR 2014-2020). (Source: ISTAT).

However, despite the above positive outcomes on energy saving in the Italian regions, it has to be reminded that energy surplus produced in the area depends on thermoelectric industry and on import of raw materials. Aiming to reach 78,9% (Renewables/Final Gross Consumption), it will be necessary to mix sources, enforcing in particular forestry and agricultural biomasses utilization. In this perspective some specific initiatives related to public and private building energy efficiency are considered strategic: smart grids in urban areas, as well as promotion of sustainable and clean mobility for a better quality of citizens' life.

In **Albania** there has been some progress on renewable energy: 11 new agreements were signed in 2012 to construct and operate hydropower plants (HPPs). The Law on renewable energy was adopted aiming at further alignment with the *acquis*. The development of the National Renewable Energy Action Plan is delayed. Rules concerning access to the grid for renewable energy installations are to be included in the new Power Sector Law. Administrative barriers for licensing and authorisation of renewable energy investments and connection of

renewable energy producers to the grid have not been reduced. The law on biofuels remains to be amended in order to approximate it to the *acquis* on the use of renewable energy in transport.

In **Montenegro**, in addition to its hydro and thermal energy potential, significant but still unexploited opportunities for use of solar and wind power energy exist. Montenegro is very dependent on coal and on imported power. The three largest production sites provide 86% of the country's power production. Montenegro's target for renewable sources as a proportion of gross final consumption of energy is 33% *(Source; Montenegro Wind Power Assessment Analysis and screening report –energy.)*

On 16 December 2014, Montenegro has adopted a new Law on efficient use of energy, which has fully transposed the EU acquis in this area. However, it still needs to adopt the ten-year work programme on the development of renewable energy sources. The country lacks administrative capacity for the promotion of energy efficiency and, therefore, projects and actions in this area are developing at a slow pace.

1.1.1.7 CROSS-BORDER NETWORKS AND ACCESSIBILITY

The Programme Area is fragmented on two sides of the Adriatic-Ionian Sea and this specifies the pattern of spatial interactions. The diverse Balkan topography contributes to a further fragmentation of physical relations: both internal and external ones. In addition, the increased number of borders created in the last 20 years in the wider Balkan area has a direct impact on international and interregional crossings.

One can make a distinction between the external accessibility of the macro region Adriatic Ionian and the accessibility within the different regions that compose it. External accessibility is essentially linked to ports, airports and major routes by land, rail and road crossings, while the interior is linked to connections of short and medium range dominated by road and rail networks. In addition to these, there is a network of minor roads and railways linking together the cities and regions of the larger system.

There is recognition of the importance of improved transport infrastructure and services to the future development and prosperity of the Programme Area, which is highly reliant on car based transport, with resulting high carbon emissions. The connections to the hinterland are poor with many bottlenecks on multimodal connections, while coordination is also inadequate. In addition, the density of the railway network is lower than the EU average and presents average low standards both as regards the rail infrastructure and services, passengers and goods, and limited mobility especially at international level. The Programme Area has limited direct maritime and air connections, while internal integration today appears to be inadequate, as many distances are served by road or rail transport, certainly slower but cheaper.

PORTS

Compared to the network of European ports, those belonging to the Programme Area can be considered small to medium-sized all with regard to the flow of containers (TEUs), taken as an indicator of international competitiveness. It should be recognized that port traffic in the cooperating countries shows a prevalence of imports compared to exports. The limited

interregional or international hinterland of the ports is due to two main factors: the low population density or limited extension of the areas served, and the difficulties caused by the topography of the connections.

Puglia has three major ports with diversified functions. Brindisi is an important commercial and industrial port, Bari, in addition to being a commercial port, is mainly a passenger and cruise ship terminal, while the port of Taranto has important traffic volume and has connections with international ports in the Mediterranean basin, the Far East and the US. The number of seaborne passengers transported to or from the main ports of Puglia fell by 3.4% in 2012. Similarly, the number of total goods loaded and unloaded from the main ports in Puglia has been reduced in the last three years by around 6%.

In **Molise** there is a single port that is a terminal for passengers transport as well as tourist and fishermen harbour.

In Albania, the port of Duress is the biggest in the country regarding goods (currently 78% of total maritime trade at national level) and is the main gateway to Italy for passenger traffic. The Port of Vlore is the second largest and the secondary terminal port of "Corridor VIII" project after Duress. Both ports are now undergoing modernization. The third largest harbor is the port of Shëngjin in the northeast that services mostly cargo in bulk and fuel. In the south there is a sea link connection with Corfu , while the secondary port of Saranda is being transformed into a tourist port.

In **Montenegro**, the port of Bar is the country's major commercial port, which carries out 95% of maritime transport. The port of Kotor services large cruisers and other commercial boats, while the marina in Tivat has positioned itself as a major Adriatic gateway for yachts.

Competitive pressure from other regional ports, impose on Montenegro to invest in combined truck/railway transport on the most important directions, open new perspectives for Ro-Ro transport and better connect ship ferry lines with Italy. The country has limited inland waterways transport on the Lake Skadar and the connecting rivers. The lake, shared by Montenegro and Albania, has attractive tourism potential, but there is no waterway traffic between the two countries, although both sides have expressed interest in its development.

AIRPORTS

The Programme Area has a network of airports in some medium-sized ports and a number of other smaller airports of regional ranking. It has limited direct connections, while integration inside the Programme Area today appears to be inadequate, as many distances are served by road or rail transport, certainly slower but cheaper.

In **Puglia** there are four airports, in Bari, Brindisi, Foggia and Taranto. According to the available data (2012) passengers traffic is increasing in Bari (+1,41% in comparison to 2011) and in Brindisi (+2,11 in comparison to 2011), while Foggia from 2010 to 2011 reports a -11,9%.(Source: Aeroporti di Puglia)

There are currently no airports in **Molise**.

In **Albania** there is only one international airport in Tirana, which has been constructed under a special agreement with private investors in 2002 that prevents the development of new or using other existing airport in the country for next 20 years. This fact is considered as an obstacle for tourism development on the south coast, given the poor level of the existing transport infrastructure.

In **Montenegro** there are two international airports – Podgorica and Tivat. The modernization of both international airports forms part of government plans in the period 2013-2016.

ROAD NETWORK

The road network in the Programme Area is affected by the morphology of mainland. The great part of the road network of Albania and Montenegro and also of the Italian regions presents in fact flows between 5-10,000 vehicles daily which can give rise to saturation.

The Italian side has a highway network, which presents problems only around some of the major coastal urban areas. In **Puglia** there are 313 km of highways, 1.645 km of national roads, 1.413 km or regional roads and 8.240 km of local roads. **Molise** in 2011 had an impact of 19.4 (T/km) per 10,000 inhabitants on road freight transport compared to 14.7 of Southern regions and 22.8 of the entire country. (Source: Italian Ministry of Infrastructure and Transports)

Road transport is the main form of movement of goods and passengers in **Albania**. Improvements are continuously being made throughout the network. Construction work began on the Fier by-pass on road Corridor VIII, while construction of the Tirana–Elbasan road is progressing and the Damës-Tepelenë segment is still not completed. On the north-south corridor, the section from Shkodra to the border with Montenegro has been completed with the exception of Shkodra ring road, which is delayed. The tender for the maintenance concession for the Milot-Morine motorway, launched in February 2012, has not yet been finalised. Expropriation problems and lack of funds continue to slow down some projects. Lately government is pushing comprehensive environmental impact assessments.

The national road network of **Montenegro** consists of primary and regional roads totaling 1847 km. Furthermore, there are regional roads which also connect Montenegro with the region but of modest technical elements on which there is almost no traffic or there may be modest volume of traffic, solely passenger transport. The EU and **Montenegro** agree that the improvement of road and rail links included in the South-East Europe Transport Observatory (SEETO) comprehensive network is a priority. *(Source: Government of ME, Ministry of Transport, Maritime Affairs and Telecommunications)*

RAIL NETWORK

The railway network is not welll developed in the Programme Area presenting average low standards both as regards the rail infrastructure and services, passengers and goods, and a limited railway mobility especially at international level.

Puglia has a railway network of 838 km. The European Commission has recently approved an investment of 115 million EUR from ERDF for two railway projects in Puglia. The first project “Electric railway line Bari-Taranto” foresees the electrification of the 121 km long Bari-Taranto Railway Network running parallel to the Bari-Taranto standard railway line. The second project “Modernisation of the FSE railway line” is expected to speed up the modernization of the standard railway network managed by Ferrovie del Sud-Est in the area of Salento, providing a better signaling and safety equipment. Both projects are part of a strategic transport plan for the region to improve railway transport infrastructure and services for better accessibility, reliability and safety of rail travel.

In **Molise** the regional infrastructure rail network presents a density of 6 km of network every 100 sqm. The region, however, is not crossed by high-speed lines. Only 74.0% of the rail network is electrified and 66.6% of the electrified lines are single track. According to SVIMEZ (*Indice sintetico di dotazione infrastrutturale per la mobilità logistica e la movimentazione dei flussi*), if the national average is calculated as 100, the Molise network is assessed as a value of 43.5. This figure is below the average for the South (66.8) and ranks the region in the third-last place at national level. Moreover, in spite of a strong number of rail terminals in (229.8

considering 100 the Italian average) there is a lack of connections to the rail network. Source: SVIMEZ).

In **Albania**, the railway network has a total length of 447 km. It stretches from the border station Bajza (bordering Montenegro) north to south with Vlora terminus, to the east terminus of Pogradec, on the border with FyrMacedonia. Connection with the international railway network is through the line Bajze - Podgorica, which is currently used for the transport of goods only. It is also linked with the Port of Durres. Electric trains are not yet in operation. After 1990, railway transport volumes decreased drastically, both goods as well as passengers. There has been no progress in developing the rail network. The new Railway Law is still awaiting adoption.

In **Montenegro**, the rail network consists of 250 km of track. Of these, 168 km are electrified and there are no double lines. A 167 km main line connects the Port of Bar on the Adriatic city to the capital, Podgorica, and to the border with Serbia. There is a railway line connecting Bar and Belgrade. In recent years a steady decline is noted in passenger traffic, but considerable growth in freight traffic. The government is planning to continue investment on reconstruction and modernisation of the Bar – Vrbnica railroad. A five-year business plan was prepared by the Railway Directorate for 2013-2017, but further alignment with the acquis in the area of rail transport safety is needed.

ENERGY INFRASTRUCTURE

Trans European energy (TEN-E) networks as well as the Trans-Adriatic Pipeline (TAP) project for the transportation of gas present important opportunities of cooperation among the Programme territories. For example, TEN-E networks play a pivotal role in Montenegro's electricity supply. The country's electricity networks are well connected with the power systems of Serbia, Bosnia and Herzegovina and Albania, but are outdated, except for interconnection with Albania which has been recently upgraded. The construction of a submarine power transmission cable connecting Italy and Montenegro under the Adriatic Sea has started. This infrastructure between Italian and Balkan peninsulas through Montenegro and new connections between regional electricity systems will foster development of a regional electricity market. In addition, Montenegro (which has no national gas network) in 2013 signed a memorandum of understanding with Albania, Croatia and Bosnia and Herzegovina as a preliminary step towards developing a domestic gas market connected to the Ionic-Adriatic pipeline.

It is also important to note the importance of the TAP in the Programme Area, which will bring Azeri gas from the Turkish border via Greece and Albania to Italy. This pipeline will allow Albania to have access to natural gas resources.

1.1.1.8. SWOT ANALYSIS

The summarised overview of challenges and opportunities is provided below by means of a detailed SWOT analysis which builds upon the Territorial Analysis and the series of consultations with programme stakeholders (as described in Section 5.7).

Thematic Priority	Strengths	Weaknesses	Opportunities	Threats
(g) enhancing competitiveness, the business environment and the development of small and medium-sized enterprises, trade and investment through, inter alia, promotion and support to entrepreneurship, in particular small and medium-sized enterprises, and development of local cross-border markets and internationalisation	• Existing infrastructures, such as business zones, centres for technological development, business incubators in the programme area • High prevalence of SMEs in the business landscape of the Programme Area • Existence of traditional economic sectors and clusters (agrofood, tourism, maritime activities, services, etc.)	• Lagging behind the European economy in terms of economic development • Weak innovation system and low performance on most innovation support indicators: • Low investment in R&D; • Lack of internationalization of SMEs • Low employment in high-technology sectors • Small number of patents • Insufficient cooperation networks • inadequate collaboration between SMEs, Business Support Organizations and research centers • Low level of ICT diffusion and low employment in high-	• Strong capacity in a number of key sectors with a very strong innovation potential • Cross-border cooperation in key specialization sectors such as food processing, tourism, blue and green economy, cultural and creative industries (benefit from Italian participants' good practices) • Increased networking of the innovation community (clusters and networks) • Agriculture retaining its significance for employment • Replication of Puglian regional strategy fostering the creativity chain	• Economy continuously affected by the economic and debt crisis • Fragmented approaches on entrepreneurship support • Rising unemployment • Brain drain to Western Europe

Thematic Priority	Strengths	Weaknesses	Opportunities	Threats
		technology sectors • Inadequate access to finance for SMEs		
(d) encouraging tourism and cultural and natural heritage;	• Appeal of the Programme area as touristic destination (increase of international tourists and number of overnight stays) • Excellent quality of natural and cultural environment and heritage (landscapes, history, architecture and folklore) • Rich biodiversity, natural resources and protected areas; strong presence of sites of carsic origin • Dominant tertiary sector (especially in tourism-related services)	• Seasonally conditioned development of tourism • Lack of differentiated and innovative tourism products and services • Lack of harmonised tourism management: rules, standards, certification, and use of common statistics and indicators	• Growing importance of tourism in the Programme Area economy • Tourism development and blue economy presenting opportunity for the local employment and rebalancing of the economy • Developing common models for sustainable tourism management • Promoting lesser known destinations, through better links to traditional tourist offers • Developing distinct and diversified tourism and cultural products • Enhancing creativity approaches in promotion of natural and cultural resources' attractiveness	• Increasing competition from other regions within and outside Europe that offer innovative and high-tech tourism and business services • Lack of sufficient resources for current maintenance and preservation of the natural, cultural and historical heritage • Business barriers, lack of knowledge, experience and skills in destination management and marketing

Thematic Priority	Strengths	Weaknesses	Opportunities	Threats
(b) protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness;	• Progress in legal and policy framework for environmental protection • Quality of drinking water regularly monitored in line with WHO and EU standards: • Existence of know-how (lead position of Puglia in producing RES) • Alignment of national policies to a European framework for the reduction of C02 emissions • Programme countries committed to reduce GHG emissions • Waste separation and recycling, coordination of waste management mechanisms	• Pressures on the coastal and marine environment and biodiversity resulting from development in urban, rural and coastal areas • Uneven performance and lack of capacities with regard to environmental and waste management • High water consumption, water shortages especially in coastal areas in summer period • Low capacity of adaptability to climate change and insufficient measures to tackle this challenge • High level of air pollution and ozone concentration, mainly caused by industries • Low energy efficiency in public sector; slow implementation of renewable energy strategies and action plans	• Promoting investments and research for increasing efficient use of water in agriculture • Improving monitoring and reporting systems according to common standards • Cooperation of public, private and civil sector in implementing environmental protection • Shift from traditional waste processing towards cleaner methods • Potential for use of energy efficient services and technologies, e.g. smart grids in urban areas; • Potential for cross border exchange of experience and cooperation in RES on the Programme Area; • Improving monitoring, reporting and verification capacity regarding emissions	• Unsustainable economic development and uncontrolled pollution may deteriorate air, water and soil quality • Increasing urban sprawl • Continued problems of water management and water shortage • Significant increase in the cost of low carbon energy • Programme area vulnerable to climate change • Infrastructure investments potentially adversely affecting the environment
(c) promoting sustainable	• Substantial network of port	• Geographical fragmentation of	• Enhancing intraregional	• Low competitiveness

Thematic Priority	Strengths	Weaknesses	Opportunities	Threats
transport and improving public infrastructures by, inter alia, reducing isolation through improved access to transport, information and communication networks and services and investing in cross-border water, waste and energy systems and facilities.	cities to deal with the flow of passengers and goods • Strategic geographic location between Eastern Europe and the Mediterranean	Programme Area and isolation of numerous territories (remote areas) • Need of improvement of cross-border healthcare, particularly concerning hospital migration • Badly managed urban development, notably in coastal areas relying on individual motorised traffic • Underused capacities of ports, waterways and airports and low multimodal accessibility	connectivity of the area • Improving skills in sustainable transport management	of transport operation (ports, airports, railways) • Absence of integration and interconnection of transport modes
CROSS-CUTTING: *h) Strengthening research, technological development, innovation and information and communication technologies through, inter alia, promoting the sharing of human resources and facilities for research and technology development*	• Existence of business infrastructures, such as centres for technological development and business incubators in the programme area • Increasing use of ICT by individuals and businesses • Flexibility and labour mobility	• Low level of cooperation between research and businesses • Limited access to broadband, especially in peripheral areas • Lower ICT skills of individuals than in other EU regions • Lack of breakthrough innovation	• Improving the skills profile of the workforce to respond to special sectors and innovation against challenges of the economic crisis • Possibility to create a networked innovation community • Transfer research from universities/laboratories to private sector	• Economy continuously affected by the economic crisis • Migration of highly skilled work force • Significant differences among regions regarding innovation potentials

Thematic Priority	Strengths	Weaknesses	Opportunities	Threats
CROSS-CUTTING: *f) promoting local and regional governance and enhancing the planning and administrative capacity of local and regional authorities*	• Increased understanding on the need to promote cooperation between citizens and institutions • Awareness on the need of local and regional authorities to promote innovative tools and schemes.	• Fragmented approaches on management, surveillance, monitoring and promotion of territorial integration	• Potential for social innovation • Improving planning and administrative capacities to respond to the challenges of the economic crisis • Programming joint interventions/measures will contribute to a favourable economic and / or social environment for the Programme Area, by mobilizing additional resources, ensuring synergies with parallel programmes and broader context policies	• Continued underfinancing due to shortages in public spending

1.1.2 JUSTIFICATION FOR THE CHOICE OF THEMATIC PRIORITIES

By matching the relevant needs and challenges emerging from the Territorial Analysis with the limited available resources, in order to maximize the effectiveness of the Programme interventions and to achieve sustainable results, the participating countries have decided to limit the selection of thematic priorities.
The Programme Strategy emphasises the need for economic growth and for the continuing diversification of the Programme Area economy, particularly through strengthening competitiveness, encouraging a sustainable tourism model, protecting the environment and addressing climate change mitigation in particular, as well as promoting sustainable transport and improving public infrastructures.

In this perspective, all the Priority Axes will take into account a number of cross-cutting thematic priorities, which may act as key enablers for growth such as Innovation, Research and Capacity building. The Thematic priorities a) and e), focused on labour market, social inclusion, youth education, vocational training, social services and health will not be directly dealt by the Programme as more appropriate and effective EU funding instruments than a CBC programme exist.
Even if the Programme is not addressed towards specific objectives under thematic priority e), education represents a mainstreaming element, included as area of intervention in some specific objectives, such as SO 2.1: Boost attractiveness of natural and cultural assets to improve a smart and sustainable economic development; SO 2.2: Increase the cooperation of the relevant key actors of the area for the delivery of innovative cultural and creative products; here, among the beneficiaries, education and training organizations, as well as universities and research institutes, are included.
Operations impacting on education or related to it can be supported under PA 1 and PA 4, too.
Furthermore, some important issues concerning labour market and employment, such as skills improvement, career education, flexibility and work opportunities for young will be indirectly reached through the actions implemented within SO of the CP that are linked especially to Thematic priorities g) and d).

The Programme will emphasize the support for integrated approaches with the goal of promoting the cross-border Area's integration and connectivity to fields which are important to its development, in full complementarity with the EU Strategy for the Adriatic and Ionian Region (EUSAIR). In this way Capacity Building and Governance of involved institutions will be improved, and this will contribute to the attainment of the Thematic Priority f), that in this Programme is addressed in a cross-cutting perspective.

Table 1: Justification for the selection of thematic priorities

Selected thematic PRIORITIES	Justification for selection
Thematic Priority (g) enhancing competitiveness, the business environment and the development of small and medium-sized enterprises,	The thematic priority is relevant according to territorial needs and challenges of the Programme Area since the enhancement of SME competitiveness is a crucial factor for its overall economic performance and smart growth.

Selected thematic PRIORITIES	Justification for selection
trade and investment through, inter alia, promotion and support to entrepreneurship, in particular small and medium-sized enterprises, and development of local cross-border markets and internationalisation;	According to territorial analysis conclusions several critical factors related with low investment in R&D, poor entrepreneurial and innovation capacities, lack of support services and missing linkages among research and SMEs are constraining the potential for SME development and competitiveness. The development of new cross border markets, especially in the fields of blue economy, sustainable agriculture, food processing, green economy and social innovation could support the internationalization of SMEs, thus contributing to reduce unemployment rates, brain drain and creating the favorable conditions for attracting investments. An important contribution to the social development of the area could be given through the application of new technologies to the healthcare system, e.g. through the development of innovative services, organizing and enhancing e-health, etc.
Thematic Priority - (d) encouraging sustainable tourism and cultural and natural heritage;	The thematic priority is relevant since sustainable tourism development is the major comparative advantage of the CP area, and it has the potential to counterbalance the effect of economic crisis. Despite the tourism appeal of each individual part of the Programme area, is still missing the branding of the area as a tourism destination at macro regional level and development of common tourist routes and products. This issue represents a big potential for cross border cooperation. According to the conclusions of the territorial analysis, there is more potential for development of distinct and diversified tourism products linked with the tourist offer and valorization of natural and cultural assets and lesser known destinations, through common branding and promotional actions. This could be achieved also through an integrated promotion of cultural and creative activities. It is necessary to encourage a joint involvement of operators', public administration and stakeholders skills and competences, also encouraging a bottom up approach.

Selected thematic PRIORITIES	Justification for selection
Thematic Priority (b) protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness;	The CP area countries are facing common challenges related with more efficient and sustainable use of natural resources. This thematic priority is relevant since it is not only addressed to the preservation of protected areas and biodiversity, but is involving crucial elements for sustainable growth, such as resource efficiency, climate change adaptation and mitigation, use of renewable energies and focus on green and blue economy potential. Regarding energy efficiency the CP area has still untapped potential to reap economic advantages through further utilization of renewable energy from natural resources (e.g. wind, water, solar/geothermal, biomass etc). Most of the regions of the Programme area show high energy consumption and a low degree of energy efficiency of buildings and infrastructure which are the main contributors to greenhouse gas emissions. The efficient use of energy can make an important contribution to achieving a low-carbon economy, to combating climate change with positive effects on air quality. Therefore, as derived from the territorial analysis, there is need to improve the performance of the energy sector and meet the energy efficiency goals through cross border exchange of good practices in the regulatory framework. Efforts should be made from the part of public administrations to adopt European standards, but also development of local sustainable energy action plans.
Thematic Priority (c) promoting sustainable transport and improving public infrastructures by, inter alia, reducing isolation through improved access to transport, information and communication networks and services and investing in cross-border water, waste and energy systems and facilities;	The thematic priority is highly relevant given that the Programme Area is characterized by high territorial fragmentation which constrains the potential for integrated territorial development and accessibility. The territorial analysis underlined that transport systems are characterized by low interoperability, and it's necessary to better organize the use of existing transport infrastructures and corridors with the aim to enhance the potential of the regions to function as hubs for tourists and trade, improving the intra and interregional connectivity. The enhancement of cross border connections (with a particular attention to facilitate custom procedures) is of critical importance in order to achieve this goal, and could also positively affect essential services, such as healthcare system, when mobility and hospital migration is interested. Improving skills in sustainable transport systems for operators and management is a major challenge

Selected thematic PRIORITIES	Justification for selection
	particularly for IPA countries.

1.2 JUSTIFICATION FOR THE FINANCIAL ALLOCATION

The overall Programme budget is EUR 92.707.555, with an Union Support of EUR 78.801.422, as detailed in section 3. The financial allocation to the chosen thematic objectives reflects:

- the estimated financial size of actions foreseen in each priority axis
- the coherence with the funding priorities as in the EC Country Position Paper and in the EC Indicative Strategy Papers
- the strategic choices of the Programme stakeholders
- the inputs provided by relevant partners within consultations (cf. section 5.7).

Additionally, not less than 50% of total amount of the financial resources shall be reserved for thematic calls and strategic projects.

Priority Axis 1. Strengthening the cross-border cooperation and competitiveness of SMEs.

Innovation and competitiveness is highlighted in the strategy UE 2020. It is a major challenge in the Programme Countries facing international competition, and contributes to overcome the economic crisis.

A budget of EUR 18.541.511 is allocated to priority 1, representing the 20% of the overall budget of the Programme. The financial allocation is in line with the emphasis given to competitiveness, innovation, technology transfer and entrepreneurship within the funding priorities defined in the EC Country Position Papers of all Countries of the cooperation area – especially with regard to the need of setting up a favorable environment for innovation-driven business based on knowledge and skills, explicitly recognized as priorities for CBC regions.

Priority Axis 2. Smart management of natural and cultural heritage for the exploitation of cross border sustainable tourism and territorial attractiveness.

The tourism sector, as driver of a smart and sustainable economic development therefore, offers substantial opportunities in terms of economic growth and employment.

A budget of EUR 25.958.115 is allocated to priority 2, representing the 28% of the overall budget of the programme. This financial allocation reflects the need to valorize cultural and natural heritage and the needs for planning instruments for the smart and sustainable cultural and natural heritage management, along with the shortage of knowledge, experience and skills in destination

management and marketing, the need to create differentiated and innovative tourism products and services.

The comparably higher allocation is justified by the fact that actions - ranging from natural and cultural heritage protection, management and valorization to promotion of cross-border cooperation platforms and networks on cultural and creative industries, tackle a wide array of challenges and needs affecting all regions of the programme area.
The financial allocation reflects several funding priorities defined in the EC Country Position Papers of all participating Countries of the cooperation area; additionally, it is aligned with the high interest shown by relevant partners in the consultation process, where this priority acknowledged the first position by almost all categories of respondents.

Priority Axis 3. Environment protection, risk management and low carbon strategy

The issues of this priority are perceived as one of the key challenges of the coming decade at European, but also at global level.
A budget of EUR 23.176.889 is allocated to priority 3, representing the 25% of the overall budget of the programme. This financial allocation reflects the needs to increase regional capacities for improving water and risk prevention management and for improving energy efficiency and renewable energy usage in public infrastructure for improved planning of territorially based energy strategies.

The financial allocation is aligned with funding priorities defined in the EC Country Position Papers of all participating Countries of the cooperation area, with regard especially to water and risk prevention management and to energy efficiency also contributing to climate change mitigation.

Priority Axis 4. Increasing cross border accessibility, promoting sustainable transport service and facilities and improving public infrastructures.

The relevance of an appropriate integrated transport policy as precondition for economic and social development is stressed in EUSAIR as well in the South East Europe 2020 Strategy - SEE 2020.
A budget of EUR 15.760.274 is allocated to priority 4, representing the 17% of the overall budget of the programme.

The comparably lower allocation is justified by the fact that the development of transport system and hard infrastructures is funded by other instruments, therefore the financial allocation is in line with the EC Country Position Papers of all participating Countries of the cooperation area and reflects the needs to increase capacities for planning of regional transport systems as well as for making transport modes more sustainable, safe and energy efficient along coordinated multi-modal transport chains.

Priority Axis 5. Technical Assistance.

A sound management of the cooperation programme is the pre-condition for its effective implementation. The programme is a new CBC programme which nonetheless can refer to a wide range of experiences and lessons learnt from transnational and cross-border cooperation programmes implemented in the EU programming period 2007-2013 and, respectively, the Med, the South East Europe and the IPA CBC Adriatic programmes. Accordingly, the change driven by the Programme mainly refers to further improving and streamlining administrative procedures for a faster and more efficient implementation of the programme and an improvement of the support to

beneficiaries so that they can apply in better conditions and submit more targeted and better quality projects.

A budget of EUR 9.270.756 is allocated to priority 5 representing the 10% of the overall budget of the programme.

Table 2: Overview of the investment strategy of the cooperation programme

Priority axis	Union support (in EUR)	Proportion (%) of the total Union support for the cooperation programme	Thematic priorities	Result indicators corresponding to the thematic priority
Priority axis 1	15.760.284	85%	**TP G**	1.1
Priority axis 2	22.064.398	85%	**TP D**	2.1 2.2
Priority axis 3	19.700.356	85%	**TP B**	3.1 3.2
Priority axis 4	13.396.242	85%	**TP C**	4.1
Priority axis 5	7.880.142	85%		
TOTAL	**78.801.422**			

SECTION 2.1. DESCRIPTION OF THE PRIORITY AXES (OTHER THAN TECHNICAL ASSISTANCE)

(Reference: point (b) of Article 8(2) of Regulation (EU) No 1299/2013)[7]

2.A.1 PRIORITY AXIS 1

ID of the priority axis	*PA 1*
Title of the priority axis	Strengthening the cross-border cooperation and competitiveness of SMEs

2.A.2 FUND, CALCULATION BASIS FOR UNION SUPPORT AND JUSTIFICATION OF THE CALCULATION BASIS CHOICE

Fund	*IPA*
Calculation basis (total eligible expenditure or public eligible expenditure)	*Total eligible expenditure*
Justification of the calculation basis choice	*Not applicable*

2.A.3. THE SPECIFIC OBJECTIVES OF THE THEMATIC PRIORITY AND EXPECTED RESULTS

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	*1.1*
Specific objectives	SO 1.1: Enhance the framework conditions for the development of SME's cross-border market.

[7] References to Regulation (EU) No 1299/2013 are made in accordance with the provisions of Regulation (EU) No 447/2014 referring thereto

2.A.4. GUIDING PRINCIPLES FOR THE SELECTION OF OPERATIONS(REFERENCE: POINT (B)(III) OF ARTICLE 8(2) OF REGULATION (EU) NO 1299/2013)

The following guiding principles will be observed when selecting project applications:

Strategic coherence: coherence and contribution of each project application to the relevant Programme's specific objective, while addressing in a coherent way the achievement of the Programme's specific results envisaged. Furthermore, the CBC added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context.

Operational quality: design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved. The output and result-oriented approach that places much emphasis on the development of concrete, relevant and visible outputs and results will be a must. The details will be provided in the terms of references of the calls for proposals

Compliance to the Cross-cutting thematic Priorities: a specific section of the quality assessment grid will check the coherence of the project proposals with the following thematic Priorities:

- f) promoting local and regional governance and enhancing the planning and administrative capacity of local and regional authorities;
- h) Strengthening research, technological development, innovation and information and communication technologies through, inter alia, promoting the sharing of human resources and facilities for research and technology development.

Compliance to the horizontal principles: coherence and contribution of each project application to the Programme's horizontal principles (partnership and multi-level governance, sustainable development, promotion of equality between men and women and non-discrimination,) and the demonstration of their integration and advancement within the project proposal intervention logic will be assessed too.

Compliance of projects funding with EU State aid legislation and public procurement regulations will be ensured; in particular (a) Directives 2004/18/EC and 2004/17/EC, (b) Directives 2014/23/EU, 2014/24/EU and 2014/25/EU once transposed into national legislation, (c) Directives 89/665/EEC and 92/13/EEC and (d) the general public procurement principles derived from the Treaty on the Functioning of the EU.

The detailed assessment criteria will be adopted by the Monitoring Committee and will be made available to potential applicants in the calls for proposals' documentation, which will be prepared and disseminated by the Managing Authority and the Joint Secretariat.
The implementation of the Programme foresees also strategic / thematic projects aimed to better focus specific Programme goals and addressed to provide concrete solutions to particular needs, as arisen in the Territorial Analysis.

2.A.5.ACTIONS TO BE SUPPORTED UNDER THE THEMATIC PRIORITY (BY THEMATIC PRIORITY)

(Reference: point (b)(iii) of Article 8(2) of Regulation

(EU) No 1299/2013)

Thematic Priority	**1. Enhancing competitiveness, the business environment and the development of small and medium-sized enterprises, trade and investment through, inter alia, promotion and support to entrepreneurship, in particular small and medium-sized enterprises, and development of local cross-border markets and internationalization** **SO 1.1**: Enhance the framework conditions for the development of SME's cross-border market. The Programme Area lags behind the European economy in terms of economic development and obviously necessitates measures of support; it presents framework conditions to be improved through the Intervention. The main needs to be overcome are represented by: - insufficient cooperation among SME's, business support organization and research centers ; - weak competitiveness of SME's. These conditions are made more critical by the economic and debt crisis affecting the economy of the area, with different impacts due to the trend of the crisis. For addressing these issues and achieving the overall goal of the SO "*Enhancing the framework conditions for the development of SME's cross-border market*" , it's necessary to improve some key factors of the general framework for doing business, by boosting the effectiveness, coherence, coordination and consistency of common policies/tools, promoting the competitiveness, sustainability and growth of the SME's of the Programme area. In particular, cross-border cooperation can bring added value increasing the networking of the innovation community (clustering and networking); exploiting the potential for "Blue Economy" development; boosting opportunities for cross-border cooperation in key specialization sectors such as sustainable agriculture, food processing, green economy and social innovations. The implementation of the actions requires a common effort from Public authorities and enterprises. Through the supported actions, the Programme will contribute to strength the business environment for the cross-border cooperation and competitiveness. Considering the first cross cutting priority mentioned here above, actions shall aim at strengthening and empowering innovation clusters and networks, stressing their cross-border dimension. Furthermore, actions will be addressed to increase cooperation between actors of the innovation systems, especially between business and research, in order to improve access to research results for enterprises, notably SME's, thus stimulating further investment in innovation (connection between clusters, between research and SMEs, between research and public administration, between SMEs and clusters; support to living labs; involvement of end users - businesses or consumers). Through the implementation of the SO the Programme will also contribute to pave the way for the exploitation of opportunities for smart specialisation and for promoting opportunities in order to develop synergies with the Framework Programme

	Horizon 2020 (preparing potential Horizon 2020 stakeholders in the programme area for its competitive calls as well as better exploiting research results in an interregional context). The main expected results are: a)Enhanced SME's cooperation and competitiveness through the better interaction among the business and research actors; b)Strengthened culture of entrepreneurship and entrepreneurial mind sets, skills and attitudes. Strengthened and empowered innovation clusters and networks, in particular in their cross-border dimension, mainly in the field of blue economy, sustainable agriculture, food processing, green economy and social innovations (including health sector). This SO is coherent with the Pillar 1 "Blue Growth" of the EUSAIR Action Plan and the cross cutting issues "Capacity building" and "Research innovation and SME's development".

The following list of possible actions is only an indicative list and can be completed with other relevant actions contributing to the specific objective's goals.

1. Setting up networking actions of business support organizations (such as Chambers of Commerce, Districts, Trade Unions, internationalization agencies) promoting cooperation/cross border business practices (exchange of experiences) and pilot initiatives (new services) to support SMEs internationalization in the area (for example: participation in fairs, business scouting, BtoB, technology brokerage, capacity building).

2. Setting up actions for improving access to research results and technology transfer for SMEs in some key areas of Programme intervention.

3. Promoting innovative start-up, clusters and networks

4. Developing and testing capacity building schemes benefiting the SMEs competitiveness

5. Promoting the development of innovative approaches and financing tools to strengthen competences and encourage entrepreneurship for innovation including social innovation (as e.g. social inclusion, business angels networks, crowdfunding, open-innovation and start-ups lab), and improvement of health-care system (development of new services, e-health).

Indicative types of beneficiaries: Public bodies, Bodies governed by public law, local, regional and national authorities, Chambers of Commerce, Productive Districts, Trade Unions, Universities and research centres, internationalization agencies, business support institutions, technology Parks centres of R&D excellence, innovation agencies, business incubators, cluster management bodies, productive / technological districts, Local and Regional Development Agencies, civil society organisations.

Target groups:SMEs Stakeholders concerned by incubators strategy: national, regional, local, urban and other public authorities, economic and social partners, Research and innovation actors, Financial institutions , business support organizations.

2.B.1 PRIORITY AXIS 2

ID of the priority axis	*PA 2*
Title of the priority axis	*2.* Smart management of natural and cultural heritage for the exploitation of cross border sustainable tourism and territorial attractiveness

2.B.2 FUND, CALCULATION BASIS FOR UNION SUPPORT AND JUSTIFICATION OF THE CALCULATION BASIS CHOICE

Fund	*IPA*
Calculation basis (total eligible expenditure or public eligible expenditure)	*Total eligible expenditure*
Justification of the calculation basis choice	*Not applicable*

2.B.3. THE SPECIFIC OBJECTIVES OF THE THEMATIC PRIORITY AND EXPECTED RESULTS

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	*2.1 -2.2*
Specific objectives	SO 2.1: Boost attractiveness of natural and cultural assets to improve a smart and sustainable economic development SO 2.2: Increase the cooperation of the key actors of the area for the delivery of innovative cultural and creative products.

2.B.4. GUIDING PRINCIPLES FOR THE SELECTION OF OPERATIONS

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

The following guiding principles will be observed when selecting project applications:

Strategic coherence: coherence and contribution of each project application to the relevant Programme's specific objective, while addressing in a coherent way the achievement of the

Programme's specific results envisaged. Furthermore, the CBC added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context.

Operational quality: design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved. The output and result-oriented approach that places much emphasis on the development of concrete, relevant and visible outputs and results will be a must.

Compliance to the Cross-cutting thematic Priorities: a specific section of the quality assessment grid will check the coherence of the project proposals with the following thematic Priorities:

- f) promoting local and regional governance and enhancing the planning and administrative capacity of local and regional authorities;
- h) Strengthening research, technological development, innovation and information and communication technologies through, inter alia, promoting the sharing of human resources and facilities for research and technology development.

Compliance to the horizontal principles: coherence and contribution of each project application to the Programme's horizontal principles (sustainable development and climate change, equality etc) and the demonstration of their integration and advancement within the project proposal intervention logic.

Compliance of projects funding with EU State aid legislation and public procurement regulations will be ensured; in particular (a) Directives 2004/18/EC and 2004/17/EC, (b) Directives 2014/23/EU, 2014/24/EU and 2014/25/EU once transposed into national legislation, (c) Directives 89/665/EEC and 92/13/EEC and (d) the general public procurement principles derived from the Treaty on the Functioning of the EU.
The detailed assessment criteria will be adopted by the Monitoring Committee and will be made available to potential applicants in the calls for proposals' documentation, which will be prepared and disseminated by the Managing Authority and the Joint Secretariat.
The implementation of the Programme foresees also strategic / thematic projects aimed to better focus specific Programme goals and addressed to provide concrete solutions to particular needs, as arisen in the Territorial Analysis.
The interrelations and the direct and indirect effects between actions implemented within tourism, environment and transports fields will be taken into consideration in selection and evaluation process of the project proposals. In order to prevent possible negative effects that the promotion of tourism can lead on quality air, in the calls for proposals will be requested that any development and upgrading of transport infrastructure (road or marine) shall be foreseen in mobility plans or other urban instruments adopted by relevant Authorities, which, are linked to air quality plans under Directive 2008/50/EC or equivalent for Albania e Montenegro, whenever possible. In the above mentioned processes, long term impact of interventions enhancing air quality (as a result of sustainable transport in PA4 and clean renewable energy in PA3) may affect positively also tourism targets (by increasing eco-tourism, reducing eutrophication, protecting cultural heritage and lowering health costs).

2.B.5. ACTIONS TO BE SUPPORTED UNDER THE THEMATIC PRIORITY (BY THEMATIC PRIORITY)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Thematic Priority	**2. Encouraging sustainable tourism and cultural and natural heritage** **SO 2.1**: Boost attractiveness of natural and cultural assets to improve a smart and sustainable economic development. The tourism sector, as driver of a smart and sustainable economic development therefore, offers substantial opportunities in terms of economic growth and employment. The smart and sustainable economic development of the area is particularly compromised by the lack of planning instruments for the smart and sustainable cultural and natural heritage, along with the shortage of knowledge, experience and skills in destination management and marketing, the lack of differentiated and innovative tourism products and services. However, the Programme Area is a culturally diverse European region that has unique cultural and historical heritage, a wide set of valuable natural areas in terms of landscape and rich biodiversity, including large areas of forests, agricultural land, mountainous areas, watercourses and coastlines and old culinary traditions offering a variety of eno-gastronomic and folk craft products. Enhancement of attractiveness of the area is intended as a complex and integrated process of smart and sustainable requalification of natural and cultural heritage. The SO is aimed to valorise existing natural and cultural assets in a systematic and comprehensive and wide way, affecting protection and quality of the environment as basis of any kind of touristic valorisation; initiatives shall include homogenisation of the cross border policy environment, the qualification of the managerial behaviour of operators, the identification and adoption of quality standards for structures and services, up to the implementation of small scale infrastructural interventions, the joint promotions of common branded and networked heritage, the promotion of lesser known destinations. The application of an integrated approach for both natural and cultural heritage should be strictly linked to its economic added value. The main expected results are: a)Better cross-border smart and sustainable tourism management ; b)Improved products and services for cross-border natural and cultural assets; c) environmental protection of natural habitats. The criteria for the project results sustainability, according to the specific SOs' goals, will be stresses in the calls for proposals. Furthermore, during the selection procedure, the evaluation grid will take in due account the criteria to ensure the sustainability of the project proposal results. The MA will follow the implementation of the plans though constant monitoring activities, based also on qualitative methods, foreseeing corrective measures where beneficiaries shouldn't be able to guarantee plan's sustainability.

	Additionally, the MA will promote coordination (also trough meetings, exchange of experiences) among relevant Authorities and bodies involved in the preparation of the plans in order to create a favourable environment for defining conditions for the elaboration and the possible implementation of the plans. This SO is coherent with the Pillar 4 of the EUSAIR Action Plan, mainly in terms of support to: a) common tourist / territorial brand building; b) sustainable and accessible tourist offer; c) thematic tourist routes; d) foster natural heritage; e) upgrade of tourist products. Furthermore, the SO is aligned to the EUSAIR Cross Cutting issue "Capacity building".

The following list of possible actions in only an indicative list and can be completed with other relevant actions contributing to the specific objective's goals.

1. Developing common models and plans for the smart and sustainable tourism management, stimulating operators' public administrators and civil society stakeholders competences and skills , also favouring a bottom up approach.
2. Development of distinct and diversified tourism products and service provided to specific target groups (e.g. disabled people, young and elder tourists, etc.) and sectors (eno-gastronomic, sport, religious tourism, etc.) even through small scale investments and demonstration projects
3. Promoting actions, impacting also on protection and quality of the environment, for the valorisation of lesser known destinations, protected areas (parks, Natura 2000 sites) and cultural assets of the Programme territory (common branding, promotional materials, other ITC promotional tools, such as interactive maps, apps, advisory systems, virtual tours, webportal etc.)

Indicative types of beneficiaries: Public bodies, Bodies governed by public law local, regional and national authorities and related agencies, regional development agencies, local associations, education and training organizations as well as universities and research institutes, local and national tourism organizations, tourism operator associations of Public and private stakeholders dealing with tourist, natural and cultural sectors, civil society organisations.

Target groups: cultural, tourist and natural operators, SMEs, tourists and citizens / end users.

Thematic Priority	**2. Encouraging sustainable tourism and natural and cultural heritage** **SO 2.2:** Increase the cooperation of the relevant key actors of the area for the delivery of innovative cultural and creative products. To take up the challenge, as ascertained by the Territorial Analysis, and to attain the Specific Objective addressed to *deliver innovative cultural and creative products,* the Programme intervention is, mainly, addressed to increase cooperation for the development of high added value cross-border

	cultural/creative products and services. Cultural heritage in all its variety plays an important role in stimulating business and creating income. Cultural resources comprise the tangible and intangible cultural heritage, encompassing current culture, including progressive, innovative and urban culture. These resources can be valorized among others in cultural and creative industries that, in the recent years, are driving the new economy. Based on ideas rather than physical capital, the creative economy straddles economic, political, social, cultural and technological issues and is at the crossroads of the arts, business and technology. Many stakeholders are involved in this process: the public sector which includes cultural institutions, e.g. museums, public service broadcasting organizations, etc.; the private sector which covers a wide range of operations in all fields of cultural production and distribution; the non-profit sector including many theatre and dance companies, festivals, orchestras. The implementation of the Programme shall support networking of creative industries actors for exchanging ideas, know-how and experience with the aim of sharing the creative potential across the entire region. The related actions would identify issues of common interest and concentrate on knowledge, experience, information and sharing of excellence in support of artistic entrepreneurship, creative start-ups and contemporary art festivals. The main expected result is: **a)** Increased structured cooperation and networking in the cultural and creative sectors. The criteria for the project results sustainability, according to the specific SOs' goals, will be stresses in the calls for proposals. Furthermore, during the selection procedure, the evaluation grid will take in due account the criteria to ensure the sustainability of the project proposal results. The MA will follow the viability of the networks through constant monitoring activities, based also on qualitative methods, foreseeing corrective measures where beneficiaries shouldn't be able to guarantee network's sustainability. This SO is coherent with the Pillar 4 of the EUSAIR Action Plan, mainly in terms of support to: a) foster cultural heritage, creative cross border region. Furthermore, the SO is aligned to the EUSAIR Cross Cutting issue "Capacity building".
The following list of possible actions in only an indicative list and can be completed with other relevant actions contributing to the specific objective's goals: **1.** Setting up cross-border cooperation platforms (South Adriatic creativity cooperation platforms) and networks on cultural and creative industries, also fostering the public – private partnership. **2.** Realizing creative productions to enhance the cultural heritage of the area. Indicative types of beneficiaries: Public bodies, Bodies governed by public law; local, regional and national public authorities and related agencies, regional development agencies, local associations, education and	

training organizations as well as universities and research institutes, productive/technological districts, local and national tourism organization, tourism operator associations, civil society organisations, stakeholders dealing with cultural and creative activities, business support institutions Target groups: Cultural, tourist and natural operators; Tourists and citizens / end users. SME/creative industries

2.C.1 PRIORITY AXIS 3

ID of the priority axis	*PA 3*
Title of the priority axis	***3*** *Environment protection, risk management and low carbon strategy*

2.C.2 FUND, CALCULATION BASIS FOR UNION SUPPORT AND JUSTIFICATION OF THE CALCULATION BASIS CHOICE

Fund	*IPA*
Calculation basis (total eligible expenditure or public eligible expenditure)	*Total eligible expenditure*
Justification of the calculation basis choice	*Not applicable*

2.C.3. THE SPECIFIC OBJECTIVES OF THE THEMATIC PRIORITY AND EXPECTED RESULTS

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	*3.1 - 3.2*
Specific objectives	SO 3.1: Increase cross-border cooperation strategies on water landscapes. SO 3.2 Promoting innovative practices and tools to reduce carbon emission and to improve energy efficiency in public sector.

2.C.4. GUIDING PRINCIPLES FOR THE SELECTION OF OPERATIONS

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

The following guiding principles will be observed when selecting project applications:

Strategic coherence: coherence and contribution of each project application to the relevant Programme's specific objective, while addressing in a coherent way the achievement of the Programme's specific results envisaged. Furthermore, the CBC added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context.

Operational quality: design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved. The output and result-oriented approach that places much emphasis on the development of concrete, relevant and visible outputs and results will be a must.

Compliance to the Cross-cutting thematic Priorities: a specific section of the quality assessment grid will check the coherence of the project proposals with the following thematic Priorities:

- f) promoting local and regional governance and enhancing the planning and administrative capacity of local and regional authorities;
- h) Strengthening research, technological development, innovation and information and communication technologies through, inter alia, promoting the sharing of human resources and facilities for research and technology development.

Compliance to the horizontal principles: coherence and contribution of each project application to the Programme's horizontal principles (partnership and multi-level governance, sustainable development, promotion of equality between men and women and non-discrimination)) and the demonstration of their integration and advancement within the project proposal intervention logic.

Compliance of projects funding with EU State aid legislation and public procurement regulations will be ensured; in particular (a) Directives 2004/18/EC and 2004/17/EC, (b) Directives 2014/23/EU, 2014/24/EU and 2014/25/EU once transposed into national legislation, (c) Directives 89/665/EEC and 92/13/EEC and (d) the general public procurement principles derived from the Treaty on the Functioning of the EU.
The detailed assessment criteria will be adopted by the Monitoring Committee and will be made available to potential applicants in the calls for proposals' documentation, which will be prepared and disseminated by the Managing Authority and the Joint Secretariat.

The implementation of the Programme foresees also strategic / thematic projects aimed to better focus specific Programme goals aimed and addressed to provide concrete solutions to particular needs, as arisen in the Territorial Analysis.

The interrelations and the direct and indirect effects between actions implemented within tourism, environment and transports fields will be taken into consideration in selection and evaluation process of the project proposals.
In particular, as for flood risk reduction projects, in the selection criteria of the calls for proposal a natural flood risk management approach (green infrastructure) shall be considered as preferable to grey infrastructure projects (e.g. dams and dykes) for flood prevention and protection as it is a better environmental option (or as complementary to minimize grey infrastructure and its impacts).

2.C.5. ACTIONS TO BE SUPPORTED UNDER THE THEMATIC PRIORITY (BY THEMATIC PRIORITY)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Thematic Priority	**3. protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness** **SO 3.1** - Increase cross-border cooperation strategies on water landscapes. The Programme Area is characterised by a lack of integrated plans for the optimisation of the water cycle management and it suffers with wastages and a high consumption levels, either when water is used for civil, industrial or agriculture scopes. Additionally, with reference to the water cycle management, the area is missing common models, developed according to EU standards, for the safeguarding and the exploitation of local biodiversity and marine and maritime landscapes, along with inland water landscapes. Pervasiveness of water requires policies inspired by an integrated, multi-sector approach, strongly anchored to the specificity of local territories and landscapes; this approach is based on the improvement of sustainable, integrated, place-sensitive water cycle management and prevention / reduction of natural risks. The SO aims to promote a renewal integrated local water culture, pursuing coordination and integration of all sectors and stakeholders involved in water management from different perspectives, coherently with the provisions of national/regional strategic water management documents adopted under Directive 2000/60/EC (River Basin Management Plans), the Water Framework Directive (WFD)) and under Directive 2007/60/EC, the Floods Directive.- flood risk management plan (FRMP) The participating Countries shall ensure the coherence of the cooperation projects with the above mentioned documents; additionally, the IPA partners might be

	invited to be actively involved into international processes linked to the efficient protection of river basins and apply the lessons learned to their national level. Actually, the SO aims at strengthening innovative cooperation practices in order to enhance the capacity of relevant local actors to improve water and risk prevention management and, at same time, to protect local biodiversity and enhance water landscape quality. According to the Working Document of the Commission for the Environment, Climate Change and Energy on the role of regional and local authorities in promoting sustainable water management, the priorities of intervention should be: - reducing wastage and consumption; - maximizing water recovery in terms of quality, quantity and energy; - safeguarding and protecting all existing water reserves. Solutions to improve protection of, and in, flood-prone areas will also enhance public safety and prevent potential economic losses. In this context, rural areas can play an important role in the prevention of floods and mitigating the effects of water scarcity and droughts according to the EIP on Water and the EIP on agricultural productivity and sustainability. In urban context, innovative solutions focusing on the relationship between water and energy, water efficiency and quality, water infrastructure, recreation, ICT (see "Smart Cities and Communities Initiative") will be of key importance. Innovative solutions to water related challenges can also directly support wider environmental objectives such as protecting natural heritage and ecosystems, and the rich biodiversity supporting these. The risk of climate change to biodiversity will be reduced by bolstering the resilience of ecosystems, thereby increasing their ability to adapt to its effects. In particular case of sensitive coastal ecosystems and habitats, implementing methods and criteria of Integrated Coastal Zone Management (ICZM) will support the development of a coordinate, integrated and multi sector system of actions at different levels of governance and at different spatial and temporal scales. The interventions funded within the Programme will have to be consistent with National maritime spatial plans. and Directive 2014/89/EU on Maritime spatial planning for the sustainable development and growth of Europe's maritime areas. The programme will support soft actions, such as studies, action plans, best practices transfers and exchanges in the fields of Blue growth, sustainable development of marine areas and use of maritime resources. The main expected **results** are: a. Multi-level and multi-sector plans adopted in the fields of water cycle management, coastal and inland environmental risks prevention and biodiversity safeguard b. Integrated initiatives in the fields of water cycle management, coastal and inland environmental risks prevention and biodiversity safeguard The criteria for the project results sustainability, according to the specific SOs' goals, will be stresses in the calls for proposals. Furthermore, during the selection procedure, the evaluation grid will take in due account the criteria to ensure the sustainability of the project proposal results. The MA will follow the implementation of the plans through constant monitoring activities, based also on qualitative methods, foreseeing corrective measures where beneficiaries shouldn't

	be able to guarantee plan's sustainability. Additionally, the MA will promote coordination (also trough meetings, exchange of experiences) among relevant Authorities and bodies involved in the preparation of the plans in order to create a favourable environment for defining conditions for the elaboration and the possible implementation of the plans. The Programme intervenes only with soft investments; it doesn't fund large infrastructures or interventions linked to flooding. In any case, an appropriate strategic planning is going to be carried out when dealing with hydropower potential projects. This SO is coherent with the Pillar 3 of the EUSAIR Action Plan, with reference to its two topics : a) marine environment; b) terrestrial habitats and biodiversity. Furthermore, the SO is aligned to the EUSAIR cross cutting issue "Capacity building". <u>The following list of possible actions in only an indicative list and can be completed with other relevant actions contributing to the specific objective's goals:</u> ⇒Strengthening of technical and scientific capacities, establishment of cross-border platforms and innovative solutions for research, observation and monitoring and development of common knowledge bases and information gathering tools to support the integrated environmental and landscape planning activities, according to European directives and self-sustainable development methods and criteria. ⇒Developing a Web-GIS Observatory Network to gather and process geographical and statistical data related to water, coastal and marine ecosystems, coastal erosion risks and hydrogeological instability, along with a cross-border development of a digital inventory of karst cavities and other karst phenomena related to aquifer recharge processes; recognition of specific risk mitigation and prevention measures. ⇒Developing joint management plans for cross-border habitats and ecosystems. ⇒Planning of interventions completing NATURA 2000 network under Birds and Habitats Directives; designating further protected areas to form a coherent and representative network of water, coastal and marine protected areas; ensuring their joint or coordinated management, also in relation to maritime spatial planning and integrated coastal management. ⇒Realising interventions for raising awareness among farmers of the negative impacts of excessive nitrate use on water cycle and promotion of environmentally friendly farming practices and innovative recovery of traditional local methods and techniques of dryland farming. **<u>Indicative types of beneficiaries</u>:** Public bodies, Bodies governed by public law local, research institutes, national,

	regional and local Authorities; public stakeholders dealing with environmental management, water management and risk prevention, agencies for environment protection, civil society organisations. **<u>Target groups</u>:** Decision makers, environment department, economic development departments of local, regional and national authorities, Tourist operators, Environmental agencies, Protected areas management organisations, citizens / consumers

Thematic Priority	**3. protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness** **SO 3.2** Promoting innovative practices and tools to reduce carbon emission and to improve energy efficiency in public sector The Programme area has still untapped potential to reap economic advantages through further utilization of renewable energy from natural resources (e.g. wind, water, solar/geothermal, biomass etc). At the same time, the analysis of the situation at level of EU territories has proved that exploiting the natural resources for the production of energy might endanger natural landscapes. In this sense, an important need for policies and practices in the regulative framework, also for meeting energy efficiency goals, is detected. Energy policy is perceived as one of the key challenges of the coming decade at European, but also at global level. In order to ensure the achievement of the EU 2020 goals, Member States need to invest in measures which support the shift towards a resource-efficient and low-carbon European economy that is efficient in the way it uses all resources, to decouple economic growth from resource and energy use, improve air quality (reduce CO2 PM, N02 emissions and ozone concentration) according to Air Quality Plans developed under Directive 2008/50/EC in Italy or equivalent strategic national plans in Albania e Montenegro, enhance competitiveness and promote greater energy security. Since a substantial part of energy used in cities is related to buildings, EU legislation has put a specific focus on energy self-sufficiency of (public) buildings and the maximisation of heat-energy savings. The high level of experience and expertise on specific renewable energy production and energy efficiency is already

	available in some regions of the Programme area. Cooperation and knowledge exchange, in particular, in the regulatory framework, can facilitate reaching EU energy strategy goals throughout the Programme Area. It can also help to take stock of favourable location factors such as geothermal sources, wind conditions, solar radiation and regional biomass resources, in order to diversify renewably energy resource potential and implementation. Most of the regions of the Programme area show high energy consumption and a low degree of energy efficiency of buildings and infrastructure which are the main contributors to greenhouse gas emissions. The efficient use of energy can make an important contribution to achieving a low-carbon economy, to combating climate change and will imply in many cases positive effects on air quality. Increasing energy efficiency and renewable energy usage mainly in public infrastructure (i.e. infrastructure owned by the public and/or for public use, including public buildings) is a priority. Even if some regions of the Programme area are quite advanced in terms of energy saving technologies, there is the need for increasing the overall capacity of the public sector for implementing measures to improve air quality, mainly affecting emissions of public infrastructure. In particular, public infrastructure owners and operators often lack the necessary expertise (i.e. methods and technologies) for reducing energy consumption and/or replacing the consumption of fossil fuels with renewable energy sources. The Programme intervention will help to reduce know-how disparities and increase capacities of the public sector and related entities for improving the energy efficiency of public infrastructures and ultimately reducing their energy consumption and CO2 PM, N02 emissions and ozone concentration. The Programme will support those projects initiatives coherent with regional air quality plans, national air pollution control programmes and the Gothenburg Protocol. The Programme goals will be achieved by horizontal and vertical integration in the field of air quality. The Programme will support initiatives aimed at encouraging the production of energy from renewable sources, on the condition that this is done in a sustainable way. Project proposals should provide evidence that they effectively reduce greenhouse gas emissions, carrying out appropriate monitoring measures and evaluating throughout the production chain environmental impact and constraints. The actions to be implemented within this SO will ensure the provision and dissemination of solutions to improve energy efficiency and the potential use of renewable energy in the Programme area. This shall be achieved through strengthening competences as well as developing and implementing strategies, management approaches and financing schemes, which will serve as seedbed for achieving higher energy efficiency. The use of renewable energies, especially in areas with particular conditions (intensive road and maritime transport, high population density) and/or complex geographical conditions (such as hills, mountains) should be promoted only if its use is accompanied by strict emission standards and abatement measures reducing emissions, especially of PM. The main expected results are: a) Improved CBC/national/regional/local capacity for sustainable energy planning, done according to EU standards; b) Energy efficiency schemes for public administrations adopted and energy

	sustainability goals met. The criteria for the project results sustainability, according to the specific SOs' goals, will be stressed in the calls for proposals. Furthermore, during the selection procedure, the evaluation grid will take in due account the criteria to ensure the sustainability of the project proposal results. The MA will follow the implementation of the plans through constant monitoring activities, based also on qualitative methods, foreseeing corrective measures where beneficiaries shouldn't be able to guarantee plan's sustainability. Additionally, the MA will promote coordination (also trough meetings, exchange of experiences) among relevant Authorities and bodies involved in the preparation of the plans in order to create a favourable environment for defining conditions for the elaboration and the possible implementation of the plans. This SO is synergic with the Pillar 2 of the EUSAIR Action Plan, with reference to its topic "Energy Networks", as both interventions complement each other and might produce a smarter and more sustainable growth at Programme area level. Furthermore, the SO is aligned to the EUSAIR Cross Cutting issue "Capacity building".

The following list of possible actions in only an indicative list and can be completed with other relevant actions contributing to the specific objective's goals:

1. cross-border exchange of regional/national good practices in the regulative framework for the RES and RUE sector for developing common models for energy planning in order to increase the endogenous renewable energy potentials and to meet the energy efficiency goals.
2. Identification and adoption of European standards (such as Covenant of Mayors initiatives) for public administrations and set up of an energy sustainable mind set at local communities level.
3. Development of local sustainable energy action plans (also promoting citizens/stakeholders participation).
4. Realization of feasibility studies, identification of financial opportunities and implementation of pilot initiatives for meeting the energy efficiency goals of public buildings (or other initiatives).

Indicative types of beneficiaries:

Public bodies, Bodies governed by public law , local, regional and national authorities, Universities and research institutes, national and regional environmental authorities; regional development agencies; representatives of private sector, other public stakeholders, productive/ technological districts, civil society organizations, local associations, stakeholders dealing with energy sector and low carbon activities.

Target groups: energy providers and distributions networks, environmental national and regional authorities, eco-innovative SME's, local communities, water providers and distributions networks.

2.C.1 PRIORITY AXIS 4

ID of the priority axis	*PA 4*

Title of the priority axis	*4 Increasing cross border accessibility, promoting sustainable transport service and facilities and improving public infrastructures.*

2.D.2 FUND, CALCULATION BASIS FOR UNION SUPPORT AND JUSTIFICATION OF THE CALCULATION BASIS CHOICE

Fund	*IPA*
Calculation basis (total eligible expenditure or public eligible expenditure)	*Total eligible expenditure*
Justification of the calculation basis choice	*Not applicable*

2.D.3. THE SPECIFIC OBJECTIVES OF THE THEMATIC PRIORITY AND EXPECTED RESULTS

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

Thematic Priority	**4. Promoting sustainable transport and improving public infrastructures by, inter alia, reducing isolation through improved access to transport, information and communication networks and services and investing in cross-border water, waste and energy systems and facilities**
Specific objectives	***SO 4.1*** Increase coordination among relevant stakeholders to promote sustainable cross border connections in the cooperation area.

2.D.4. GUIDING PRINCIPLES FOR THE SELECTION OF OPERATIONS

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

The following guiding principles will be observed when selecting project applications:

Strategic coherence: coherence and contribution of each project application to the relevant Programme's specific objective, while addressing in a coherent way the achievement of the Programme's specific results envisaged. Furthermore, the CBC added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context.

Operational quality: design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved. The output and result-oriented approach that places much emphasis on the development of concrete, relevant and visible outputs and results will be a must.

Compliance to the Cross-cutting thematic Priorities: a specific section of the quality assessment grid will check the coherence of the project proposals with the following thematic Priorities

- f) promoting local and regional governance and enhancing the planning and administrative capacity of local and regional authorities;
- h) Strengthening research, technological development, innovation and information and communication technologies through, inter alia, promoting the sharing of human resources and facilities for research and technology development.

Compliance to the horizontal principles: coherence and contribution of each project application to the Programme's horizontal principles partnership and multi-level governance, sustainable development, promotion of equality between men and women and non-discrimination) and the demonstration of their integration and advancement within the project proposal intervention logic.

Compliance of projects funding with EU State aid legislation and public procurement regulations will be ensured; in particular (a) Directives 2004/18/EC and 2004/17/EC, (b) Directives 2014/23/EU, 2014/24/EU and 2014/25/EU once transposed into national legislation, (c) Directives 89/665/EEC and 92/13/EEC and (d) the general public procurement principles derived from the Treaty on the Functioning of the EU.

The detailed assessment criteria will be adopted by the Monitoring Committee and will be made available to potential applicants in the calls for proposals' documentation, which will be prepared and disseminated by the Managing Authority and the Joint Secretariat.

The implementation of the Programme foresees also strategic / thematic projects aimed to better focus specific Programme goals and addressed to provide concrete solutions to particular needs, as arisen in the Territorial Analysis.
The interrelations and the direct and indirect effects between actions implemented within tourism, environment and transports fields will be taken into consideration in selection and evaluation process of the project proposals. In the call for proposals will be requested that any development and upgrading of transport infrastructure (road or marine) shall be foreseen in mobility plans or other urban instruments adopted by relevant Authorities, which, are linked to air quality plans under Directive 2008/50/EC or equivalent for Albania e Montenegro, whenever possible.

2.D.5. ACTIONS TO BE SUPPORTED UNDER THE THEMATIC PRIORITY (BY THEMATIC PRIORITY)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

Thematic Priority	**4 Promoting sustainable transport and improving public infrastructures by, inter alia, reducing isolation through improved access to transport, information and communication networks and services and investing in cross-border water, waste and energy systems and facilities.** **SO 4.1** Increase coordination among relevant stakeholders to promote sustainable cross border connections in the Cooperation area. The Programme Area is fragmented on two sides of the Adriatic-Ionian Sea and this specifies the pattern of spatial interactions. The high territorial fragmentation constrains the potential for integrated territorial development and

	accessibility. The road transport on land bound routes dominates in the Programme area. The connections to the hinterland are poor with many bottlenecks on multimodal connections, while coordination is also inadequate. Density of railway network is lower than the EU average and presents average low standards both as regards the rail infrastructure and services, passengers and goods, and a limited railway mobility especially at international level. The territorial analysis underlines as well that transport systems are characterized by low interoperability and it's necessary to better organize the use of existing transport infrastructures and corridors with the aim to enhance the potential of the regions to function as hubs for tourists and trade, improving the intra and interregional connectivity. The enhancement of sustainable cross border connections and the improvement of skills and capacities of public and private transport actors in sustainable transport management are of critical importance in order to achieve this goal. If relevant, for some specific actions, appropriate coordination mechanism with the Italian responsible authorities of Internal Security Fund (ISF) will be put in place in order to create synergies and increase the effectiveness of the intervention through complementary programmes. In particular, if relevant, the MA will timely inform Italian responsible authorities of ISF about the launch of the call for proposals and will send to them the list of projects selected and the related proposals, also in order to avoid any double funding. In this contest the main result of the Programme is to enhance the coordination in the Programme area to tackle common challenges in order to boost an integrate territorial development, focused on the improvement of transport services, on the efficient policy of nautical routes even under the economic point of view, the seaports capacity to be reached easily by sea, considering as priority safety measures and environmental protection,. The impact of transports on the living environment, on human health (pollution, in particular improvement of air quality and reductions of PM and N02 emission, noise) should be taken into account in the development of innovative sustainable solutions. Since the development of transport system and hard infrastructures is funded by other instruments, the implementation of the Programme is concentrate to support the development of innovative and interoperable applications for transport support structure, as well as transport procedural, technology and organizational innovations, in order to well tuning the use of existing transport infrastructures, to better organizing the Corridors and to adequate the level of services toward international safety and quality standard's levels. With the term "sustainable transport" it is intended the promotion of the combination of various modes of transport within the same transport chain. Technical innovation and a shift towards the least polluting and most energy efficient modes of transport will also contribute to a more sustainable mobility. Moreover, it also promotes the sustainability of travel for passengers (i.e.: reduction of travel time, improvement of use of transport means already existing; improvement of custom services). The impact of transports on the living environment, on human health (pollution, in particular improvement of air quality and reductions of PM and N02 emission, noise) should be taken into account in the development of innovative sustainable

	solutions. The actions are addressed, toward the increasing of connectivity and interoperability of all transport modes through the supports of a coordinated more efficient use for current transport capacities. The Programme will assure synergy and interaction with fundamental social services, such as education and health; in these perspective, actions in transport systems to facilitate hospital migration might be developed. The results have to be achieved via multimodal transport chains enhancement, with the effective involvement of public and private transport actors such as public authorities, logistic and transport operators, ports, airports, railways, road transporter, intergovernmental and research organizations. In particular, the main expected results are: **1)** Sustainable, efficient, multimodal and quality cross border transport connections inside the area improved. **2)** Existing connections, with regular transit times and shared procedures, optimized. **3)** Consolidated supply logistic chain to bring a door-to-door integrated transport system introducing new intermodal maritime-based. This SO is coherent with the Pillar 2 of the EUSAIR Action Plan, with reference to the following topics: **a)** "Maritime transport". **b)** "Intermodal connections to the hinterland". Additionally, the SO is aligned to the EUSAIR Cross Cutting issue "Capacity building".

<u>The following list of possible actions is only an indicative list and can be completed with other relevant actions contributing to the specific objective's goals:</u>

1. Establishing a cooperation platform among relevant stakeholders to improve multimodal connections inside the programme area so that the existing transport infrastructure and transport services could be used more efficiently and be more user-friendly.
2. Enhancing network of relevant cross border customs stakeholders to improve custom procedures for passengers and goods traffic, contributing to reach the target by 2020 of reducing the time spent at regional border crossings by 50%.
3. Fostering connections between the main cross border transport infrastructures and the EU trans-European corridors, aimed at promoting sustainable transport in the Region, also implementing small scale investments in advanced services and physical infrastructures.
4. Enhancing the intraregional connectivity of the area as hub both for freight and passengers toward and from other destinations.
5. Improving and exchange of skills in terms of sustainable transports systems both for operators and management
6. Setting up of consolidated platforms allowing the optimization of out of standard loads (LCL – Less

Container Load)

Indicative types of beneficiaries: Public bodies, Bodies governed by public law local, regional and national authorities, transport regional and national development agencies; education and training organizations, railway undertakings, port authorities, research institutes, national, regional and local Authorities of transports and infrastructures, civil society organizations.

Target groups: multi- modal operators, shipping operators, shippers, maritime transport industry, customs, railway operators, local communities., citizens and end-users.

2.2.5. PROGRAMME SPECIFIC INDICATORS[8]

2.2.5.1 Programme specific result indicators

(Reference: point (c)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 3: Programme-specific result indicators

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value[9] (2023)	Source of data	Frequency of reporting
1.1	Common interventions aimed to improve the cross border framework conditions in which the facilitators of competitiveness operate	Quantitative	8	2015	15	survey	2018 2020 2023
2.1	Common action Plans for the smart management of	Quantitative	0	2015	4	survey	2018 2020

[8] Required where objectively justified by the given the content of the actions and where the Union support to technical assistance in the cooperation programme exceeds EUR 15 million.

[9]The target values can be qualitative or quantitative.

	tourist destinations to be adopted by the public authorities of the Programme area.						2023
2.2	a) cross border networks in the cultural and creative fields; b) cross-border agreements in the cultural and creative fields.	Quantitative	a) 2 b) 1	2015	a) 5 b) 3	survey	2018 2020 2023
3.1	Common Plans enhancing and safeguarding water landscapes (including marine ones).	Quantitative	3	2015	7	survey	2018 2020 2023
3.2	Common plans for energy efficiency and sustainable energy production.	Quantitative	1	2015	4	survey	2018 2020 2023
4.1	Agreements for cross-border passengers and freight sustainable transport systems and multimodal mobility solutions	Quantitative	5	2015	7	survey	2018 2020 2023

2.2.5.2 Programme specific output indicators expected to contribute to results

(Reference: point (c)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 4: Programme specific output indicators

ID	Indicator	Measurement unit	Source of data
1.1	○ Number of enterprises receiving non-financial support (common indicator – reference to the Annex of Regulation (EU) No 1299/2013); ○ Number of business and research institutions involved/offering non-financial support.	Number	Progress reports
2.1	○ Number of new products, services and pilot or demonstration projects realized; ○ Number of valorized sites.	Number	Progress reports
2.2	○ Number of enterprises receiving non-financial support (*common indicator – reference to the Annex of Regulation (EU) No 1299/2013*); ○ Number of cross-border creative platforms.	Number	Progress reports
3.1	○ Number of new products and services, pilot and demonstration projects realized; ○ Number of users involved (in pilot or demonstration projects).	Number	Progress reports
3.2	○ Number of new products, services, pilot and demonstration projects realized; ○ Number of final users involved (in pilot or demonstration projects).	Number	Progress reports
4.1	○ Number of new products, services, pilot and demonstration projects realized; ○ Number of passengers and freight benefitting of the new multimodal connections.	Number	Progress reports

5.1	○ Number of employees (full-time equivalents) from the programme management structures	Number	Progress reports

2.2.6. Categories of intervention

(Reference: point (c)(v) of Article 8(2) of Regulation (EU) No 1299/2013**)**

Corresponding categories of intervention based on a nomenclature adopted by the Commission, and an indicative breakdown of Union support.

Tables 5-8: Categories of intervention

Table 5: Dimension 1: Intervention field		
Priority Axis	**Code**	**€ amount**
1	62 Technology transfer and university-enterprise cooperation primarily benefiting SMEs	1.576.028,40
	63 Cluster support and business networks primarily benefiting SMEs	4.728.085,20
	64 Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation)	1.576.028,40
	67 SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	4.728.085,20
	73 Support to social enterprises (SMEs)	3.152.056,80
2	91 Development and promotion of the tourism potential of natural areas	4.412.879,60
	94 Protection, development and promotion of public cultural heritage assets	4.412.879,60
	95 Development and promotion of public cultural and heritage services	6.619.319,40
	77 Development and promotion of cultural and creative services in or for SMEs	6.619.319,40
3	21 Water management and drinking water conservation (including river basin management, water supply, specific climate change adaptation measures, district and consumer metering, charging systems and	4.925.089,00

	leak reduction)	
	85 Protection and enhancement of biodiversity, nature protection and green infrastructure	1.970.035,60
	87 Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures	5.910.106,80
	12 Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure)	2.955.053,40
	13 Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures	3.940.071,20
4	036 Multimodal transport	8.037.745,20
	44 Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring control and information systems)	5.358.496,80
5	121 Preparation, implementation, monitoring and inspection	4.728.085,20
	122 Evaluation and studies	788.014,20
	123 Information and communication	2.364.042,60

Table 6: Dimension 2: Form of finance

Priority Axis	Code	€ amount
1	01 Non-repayable grant	15.760.284

2	01 Non-repayable grant	22.064.398
3	01 Non-repayable grant	19.700.356
4	01 Non-repayable grant	13.396.242
5	01 Non-repayable grant	7.880.142

Table 7: Dimension 3: Territory type

Priority Axis	Code	€ amount
1	01 Large Urban areas (densely populated > 50 000 population)	12.608.227,20
	02 Small Urban areas (intermediate density > 5 000 population)	3.152.056,80
2	01 Large Urban areas (densely populated > 50 000 population	5.516.099,50
	02 Small Urban areas (intermediate density > 5 000 population)	6.619.319,40
	03 Rural areas (thinly populated)	9.928.979,10
3	01 Large Urban areas (densely populated > 50 000 population)	5.910.106,80
	04 Macro-regional cooperation areas	13.790.249,20
4	01 Large Urban areas (densely populated > 50 000 population)	5.358.496,80
	04 Macro-regional cooperation areas	8.037.745,20
5	07 Not applicable	7.880.142,00

Table 8: Dimension 6: Territorial delivery mechanisms

Priority Axis	Code	€ amount
1	07 Not applicable	15.760.284
2	07 Not applicable	22.064.398
3	07 Not applicable	19.700.356
4	07 Not applicable	13.396.242
5	07 Not applicable	7.880.142

SECTION 2.3 OVERVIEW TABLE OF INDICATORS PER PRIORITY AXIS AND THEMATIC PRIORITY

Table 9: Table of common and programme specific output and result indicators

Priority axis	Thematic priority	Specific objective(s)	Selected results indicators	Selected output indicators
	TP 1: Enhancing competitiveness, the business environment and the development of small and medium-sized enterprises, trade and investment	**Specific objective 1.1: Enhance the framework**	Common interventions aimed to improve the cross border	Number of enterprises receiving non-financial support (common indicator – reference to the Annex of Regulation (EU) No 1299/2013);

PA1: Strengthening the cross-border cooperation and competitiveness of SMEs	through, inter alia, promotion and support to entrepreneurship, in particular small and medium-sized enterprises, and development of local cross-border markets and internationalization	**conditions for the development of SME's cross-border market.**	framework conditions in which the facilitators of competitiveness operate	Number of business and research institutions involved/offering non-financial support.
PA2: Smart management of natural and cultural heritage for the exploitation of cross border sustainable tourism and territorial attractiveness	TP 2: Encouraging tourism and cultural and natural heritage	**Specific objective 2.1: Boost attractiveness of natural and cultural assets to improve a smart and sustainable economic development.**	Common Action Plans for the smart management of tourist destinations to be adopted by the public authorities of the Programme area.	Number of new products, services and pilot or demonstration projects realized
				Number of valorized sites.
		Specific objective 2.2: Increase the cooperation of the relevant key actors of the area for the delivery of innovative cultural and creative products.	a) cross border networks in the cultural and creative fields; b) cross-border agreements in the cultural and creative fields.	Number of enterprises receiving non-financial support (common indicator – reference to the Annex of Regulation (EU) No 1299/2013)
				Number of cross-border creative platforms.

PA3: Environment protection, risk management and low carbon strategy	TP 3: protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness	**Specific objective 3.1:Increase cross-border cooperation strategies on water landscapes**	Common Plans enhancing and safeguarding water landscapes (including marine ones).	Number of new products and services, pilot and demonstration projects realized;
				Number of users involved (in pilot or demonstration projects).
		Specific objective 3.2: Promoting innovative practices and tools to reduce carbon emission, to improve energy efficiency in public sector	Common plans for energy efficiency and sustainable energy production.	Number of new products, services, pilot and demonstration projects realized;
				Number of final users involved (in pilot or demonstration projects).

PA4: Increasing cross border accessibility, promoting sustainable transport service and facilities and improving public infrastructures	TP4: Promoting sustainable transport and improving public infrastructures by, inter alia, reducing isolation through improved access to transport, information and communication networks and services and investing in cross-border water, waste and energy systems and facilities	**Specific objective 4.1 Increase coordination among relevant stakeholders to promote sustainable cross border connections in the cooperation area.**	Agreements for cross-border sustainable connection of passengers and freight transport systems and multimodal mobility solutions.	Number of new products, services, pilot and demonstration projects realized;
				Number of passengers and freight benefitting of the new multimodal connections.
PA 5: Technical assistance	**n/a**	**5.1: Actions to support Programme structure with a sound management of the cooperation programme in terms of efficiency and effectiveness**	N/A	Number of employees (full-time equivalents) from the programme management structures

A SUMMARY OF THE PLANNED USE OF TECHNICAL ASSISTANCE

(Reference: point (b)(vi) of Article 8(2) of Regulation (EU) No 1299/2013)

PRIORITY AXIS	***TECHNICAL ASSISTANCE***
There is no action limited to improving the implementation capacity of one specific Priority Axis. Actions of technical assistance concern all Priority Axes and are developed in section 2.B.	

SECTION 2.B. DESCRIPTION OF THE PRIORITY AXIS FOR TECHNICAL ASSISTANCE

2.B.1. PRIORITY AXIS 5

ID	***PRIORITY AXIS 5***

Title	**Technical Assistance**

2.B.2. FUND AND CALCULATION BASIS FOR UNION SUPPORT

Fund	**IPA**
Calculation Basis *(total eligible expenditure)*	**Total eligible expenditure**

2.B.3. SPECIFIC OBJECTIVES AND EXPECTED RESULTS

(Reference: points (c)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

Specific Objective *(repeated for each specific objective)*

ID	**5.1**
Specific objective	***To increase in efficiency and effectiveness the management and implementation of the Cooperation Programme***

Expected results	A sound management of the cooperation programme is the pre-condition for its effective implementation. The programme is a new CBC programme which nonetheless can refer to a wide range of experiences and lessons learnt from transnational and cross-border cooperation programmes implemented in the EU programming period 2007-2013 and, respectively, the Med, the South East Europe and the IPA CBC Adriatic programmes. In particular, the evaluation of the IPA and South East Programme 2007-2013 observed that administrative burden in the framework of implementation could be reduced. Accordingly, the change driven by the Programme mainly refers to further improving and streamlining administrative procedures for a faster and more efficient implementation of the programme and an improvement of the support to beneficiaries so that they can apply in better conditions and submit more targeted and better quality projects. The main expected results are: a) ensuring an adequate management and control environment of the programme, as described in Section 5.3; b) ensuring that all programme implementation steps (including the launch of calls, contracting, monitoring of operations and programme achievements, reimbursement of expenditure, etc.) are timely and properly executed.

ID	5.2
Specific objective	***To improve the support to applicants and beneficiaries and to strengthen the involvement of relevant partners in the programme implementation***

Expected results	Besides a sound programme management, the capacity of applicants and beneficiaries to participate in the programme, as well as the direct involvement of relevant partners, in accordance with the multi-level governance approach, as defined in Article 5 of the Regulation (EU) 1303/2013, (i.e. competent national, regional and local bodies representing public institutions at all relevant level, socio-economic bodies and the civil society), are key aspects of its successful implementation. In the framework of this specific objective, the programme will address the need to build capacity of applicants and beneficiaries to participate in operations and to reach effective results aimed at improving policies and strategies and/or investments on long term. The main change sought is an improvement of the quality of projects, which implies less numerous applications better corresponding to the requirements of the programme. This change will require an adaptation of calls for proposals (targeted calls, strategic calls…), simplified procedures and more targeted support to the applicants and to the beneficiaries (training on preparation of applications as well as on project management, mobilisation of the joint secretariat (JS), also through individual consultation, information, animation, mobilisation of National Info points). Accordingly, two main results are envisaged: - Increased capacity of applicants and beneficiary to participate in the programme; - Strengthened involvement of relevant partners in programme implementation.

2.B.4. RESULT INDICATORS

Not relevant as the Union support to technical assistance in the Interreg Italy-Albania- Montenegro IPA II CBC programme does not exceed 15 million EUR

2.B.5. ACTIONS TO BE SUPPORTED AND THEIR EXPECTED CONTRIBUTION TO THE SPECIFIC OBJECTIVE

2.B.5.1. A DESCRIPTION OF ACTIONS TO BE SUPPORTED AND THEIR EXPECTED CONTRIBUTION TO THE SPECIFIC OBJECTIVES

(Reference: point (c)(iii) of Article 8(2) of Regulation (EU) No 1299/2013

Priority Axis 5	***Technical Assistance***

Types and examples of actions and expected contribution to the Specific Objectives:

The following list of possible actions is only an indicative list and can be completed with other relevant actions contributing to the specific objective's goals.

<u>Specific Objective 5.1</u>: Actions to support Programme structure with a sound management of the cooperation programme in terms of efficiency and effectiveness

In line with Article 59 of the Regulation (EU) 1303/2013 (CPR), actions within Specific Objective 5.1 target the preparation, management, monitoring, evaluation, information and communication, networking, control and audit tasks of the programme. Moreover, actions referring to this Specific Objective also address the reduction of the administrative burden for beneficiaries, applying the principles of simplification and harmonisation of rules, increased flexibility and proportionality.

Indicative actions supported under Specific Objective 5.1 are listed below and refer to principles and tasks described in Sections 5.3 and 7:

- Set up and management of a Joint Secretariat supporting the MA/CA and assisting the MC (Monitoring Committee), in the Programme administrative and financial management;
- Establishment of the AA (Audit Authority) and the GoA (Group of Auditors), for the implementation and day-to-day financial management and monitoring of the Programme;
- Preparation and implementation of calls for proposals, including the development of guidance documents, setting out the conditions for the support of operations, eligibity criteria and priorities in project selection;
- Setting-up and implementing procedures for the quality assessment, monitoring and control of operations implemented under the Cooperation Programme, also making use of external experts where necessary;
- Carrying out procedures contributing to the reduction of administrative burden for beneficiaries, such as use of common provision regulations with other ETC programmes, introduction of standardized management and monitoring tools, lighter model reports and templates, digitalization of documents;
- Collection of data concerning the progress of the Programme in achieving its objectives, as well as financial data and data relating to indicators and milestones, and reporting to the Monitoring Committee and the European Commission;
- Drafting and implementing the Programme Communication Strategy, including the setting up and implementation of information and communication measures and tools

in line with Article 115 of the Regulation (EU) 1303/2013 (CPR);

- Drafting and implementing the Programme evaluation plan and follow-up of findings of independent Programme evaluations;
- Setting-up, running and maintenance of a computerised system to record and store data on each operation necessary for monitoring, evaluation, financial management, verification and audit, in compliance with the applicable electronic data exchange requirements and contributing to the reduction of administrative burden for beneficiaries;
- Setting-up a network of national first level controllers, coordinated by the MA/Joint secretariat, in accordance with Regulation (EU) No 1299/2013, with the purpose of exchanging information and best practices at CBC level;
- Setting up and execution of audits on the programme management and control system and on operations;
- Training for Programme bodies ;
- Organization of events and conferences as well as production of promotional materials at national level for Programme activities dissemination.

For the establishment of its management and monitoring structures (JS, the National Info Points in Albania and Montenegro, FLC, the technical assistance units to the Certifying Authority, the Managing Authority and the Audit Authority and National Authorities), the Programme foresees the recruitment of staff, whose salaries will be paid by the Technical Assistance resources of the Programme.

Specific Objective 5.2: Actions to improve the support to applicants and beneficiaries and to strengthen the involvement of relevant partners in the Programme implementation.

In line with Article 59 of the Regulation (EU) 1303/2013 (CPR), actions within Specific Objective 5.2 target the reinforcement of capacity of applicants and beneficiaries to apply for and to use the funds as well as the involvement of relevant partners, including the exchange of good practices among partners.

Indicative actions supported within Specific Objective 5.2 are listed below and they refer to principles and tasks described in Sections 5.

- Drafting of information documents for applicants and beneficiaries to guide them in the preparation of applications and the implementation, evaluation, control and communication of approved operations;
- Organisation of consultation, information, training and exchange events to strengthen the capacity of applicants to develop applications directly contributing to the programme Specific Objectives and expected results;
- Organisation of trainings on specific implementation issues such as project and financial management, reporting, control, audit, communication and networking to strengthen the capacity of beneficiaries to implement approved operations;
- Organisation of monitoring visit to running projects performed by the JS aimed at carrying out, whenever needed, quality assessment of outputs/results, with the possibility to ask for improvements;

- Developing information and exchange tools (e.g. analytical documents, bilateral meetings, targeted events, etc.) and organisation of CBC and national events to strengthen the involvement of relevant partners in the implementation of the programme (also including authorities involved in the development or implementation of macro-regional strategies, joint legal bodies operating in the area (EGTCs,…) and umbrella organisations at EU/CBC level);Set up a network of National Info Points in Participating Countries, cooperating with the JS and the National Authorities in charge of the Cooperation Programme;
- Executing studies, reports and surveys on strategic matters concerning the Programme that can contribute to the sustainability and take up of results and achievements into policies, strategies, investments or that are of public interest, making use of experts when necessary.

In the implementation of their management and monitoring activities, all the Programme structures and bodies listed in Section 5.3 will be funded through the available resources for Technical Assistance of this SO.

SECTION 3. THE FINANCING PLAN

(Reference: point (d) of Article 8(2) of Regulation (EU) No 1299/2013)

3.1. FINANCIAL APPROPRIATION FROM IPA (IN EUR)

(Reference: point (d)(i) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 15(including ERDF)

Fund	2014	2015	2016	2017	2018	2019	2020	Total
IPA		5.707.102	8.150.102	18.717.298	15.104.862	15.406.960	15.715.098	78.801.422

3.2.A. TOTAL FINANCIAL APPROPRIATION FROM THE IPA AND NATIONAL CO-FINANCING (IN EUR)

(Reference: point (d)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 16: Financing plan (including ERDF)

Priority axis	Basis for the calculation of the Union support	Union support (a)	National counterpart (b) = (c) + (d))	Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b) (2)	Co-financing rate (f) = (a)/(e)	For information	
				National Public funding (c)	National private funding (1) (d)			Contributions from third countries	EIB contributions
PA 1	Total	15.760.284	2.781.227	2.224.981	556.246	18.541.511	84,9999981123%		
PA2	Total	22.064.398	3.893.718	3.504.346	389.372	25.958.116	84,9999976886%		
PA 3	Total	19.700.356	3.476.534	2.781.227	695.307	23.176.890	84,9999978427%		
PA 4	Total	13.396.242	2.364.043	1.891.234	472.809	15.760.285	84,9999984137%		
PA 5	Public	7.880.142	1.390.614	1.390.614		9.270.756	84,9999935280%		
Total		**78.801.422**	**13.906.136**	**11.792.402**	**2.113.734**	**92.707.558**	**84,9999975191%**		

(1) To be completed only when priority axes are expressed in total costs.

(2) This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).

3.2.B. BREAKDOWN BY PRIORITY AXIS AND THEMATIC PRIORITY

(Reference: point (d)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

TABLE 17

	THEMATIC PRIORITY	UNION SUPPORT	NATIONAL COUNTERPART	TOTAL
Priority axis 1	**TP G**	**15.760.284**	**2.781.227**	**18.541.511**
Priority axis 2	**TP D**	**22.064.398**	**3.893.718**	**25.958.116**
Priority axis 3	**TP B**	**19.700.356**	**3.476.534**	**23.176.890**
Priority axis 4	**TP C**	**13.396.242**	**2.364.043**	**15.760.285**
Priority axis 5		**7.880.142**	**1.390.614**	**9.270.756**
TOTAL		**78.801.422**	**13.906.136**	**92.707.558**

RESERVE not less than 50% of total amount of the financial resources for thematic calls and strategic projects.

SECTION 4 INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT (WHERE APPROPRIATE)

(Reference: Article 35 (2) of IPA II Implementing Regulation and Article 8(3) of Regulation (EU) No 1299/2013)

Description of the integrated approach to territorial development, taking into account the content and objectives of the cooperation programme and showing how it contributes to the accomplishment of the programme objectives and expected results

The programme strategy identifies territorial challenges shared across the cooperation area, reflecting common cross-border needs and potentials that can be effectively tackled through transnational cooperation and the adoption of an integrated approach to territorial development.

This approach has a twofold dimension, combining an horizontal perspective (mainstreaming different intervention sectors: tourism-environment-transports, SMEs-culture-tourism, energy efficiency-risk protection, etc.) with a vertical integration of different institutional levels, interesting programmes and strategies implemented in the cooperation area. Integrated territorial development will be guaranteed by a number of means, such as carrying out common initiatives and information activities, assuring the participation to decision making processes, facilitating the joint work of programmes management and implementation structures (e.g. Managing Authorities, Monitoring Committees, IPA coordinators) and their involvement into national and international events. The programme will encourage synergies between different governance levels, the integration of Programmes and funds, sharing common implementation actions and their compliance with macro-regional strategies (in particular EUSAIR).

Each of the selected Priorities will address specific needs and development potentials of the programme area, in coherence and complementarity with Italian Partnership Agreement and Strategy Country papers of the IPA Partner States, reaching “Investment for Growth and Jobs” goal, as summarized below:

- Priority 1 : The programme area has a relevant presence of SMEs, with a high need of competitiveness and innovation; economic strength is unevenly distributed in the area, with R&D investments concentrated on few growth poles and peripheral areas/regions with low competitiveness and limited technology transfer. This priority aims at reducing regional disparities strengthening linkages within and between regions, supporting the innovation networks and clusters on some relevant sectors such as blue economy and agro-business; expected actions aim at stimulating SMEs investments in innovation, empowering crossborder dimension and access to international markets.
- Priority 2 : Natural and cultural heritage represent important regional development factors; if integrated in a sustainable territorial marketing strategy, can be a strong economic driver of the programme area. The priority aims at improving the attractiveness of natural and cultural assets, linking them with tourism offer, as well as developing new innovative cultural/creative products that, in the last years, are driving the new economy.
- Priority 3: Both the SOs intervention are addressed to improve natural resources management (especially water and energy) thorough the promotion/adoption of innovative common regulative tools and standards requiring an integrated approach to the territorial governance. The sustainable management will contribute to minimise the climate change impact and the environmental risk (e.g. fighting against inland and coastal water pollution or increasing the use of RES).
- Priority 4 : The area is characterized by an high fragmentation, limited connections with peripheral areas and low interoperability between transport systems. The priority tackles these issues by improving coordination of passenger and freight transport systems with the regions and across borders and by improving coordination among freight transport stakeholders for multimodal environmentally-friendly freight solutions.

The Territorial Analysis has underlined high fragmentation in the Programme area, identifying strong disparities between growing urban poles and declining peripheral areas. Coastal areas represent a high level of attractiveness, a very important concentration of human activities and fragility of natural and cultural resources; on the other hand, in rural and low populated areas, tourism and agriculture represent essential economic activities that are sometimes threatened by demographic change and climate change effects. Priorities dedicated to economic development, better management of natural resources and climate change consequences will tackle these challenges.

No specific urban areas have been identified to implement sustainable urban development. Partners of all urban areas located in the eligible regions of the programme can participate in projects, following the recommendations provided in the different priority axes and in the calls for proposals.
Specific challenges reflecting the needs of certain programme areas will be addressed as well through targeted calls.

4.1 COMMUNITY-LED LOCAL DEVELOPMENT (WHERE APPROPRIATE)

Approach to the use of community-led local development instruments and principles for identifying the areas where they will be implemented

(Reference: Article 35 (2) of IPA II Implementing Regulation and point (a) of Article 8(3) of Regulation (EU) No 1299/2013)

Not applicable

4.2 INTEGRATED TERRITORIAL INVESTMENT (ITI) (WHERE APPROPRIATE)

Approach to the use of Integrated Territorial Investments (ITI) (as defined in Article 36 of Regulation (EU) No 1303/2013) other than in cases covered by 4.2, and their indicative financial allocation from each priority axis

(Reference: Article 35 (2) of IPA II Implementing Regulation and point (c) of Article 8(3) of Regulation (EU) No 1299/2013)

Not applicable

4.3 CONTRIBUTION OF PLANNED INTERVENTIONS TOWARDS MACRO-REGIONAL AND SEA BASIN STRATEGIES

Contribution of planned interventions towards macro-regional and sea basin strategies subject to the needs of the programme area as identified by the relevant partner States and taking into account, where applicable, strategically important projects identified in those strategies (where appropriate(Where partner States and regions participate in macro-regional and/or sea basin strategies)

(Reference: point (d) of Article 8(3) of Regulation (EU) No 1299/2013)

The Interreg IPA II CBC Italy Albania Montenegro Programme strategy has been developed with the contribution

of stakeholders, research experts and taking into account the preparatory work for the definition of the EUSAIR Action Plan (SWD(2014) 190 final).

Coherence with the Partnership Agreements and the SCPs of IPA countries respectively has been verified aiming at the coordination with the mainstream of ERDF and IPA II interventions; the focused thematic orientation of the Programme reflects the overall consensus of the participating countries.

The Interreg IPA II CBC Italy Albania Montenegro Programme is partially coincident and completely included into the EUSAIR geographic Area, this meaning that the Programme will concur to the EUSAIR Action Plan implementation.

And, in fact, beside the specific Programme Territorial Analyses, highlighting the development needs of the area, the EUSAIR documents have been consulted for additional inspiring elements, with the aim of the widest convergence among topics, actions, results and outputs, and coherently with the Macroregional prescriptions of making a better use of exhisting resources, legislations and institutions.

Both EUSAIR and Interreg IPA II CBC Italy Albania Montenegro Programme Strategies rely on an integrated approach, and the present Programme will develop operational projects aimed to implement the EUSAIR strategy, based on the capacity of existing institutions and territorial stakeholders to cooperate in the region.

In terms of correspondence of EUSAIR and Programme objective:

PA 1. The SO 1.1 aims at delivering a better regulatory framework in order to create “environmental conditions” to stimulate investment in the Programme area, on the other hand a strengthened interaction between business support organizations and SMEs, promoting internationalization and innovation through networking, cooperation and exchange of experience between all the interested actors . Considering the cross cutting Priority mentioned here, above all, actions shall aim at strengthening and empowering innovation clusters and networks, stressing their cross-border dimension, mainly in the field of blue economy, sustainable agriculture, food processing , green economy and social innovations.

SO 1.1., acting on the cross - border “business environment” and SMEs competitiveness, is coherent with the Pillar 1 “Blue Growth” of the EUSAIR Action Plan and the Cross Cutting issues “Capacity building” and “Research innovation and SME’s development”.

PA 2. Both the 2 SOs are acknowledging the rich natural and cultural heritage of the Programme area both as a growth asset for tourism but also as a value per se. The application of an integrated approach for both natural and cultural heritage will be strictly linked to its economic added value and to the sustainable tourism valorization. The actions should build on knowledge, skills and heritage assets, which would connect and promote lesser-known destinations of the Area.The approach directly addresses also the creativity industry as a driver for the economic growth and attractiveness of the Programme area.

SO2.1. is coherent with the Pillar 4 of the EUSAIR Action Plan, mainly in terms of support to: a) common tourist / territorial brand building; b) sustainable and accessible tourist offer; c) thematic tourist routes; d) foster natural heritage; e) upgrade of tourist products. Furthermore, the SO is aligned to the EUSAIR Cross Cutting issue “Capacity building”.

SO 2.1. is coherent with the Pillar 4 of the EUSAIR Action Plan, mainly in terms of support to: a) foster cultural heritage, creative cross border region. Furthermore, the SO is aligned to the EUSAIR Cross Cutting issue “Capacity building”.

PA 3. The PA addresses the need to increase cross-border cooperation strategies on water landscapes , to reduce carbon emission and to adopt energy efficiency standards and practices in the public sector, including the needs of minimizing the impact of climate changes, reducing environmental risks such the hydrogeological one, the inland and coastal waters pollution, the water scarcity, the CO2 emissions, etc.

SO3.1. is coherent with the Pillar 3 of the EUSAIR Action Plan, with reference to its two topics :

1.Marine environment

2.Terrestrial habitats and biodiversity.

Furthermore, the SO is aligned to the EUSAIR cross cutting issue “Capacity building”.

SO3.2. is synergic with the Pillar 2 of the EUSAIR Action Plan, with reference to its topic “Energy Networks”, as both interventions complement each other and might produce a smarter and more sustainable growth at Programme area level.

Furthermore, the SO is aligned to the EUSAIR Cross Cutting issue “Capacity building”.

PA4. The PA cointains a territorial dimension per se, by addressing connectivity in the Adriatic sea. The Programme focuses on multimodality, logistics and environmental friendly transport and mobility, contributing thus to the conciliation of the different uses and needs among regions and users, with reference to people and goods transports.

SO 4.1. is coherent with the Pillar 2 of the EUSAIR Action Plan, with reference to the following topics:

1. “Maritime transport”.
2. “Intermodal connections to the hinterland”.

Additionally, the SO is aligned to the EUSAIR Cross Cutting issue “Capacity building”.

In order to ensure the maximum impact of the Programme activities on the implementation of the EUSAIR Strategy, the involvement and consultation of EUSAIR governing bodies (the Governing Board and the Thematic Steering Committee) is going to be ensured throughout the Programme lifetime in its more relevant phases of planning and implementation, such as call for proposals drafting, strategic projects evaluation, participation to the meetings of the Joint Monitoring Committee. Accordingly, the programme will monitor those initiatives labelled within the EUSAIR framework, introducing evaluation criteria that give priority to projects coherent with EUSAIR strategy.

Capitalization and communication activities as well as the implementation of projects may foresee specific involvement or consultation of other EU territorial cooperation programmes such as MED and ADRION.

The MA will ensure the coherence and complementarity with relevant EU and national funding instruments that contribute to the same or similar objectives of the cooperation programme or complement its interventions.

Additionally, the regional Programmes already foresee connections with this IPA CP and EUSAIR; the respective Managing Authorities, together with the IPA Coordinators of Albania and Montenegro, will be invited to take part to the Monitoring Committee meetings in order to put in place strong coordination mechanism and ensure synergies among the different Operational Programmes of the participating Countries. The Italian referent of the Partnership Agreement will take part to the MC, too.

SECTION 5: IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME

(*Reference: Article 8(4) of Regulation (EU) No 1299/2013 as referred to in Article 34 (1) of Regulation (EU) No 447/2014*).

5.1 RELEVANT AUTHORITIES AND BODIES

(REFERENCE: ARTICLE 8(4) OF REGULATION (EU) NO 1299/2013)

Table 19: Programme authorities

(Reference: point (a)(i) of Article 8(4) of Regulation (EU) No 1299/2013)

Authority/Body	Name of the Authority/Body and Department or Unit	Head of the Authority/Body
Managing Authority	Puglia Region – Mediterranean Department – Managing Authority Office	Director of the Managing Authority Office
Certifying Authority	Puglia Region – Certification Authority Office of the Finance and Control Area Italy	General Director
Audit Authority	Puglia Region – Control and European Policies Audit Office Italy	Puglia Region – Director of Control and European Policies Audit Office

The body to which payments will be made by the Commission is:

(Reference: point (b) of Article 8(4) of Regulation (EU) No 1299/2013)

The Certifying Authority

Table n. 20: Body or bodies carrying out control and audit tasks

(Reference: point (a)(ii) and (iii) of Article 8(4) of Regulation (EU) No 1299/2013)

Authority/Body	Name of the Authority/Body and Department or Unit	Head of the Authority/Body
Body or bodies designated to carry out control tasks	Italy As for Italy, the Managing Authority carries out verifications in relation to beneficiaries on its territory, in line with Article 125 (4) (a) of Regulation (EU) No 1303/2013 (CPR) and Article 23 (4) of Regulation (EU) No 1299/2013,	Italy Director of the Managing Authority Office

	through a decentralized system of register of auditors. Albania As for Albania, the centralized First Level Control System applies for verifications performed according to Article 37 of the Commission Implementing Regulation (EU) No 447/2014. Verifications are carried out by the Ministry of European Integration via contracted controllers (funded by available resources on Technical Assistance) Montenegro. As for Montenegro, the centralized First Level Control System applies for verifications performed according to Article 37 of the Commission Implementing Regulation (EU) No 447/2014. Verifications are carried out by a controller contracted by the Ministry of Finance, Directorate for Finance and Contracting of the EU Assistance Fund (CFCU).	Albania Director Montenegro Director General for Finance and Contracting of the EU Assistance Fund
Body or bodies designated to carry out audit tasks	The Audit Authority is assisted by a Group of Auditors (GoA). Each Participating Country designates the body or person responsible for carrying out the audit tasks provided for in Article 127 of Regulation (EU) No 1303/2013. Each Participating Country to the Programme is responsible for audits carried out on its territory. An external audit company may be contracted to carry out audits on the proper functioning of the management and control systems and on appropriate sample of projects.	The responsible body is included in the agreement to be signed by each Participating Country after the adoption of the Cooperation Programme. The Albanian member of the Group of Auditors will be one representative of the Agency for the Audit of European Union Programmes Implementation System. This Agency is accredited by EU and is under the responsibility of the Ministry of Finance. For Montenegro, Audit tasks will be carried out by the Audit Authority of Montenegro (Beogradska 24b, 81000 Podgorica), under the responsibility of its General Auditor.

5.2 PROCEDURE FOR SETTING UP THE JOINT SECRETARIAT

(*Reference: point (a)(iv) of Article 8(4) of Regulation (EU) No 1299/2013*)

The Joint Secretariat is set up in agreement with the Participating Countries to the Programme INTERREG IPA II CBC Italy-Albania-Montenegro, under the responsibility of the Management Authority.

JS is based in Bari, at the premises made available within the Mediterranean Department, Interregional Cooperation and South East Europe Office of Puglia Region.

The JS assists the Managing Authority and the Joint Monitoring Committee in carrying out their respective duties. It also provides information to all potential beneficiaries on the Cooperation Programme funding opportunities and assists the Lead beneficiaries in the implementation of selected projects' proposals.

The Managing Authority initiates the selection procedure for the JS staff recruitment through an open competition, taking into consideration the Terms of Reference agreed on by the JMC, laying down individual job descriptions. Contracting procedures with the selected candidates are implemented according to the related Italian legislation and ensure an equal treatment for all JS staff. These recruitments are open to candidates from any EU Member State and from any Participating Country in the INTERREG IPA II CBC Italy-Albania-Montenegro Programme. The international representativeness of the cooperation area is assured.

The JS is composed by international external experts, recruited by public procurement rules, covering the following functions:

- JS coordinator
- Legal and Administrative expert;
- Financial expert;
- Communication expert;
- Project Managers;
- Operational Secretary;

The principles of equal opportunity and non-discrimination are taken into consideration in the recruitment of the Joint Secretariat staff.

5.3 SUMMARY DESCRIPTION OF THE MANAGEMENT AND CONTROL ARRANGEMENTS

(Reference: point (a)(v) of Article 8(4) of Regulation (EU) No 1299/2013)

This following section describes the implementation structure of the INTERREG IPA II CBC Italy-Albania-Montenegro Programme 2014-2020 and, specifically, bodies acting as Managing Authority (MA), Certifying Authority (CA), Audit Authority (AA) and Joint Secretariat (JS). It also defines the tasks of each of the involved body, including the Joint Monitoring Committee (JMC) and describes the relations between the different bodies in the various processes necessary for the Cooperation Programme implementation.

The Programme language is English.

Italy, Albania and Montenegro, which are the Participating Countries in the INTERREG IPA II CBC Italy-Albania-Montenegro Programme 2014-2020, in accordance with their respective responsibilities laid down in the Regulation (EU) No 1303/2013, Regulation (EU) No 1299/2013 and Commission Implementing Regulation (EU) No 447/2014, are expected to establish a shared management system to manage, coordinate and supervise the implementation of the Cooperation Programme.

The management of this Programme follows the management structure applicable to a Structural Funds Programme. As regarding IPA Participating Countries, it applies Article 9 (3) of the Regulation (EU) No 231/2014 establishing an Instrument for Pre-accession Assistance (IPA II) and Article 34 of the Regulation (EU) No 447/2014 on the specific rules for implementing Regulation (EU) No 231/2014, which explicitly refers to the Regulation (EU) No 1299/2013 (CTE). As a result, general principles for management and control arrangements are specified in Article 72 of the Regulation (EU) No 1303/2013 .

5.3.1 JOINT IMPLEMENTATION STRUCTURE AND DIVISION OF TASKS BETWEEN THE DIFFERENT BODIES

JOINT MONITORING COMMITTEE (JMC)

The main function of the JMC are specified in Article 49 and Article 110 of Regulation (EU) No1303/2013 and in article 38 of the Commission Implementing Regulation (EU) No 447/2014.

In accordance with Article 47 of the Regulation (EU) No 1303/2013 and Article 38 of the Commission Implementing Regulation (EU) No 447/2014, the Member State and the Participating Countries in the INTERREG IPA II CBC Italy-Albania-Monenegro Programme 2014-2020, in agreement with the Managing Authority, set up a Joint Monitoring Committee (JMC) within three months from the date of the notification of the Commission's decision approving the Cooperation Programme.

The JMC draws up its own rules of procedure within the institutional, legal and financial framework of the Participating Countries concerned and adopts them in its first meeting in agreement with the MA in order to exercise its duties in accordance with the Regulation (EU) No 1303/2013, the Regulation (EU) No 1299/2013 and the Commission Implementing Regulation (EU) No 447/2014. The rules of procedures contain a detailed description of the composition, the functioning and tasks as well as the decision-making process of the JMC.

Members of the JMC represent the Member State and Participating Countries in the Programme on policy and administrative level and ensure a transparent approach.

Composition of the Joint Monitoring Committee

The composition of the JMC of the Programme, according to Article 48 (1) Regulation (EU) No 1303/2013 and Article 38 (2) of the Commission Implementing Regulation (EU) No 447/2014 is agreed upon by the Member State and by the Participating Countries in the Cooperation Programme. Each Participating Country is equally represented and comply with the partnership principle in managing, monitoring and evaluating the project's proposals in all stages of programme implementation.

The JMC is chaired by a representative of the Participating Country or by the Managing Authority. The rotatory principle is applied.

Decisions by the JMC are taken by *consensus* whereby each Participating Country has one vote. Decisions may also be taken through written procedure. The JMC meets at least once a year.

The JMC is made up of four representatives per each Participating Country at the appropriate governance level (national, regional or local), and includes as well representatives of:

- European Commission, participating in an advisory capacity;
- The IPA Coordinators of Albania and Montenegro
- The Managing Authorities of the Italian regional Programmes, togheter with the referent of the Partnership Agreement.
- The National referents of EUSAIR of the participating Countries.
- The Managing Authority and the Certifying Authority, participating in an advisory capacity;
- The JS, providing the secretarial support to the JMC and participating in an advisory capacity;
- The Audit Authority, which can participate as an independent observer;

- Cross-border economic and social partners and bilateral non-governmental organizations, who may participate in an advisory capacity as specified in the rules of procedure and according to the code of Conduct on Partnership.
- Other institutional and territorial stakeholders, including representatives of the civil society

The list of members of the MC shall be published on the programme web site; other arrangements on the transparency of MC decisions will be indicated in the rules of procedure.

Role and tasks of the Joint Monitoring Committee

The JMC steers the Cooperation Programme and examines all issues that affect the performance of the Programme, in order to ensure the quality, effectiveness and accountability of its implementation.

The JMC reviews the implementation of the Programme and progress towards achieving its objectives and, in details, it carries out its functions in line with Article 49 and Article 110 of the Regulation (EU) No 1303/2013.

The JMC also adopts the methodology, criteria for selection of projects' proposals and eligibility rules before the launch of each call for proposals. It selects the project's proposals financed by the Cooperation Programme in line with Article 12 of the Regulation (EU) No 1299/2013 and with Article 39 of the Commission Implementing Regulation (EU) No 447/2014.

The JMC approves the list of projects' proposals/operations to be funded in the framework of the Cooperation Programme.

The JMC validates the management and control system description that forms the basis for the designation of the Programme Authorities according to Article 124 (2) of the Regulation (EU) No 1303/2013.

MANAGING AUTHORITY

General principles for management and control arrangements are specified in Article 72 of the Regulation (EU) No 1303/2013.

The Managing Authority, assisted by the Joint Secretariat, is responsible for managing and implementing the Cooperation Programme in accordance with the principle of sound financial management. It carries out the functions described in Article 125 of the Regulation (EU) No 1303/2013 and Article 23 of Regulation (EU) No 1299/2013.

In particular, the Managing Authority is in charge of the transmission of information and data to the Joint Monitoring Committee and to the European Commission, in particular financial data and data relating to indicators and milestones as well as data relating to the progress of the Cooperation Programme in achieving its objectives and results.

The Managing Authority acts for the benefit of the whole Cooperation Programme.

The Managing Authority acts, in the implementation of its tasks, in full accordance with Italian institutional, legal and financial provisions.

The Managing Authority, in agreement with Participating Countries to the Cooperation Programme, sets up the Joint Secretariat as provided for in chapter 5.2.

Based on the principles of efficiency and commitment, a dedicated office within the Mediterranean Department – Interregional Cooperation and South East Europe Office -, ensures the implementation of the MA duties, including effective involvement of staff and services, according to the regional administrative organization. For administrative and financial issues the Managing Authority is supported by regional internal staff and by an external Technical Assistance Unit.

With reference to the relations and respective roles of Managing Authority and Joint Monitoring Committee of the Programme, the MA will ensure that JMC implements its own duties and discharges its own responsibilities in compliance with EU Regulations and IPA Implementing Rules.

The MA will provide all necessary tools allowing the JMC to formulate recommendations on Programme implementation and will ensure a prompt feedback on the actual measures consequently adopted.

Moreover, the MA:

- promotes synergies and ensure coordination with the other EU territorial cooperation and development Programmes funded by ERDF, ESF, EAFRD EMFF and IPA, the institutions and policies at European, national, regional and local level;
- pays attention to the development of the Mediterranean and Adriatic – Ionian Macro-regional Strategies, ensuring coherence in the territorial development paths here foreseen;
- respects values in terms of environmental sustainability, equal opportunities, non-discrimination, human rights as well as the objectives of the European Union 2020 Strategy;
- operates respecting the general principles and policies of the European Union as public procurement and competition rules, environmental issues, equity and no discrimination with the aim to target the calls for proposals in line with the Cooperation Programme priorities to meet the real needs and interests of the territories and in terms of generating added value and sustainable projects;
- optimizes the financial, human and time resources in a fully transparent way.

On-the-spot verifications

In order to guarantee quality control, the Managing Authority, in line with Article 125 (5) (b) of the Regulation (EU) No 1303/2013, performs on-the-spot verifications at the level of beneficiaries. The frequency and coverage of the on-the-spot verifications are proportionate to the amount of public support to the project's proposal and the level of risk identified and audits by the Audit Authority for the management and control system as a whole. The Managing Authority draws up and, once approved by the Joint Monitoring Committee, applies the criteria to define the intensity of verifications.

CERTIFYING AUTHORITY

The Certifying Authority, according to Article 24 Regulation (EU) No 1299/2013, carries out the functions envisaged in Article 126 of the Regulation (EU) No 1303/2013.

In particular, the Certifying Authority is responsible for drawing up and submitting to the Commission payment applications and certifying that these result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verifications by the Managing Authority before being sent to the Commission.

The Certifying Authority is also responsible for drawing up the annual accounts, certifying the completeness, accuracy and veracity of the annual accounts and that the expenditure entered in the accounts complies with applicable EU and national rules and has been incurred in respect of projects' proposals selected for funding in accordance with the criteria applicable to the Cooperation Programme and complying with EU and national rules.

Special attention is paid in the designing and implementation of the Management and Monitoring ICT Tool to be used, among the others, for supporting the Certifying Authority in the performance of its specific functions, in order to ensure that an electronic interchange of data among the Programme Authorities is guaranteed.

In order to fulfil its tasks, the Certifying Authority is supported by regional internal staff and by an external Technical Assistance Unit.

AUDIT AUTHORITY

The Audit Authority carries out its functions in accordance with Articles 123, 124, 127 and 128 of the Regulation (EU) No 1303/2013 and Articles 21 and 25 of the Regulation (EU) No 1299/2013.

The Audit Authority ensures that audits are carried out on the proper functioning of management and control system of the Cooperation Programme and on an appropriate sample of projects' proposals on the basis of the declared expenditures. It draws up an audit opinion on the annual accounts for the preceding accounting year and an annual control report setting out findings of the audits carried out during the preceding accounting year.

The Audit Authority prepares, within eight months of adoption of the Cooperation Programme, an audit strategy of performance and audits. The audit strategy sets out the audit methodology, the sampling method for audits on projects and the planning of audits in relation to the current accounting year and the two subsequent accounting years.

In line with Article 25 (2) of the Regulation (EU) No 1299/2013, the Audit Authority is assisted by a Group of Auditors (GoA) comprising of representatives from responsible bodies of each Participating Country in the Cooperation Programme, carrying out the above listed duties detailed in Article 127 of the Regulation (EU) No 1303/2013. The representatives have to be independent from the JMC members, the controllers designated according to Article 23 (4) of the Regulation (EU) No 1299/2013 and any project's activities and finances. The GoA is set up within three months of the decision approving the Cooperation Programme at the latest. It draws up its own rules of procedure and is chaired by the Audit Authority

Where audits and controls are carried out by a body other than the Audit Authority, the latter ensures that such bodies have the necessary functional independence. The decision on the body carrying out the system audits and the checks on expenditure is taken by the Audit Authority and the Group of Auditors during the process of designing the audit strategy of the Cooperation Programme.

EU Member State and Participating Countries are responsible for the audits carried out on their territories.

The Audit Authority acts, in the implementation of its tasks, in full accordance with Italian institutional, legal and financial provisions.

JOINT SECRETARIAT

According to Article 23 of Regulation (EU) No 1299/2013, the Joint Secretariat assists the Managing Authority in carrying out its functions and is the main technical supporting body responsible for the implementation of the Cooperation Programme. The Joint Secretariat provides information to potential beneficiaries about funding opportunities under the INTERREG IPA II CBC taly-Albania-Montenegro Programme 2014-2020, and assists beneficiaries in the implementation of projects' proposals. It sets up and maintains contacts with Lead beneficiaries and their partnerships.

More specifically, the Joint Secretariat ensures at cross-border level coordination, follow-up and promotion activities and provides technical support for the preparation of meetings and events at the Programme level (Monitoring Committees, Cross-border Conferences and working groups, training andseminars, other specific thematic meetings).

The Joint Secretariat facilitates, assesses and ensures that projects' selection is equitable and transparent. It collects financial, physical and statistical data that are needed for Programme monitoring as well as for the interim and final appraisals. It verifies payment claims in sight of payment to Lead beneficiaries. Moreover, it performs tasks related to the implementation of the Programme communication plan and related to follow up of running projects, by carrying out monitoring activities and *in itinere* evaluation of the selected projects.

The Joint Secretariat is also in charge of implementing the information system that is open and available to operators for the implementation of the Cooperation Programme: schedule, progress, contacts, phone details, website.

The annual work plans and reports of the JS have to be approved by the JMC. The set-up and functioning of JS, including its activities, are funded from the TA budget in line with MA/JS work plans and reports to be are approved by the JMC annually.

NATIONAL INFO POINTS

The National Info Points will be located in Montenegro and Albania. Their main tasks are to translate the goals of the Cooperation Programme to potential beneficiaries in Participating Countries and serve as national information points for the projects' preparation and submission phase, and implementation. The INTERREG IPA II CBC Italy-Albania-Montenegro Programme National Info Points are synergic with the activities of the Joint Secretariat. The National Info Points may carry out, in cooperation with the JS and the National Authorities in charge of the Cooperation Programme, other specific activities.

The main tasks of the National Contact Points are:

- acting as an information point for potential project applicants and beneficiaries at national level;
- contributing to maximize information and publicity actions within the respective Countries;
- acting as link among beneficiaries and bodies in charge, at national level, of the implementation of the Cooperation Programme;
- supporting, at national level, the JS and Programme controllers for the implementation of projects-monitoring activities;
- supporting national bodies with information required for fulfilling their tasks.

The National Info Points are trained on a regular base, for ensuring their best performances and for aligning their local activities to the different Programme implementation phases.

5.3.2 ORGANISATION OF THE ASSESSMENT AND SELECTION OF PROJECTS' PROPOSALS

In the framework of the Cooperation Programme's implementation, it is possible to apply to different categories of calls for proposals, related to different categories of project initiatives:

- Standard projects , open calls addressing the development needs of the Cooperation Programme, in the framework of objectives, results and outputs identified by the Programme strategy.
- Strategic projects, targeted calls based on terms of references which rely on the top-down approach and foresee the involvement of all Participating Countries to the Cooperation Programme, in the framework of a multi-level governance model which rely on relevant beneficiaries and key actors. The financial dimension of the strategic projects aims at maximizing their impact on medium and long term in the whole Cooperation Programme area.
- Thematic projects, targeted calls based on terms of references which rely on the top-down approach and are focused on topics of particular relevance for the Programme Cooperation area, surfacing from specific needs. The financial dimension of thematic projects aims at maximizing their impact on medium and long term within the targeted area of the Cooperation Programme.

Not less than 50% of the Programme budget dedicated to calls of proposals is devoted to Strategic and Thematic projects.

The MA and JMC components ensure the maximum visibility and promotion of each call for proposals, along with related explanation docs and application packages, by spreading them through the Programme website, national websites and within dedicated national events.

The Project selection process is up to the overall responsibility of the JMC, who approves the dedicated set of selection criteria and the Application pack drafted by the JS. The JMC approves the list of projects' proposals to be funded in the framework of the Cooperation Programme. The JMC may set up a Steering Committee acting under its responsibility for the selection of the projects' proposals, according to article 39 of the Commission Implementing Regulation (EU) No 447/2014.

Selection process and criteria are clearly detailed in the Programme Implementing Manual and in the Project Application Pack of each call for proposal.

The assessment criteria are defined with the aim of maximizing the result-oriented approach of the Programme, focusing on projects able to deliver concrete and visible outputs and results, promoting an integrated territorial development of the interested area, responding to well identified challenges affecting the Programme area and addressing its development needs.

SELECTION PROCEDURE

Following the submission to the MA, each project proposal is subject to a procedure of evaluation. The selection procedure is composed by two steps:

1ST STEP – FORMAL ASSESSMENT

The JS performs two levels of control:

1) **Admissibility check**: the project's proposals are checked against a set of administrative criteria (i.e. submission of the project proposals within the given deadline; the Application Form is the official form provided; all requested documents are attached, etc.);
2) **Eligibility check**: the project's proposals are checked against a set of technical criteria (e.g. respect of the cross-border partnership composition; respect of the financial threshold; completeness of the required documents by the call, etc.).

Only the projects' proposals that fulfill the admissibility and eligibility criteria are admitted to the further quality assessment, while the not eligible ones are rejected by decision of the JMC.

The MA, with the support of IS, communicates to the Lead beneficiaries the results of the formal assessment.

2ND STEP – QUALITY ASSESSMENT

In the quality assessment phase, the JS evaluates the projects' proposals against a set of quality criteria approved by the JMC. The JMC may rely on a group of External Experts carrying out a technical/scientific evaluation of the project's proposal, providing comments and score referring only to specific section of the quality assessment grid.

The quality criteria, and the related scores, are defined according to the following:

- Cross-Border relevance;
- Relevance to the topic/theme;
- Coherence with the Programme strategy, priority and specific objective;
- Partnership relevance;
- Concrete and measurable output, results and impact on the Cooperation Programme area;
- Quality of the actions planning;
- Project Sustainability, according to its most important dimension: institutional dimension, economic dimension, environmental dimension, equity dimension
- Cost-benefit compliance with the mobilized resources (human, financial, material etc.);

- Sound budget (in terms of distribution among partners, budget lines, spending periodical provisions
- etc.);
- Sound project communication strategy/tools/channels/actions;
- Effective management methodology, with reference to technical capabilities and innovative aspects of it;
- Compliance with horizontal principles and cross-cutting priorities.
- Integrated nature of the operations

The MA ensures that the evaluation procedure is carried out in accordance with the requirements of the call for proposals and the approved selection criteria.

The MA submits to the JMC a provisional ranking list of the evaluated project's proposals; the JMC adopts a final decision and approves the ranking list.

The MA publishes the final ranking list on the Programme website and, through the JS, informs the Lead beneficiaries of the project's evaluation results. The communication shall also contain information in case the lead partner intends to initiate a complaint procedure.

RESOLUTION OF COMPLAINTS

The MA adopts standardized procedures for the complaints management along the entire Programme implementation to offer better services both to applicants and beneficiaries.

Complaints could be:

- Addressed to reconsider the result of the selection process, including the administrative complaint;
- Complaints not included in the administrative procedures on complaints.

As far as the former option is concerned, all the existing procedures defined by the current law are compulsorily implemented, whereas in the latter specific procedures shall be identified and shared to identify a quick solution.

Further information on the procedure for the submission of complaints will be laid down in the relevant programme documents communicated to lead beneficiaries and beneficiaries.

CONTRACTING

Following the decision of the JMC to approve applications recommended for funding, the MA and the Lead beneficiary sign a Subsidy Contract for each project. The MA will use a standard template for the subsidy contract approved by the JMC which is developed in compliance with the applicable laws of the Republic of Italy and the principles of the institution hosting the MA.

The subsidy contract is addressed to the Lead beneficiary, appointed by the partnership, and is signed by the legal representative of the Lead beneficiary institution and by the MA.

The subsidy contract lays down all the necessary implementing arrangements for a project proposal.

The approved application documents, including the final approved application form and the communication of the approval decision by the JMC will form an integral part of the subsidy contract.

5.3.3 ARRANGEMENT FOR MANAGEMENT VERIFICATION – TO BE FURTHER ADAPTED TO IPA RULES

In the framework of financial management and control, Participating Countries ensure that their management and control system are set up in accordance with the provisions stated in EU Regulations and that systems function effectively and properly.

Each Participating Country in the Cooperation Programme verifies that the co-financed products and services have been delivered and that expenditure declared by beneficiaries has been paid and that it complies with applicable UE and national law, the Cooperation Programme and the conditions for support to the project's proposal, according to Article 23 (4) of Regulation (EU) N. 1299/2013.

Each Participating Country designates the body or person responsible for carrying out such verifications in relation to beneficiaries on its territory ("controllers") and is also responsible for verifications carried out in its territory.

For INTERREG IPA II CBC Italy-Albania-Montenegro Programme 2014-2020, such verifications are carried out by the controllers designated according to each participating country's control system (centralized or decentralised).

Each Participating Country guarantees that the expenditure of a beneficiary can be verified within a period of three months from the submission of the documents by the beneficiary concerned, in line with Article 23 (4) of the Regulation (EU) N. 1299/2013.

The Managing Authority ensures that the expenditure of each beneficiary participating to a project proposal has been verified by a designated controller.

In order to simplify administrative procedure and improve the management of the programme, the MA promotes harmonisation and coordination activities through the adoption of common standard levels between the national control systems .

Following these verifications, the JS receives from each project the regular progress report compiled by the lead beneficiary including a payment claim according to pre-defined deadlines.

VERIFICATION OF EXPENDITURE

ITALY

The Managing Authority is responsible for the verification of expenditure of Italian beneficiaries. It carries out verifications in relation to beneficiaries on its territory through a decentralized system of Register of Auditors, in line with Article 125 (4) (a) of Regulation (EU) No 1303/2013 (CPR) and Article 23 (4) of Regulation (EU) No 1299/2013 (ETC).

As far as Italian beneficiaries are concerned,

a) private partners, in line with European and National legal framework, demand activity checks of project's proposals or part of project's proposals, *ex* Article 23 of Regulation (EU) N. 1299/2013, to qualified experts. The latters have to meet requirements of professionality, onorability and independence and should be enrolled to least from three years /to a certified list of accountants and accounting experts or, alternatively, to the registers of auditors, as referred to in the Legislative Decree 27 January 1992, N. 88.

Puglia Region – Mediterranean Department – Territorial Cooperation Office - validates the choice made by private beneficiaries in order to assure that all required elements are complied on. The Territorial Cooperation Office communicates the validation to the Managing Authority of the Cooperation Programme.

With regards to b) public partners, the latters, in line with European and National legal framework,

i) demand activity checks of project's proposals or part of project's proposals, according to Article 23 of Regulation (EU) N. 1299/2013, to qualified experts. The latters have to meet requirements of professionality, onorability and independence and should be enrolled at least from three years to a certified list of accountants and accounting experts or, alternatively, to the registers of auditors, as referred to in the Legislative Decree 27 January 1992, n. 88.

Beneficiaries of selected projects include in the project budget an adequate amount of money for expenses relating to the validation process (approximately 2% of activities).

ii) public beneficiaries can, alternatively, demand activity checks of project's proposals or part of project's proposals to internal qualified structure of Bodies/Departments, provided that functional and hierarchic separation from involved structures in the implementation of projects are assured.

Puglia Region – Mediterranean Department - Territorial Cooperation Office – validates the choice made by public beneficiaries in order to assure that necessary separation of management and control activities, as well as the functional independence of involved Structures in the implementation of the project's activities, are assured. The Territorial Cooperation Office communicates the declaration of independence to the Managing Authority of the Programme.

ALBANIA

As far as the Albanian beneficiaries are concerned**,** a centralized First Level Control System will be applied and will be carried out by controllers contracted by the Ministry of European Integration via contracted controllers.

Albania will ensure institutional independence and clear separation of functions between the units with responsibilities in programme management, project selection and approval and the bodies in charge of verification of project expenditure, performance of project activities.

The verification of project expenditure and delivery of products and services will be performed by the FLC Office set up by the Ministry of European Integration. This Office will be organizationally and functionally independent from other Departments of the Ministry of European Integration.

Furthermore:

- The FLC office of Albania shall ensure that the expenditure, declared by the Beneficiaries located in Albanian eligible area, can be validated within a period of three months from the date of its submission by Beneficiary".
- Following the administrative control of expenditure declarations, that is carried out on the whole expenditure, Albanian FLC office is responsible for the spot-check on projects.
- The Albanian FLC office shall carry out the administrative control of expenditure declarations before submitting the first level Expenditure Certified Declaration to Managing Authority.

Controllers designated by the Participating Countries standard control criteria, jointly prepared by the participant countries , agreed by the Managing Authority and approved by the Monitoring Committee.

MONTENEGRO

As far as the Montenegro beneficiaries are concerned**,** a centralised First Level Control System will be applied and will be carried out by a controller contracted by the Ministry of Finance, Directorate for Finance and Contracting of the EU Assistance Funds (CFCU).

Montenegro will ensure institutional independence and clear separation of functions between the bodies with responsibilities in programme management, project selection and approval and the bodies in charge of verification of project expenditure, performance of project activities and delivery of products and services.

The verification of project expenditure and delivery of products and services will be performed by the CFCU within the Ministry of Finance.

The CFCU is organisationally and functionally independent from other sectors of the Ministry of Finance. The CFCU will not be involved in the programme as project partner.

Verifications carried out at national level shall cover the following aspects of the projects' proposals:

- Administrative verification - checking of the availability of all supporting documents related to the different types of costs;
- Financial verification - ensuring that all expenditures declared by the beneficiaries have been incurred in full compliance with the EU and national regulations;
- Technical verification - checking of whether services and goods have been delivered and if the delivered goods and services meet the required quality standards;
- Physical checking - on-the-spot checks (often combined with technical verification).

The condition of issuing the Declaration on validation of expenditures by the CFCU is that the verification of expenditures is executed by the CFCU controller.

REIMBURSEMENT FROM MANAGING AUTHORITY TO THE LEAD BENEFICIARIES

In accordance with Article 13 of the Regulation (EU) No 1299/2013 Regulation, for each project proposal, project beneficiaries appoint a lead beneficiaries. The lead beneficiary assumes overall responsibility for the application and implementation of the entire project, including the handling of the Union funds.

National co-financing for project's proposals must be provided by project beneficiaries according to their respective national mechanisms.

As for Italy, the national co-financing is guarantee by Article 1 (241) of the Law n. 147/2013 as modified and integrated by Article 1 (672) of the Law n. 190/2014. The national co-financing is not provided to eligible private partners, which have to contribute to project's proposals with their own resources.

As for Albania and Montenegro, the national co-financing is only guaranteed at the project's level.

The JMC may give the mandate to MA to explore the option of a pre-financing mechanism for projects. As general rule, eligible and validated expenditures are paid out in the framework of a reimbursement procedure.

Expenditures of all beneficiaries have to be validated by authorized national controllers.

The lead beneficiary collects the certificates of all project beneficiaries issued by their controllers and includes these in the periodic activity and financial progress reports to the MA/JS. In these documents, the lead beneficiary reports on progress achieved by the project partnership and on related eligible and validated expenditures.

As regards the flow of verified expenditure, the lead beneficiary forwards all verified expenditure for project to the Joint Secretariat which, after conducting a preliminary check (completeness of data and eligibility of declared expenditure) transmits them, together with comments, to the Managing Authority. The Managing Authority shall ensure that all the necessary information is available on the procedures and verifications carried out in relation to expenditure for the purpose of certification. The MA then transmits it to the Certifying Authority in order to prepare and submit to the Commission certified statements of expenditure and applications for payment.

In accordance with Article 80 of the Regulation (EU) No 1303/2013, amounts set out in the Cooperation Programme submitted by Participating Countries and statements of expenditure shall be denominated in Euro. All transfer of EU contributions to lead beneficiaries will be made in Euro.

5.3.4 INFORMATION AND COMMUNICATION

In line with Articles 115 and 116 of the Regulation (EU) No 1303/2013, a communication plan will be drafted and submitted to the JMC no later than 6 months after the adoption of the INTERREG IPA II CBC Italy-Albania-Montenegro Programme 2014-2020, in order to ensure transparency towards and information of relevant potential beneficiaries and stakeholders.

The plan will define specific communication objectives, target audiences, messages as well as tactics and tools to support the achievement of wider programme goals. It will take into account detailed rules concerning information and communication measures as laid down in Article 115 and Annex XII of the aforementioned EU Regulation. The plan will be valid for the whole programming period, complemented by annual work plans.

The overall responsibility for communications rests with the MA together with the JS.

The Participating Countries shall support the MA to ensure effective application of the information and publicity requirements by taking appropriate steps to disseminate information and provide publicity within their territory.

The National Info Points contribute to implement the planned activities of the communication plan by carrying out information and publicity actions within the respective countries.

5.3.5 PROGRAMME EVALUATION

The INTERREG IPA II CBC Italy-Albania-Montenegro Programme 2014-2020 has been subject to an ex-ante evaluation of independent evaluators with the aim to improve programme quality and to optimise the allocation of budget resources. The recommendations of this evaluation have been taken into account during the drafting of this Cooperation Programme.

In accordance with Article 56 of the Regulation (EU) No 1303/2013, the MA will draw up an evaluation plan which will be approved by the JMC in line with provisions as laid down in Article 110(2) (c) of the Regulation (EU) No 1303/2013.

In accordance with Article 56 of the EU Regulation mentioned above, evaluations will be carried out to assess the effectiveness, efficiency and impact of the Cooperation Programme. During the programming period, evaluation will assess how support from the funds has contributed to the objectives for each priority axis and also the territorial coverage of the programme area. All evaluations, recommendations and follow-up actions will be examined and approved by the JMC.

5.3.6 COMPUTERISED EXCHANGE OF DATA

As stipulated in Articles 74 and 112 of the Regulation (EU) No 1303/2013, data exchange with the EC will be carried out electronically. The e-MS shall provide data and information needed to fulfil management, monitoring and evaluation requirements.

The e-MS shall provide data and information needed to fulfill management, monitoring and evaluation requirements.

In accordance with Article 122 of Regulation (EU) No 1303/2013, the INTERREG II CBC Italy-Albania-Montenegro Programme 2014-2020 ensures that all exchanges of information between beneficiaries and the MA/CA and AA can be carried out by means of an electronic data exchange system . Each Programme authority as well as Programme beneficiary has access to Interact e-MS according to its own role and relevant needs. As referring to beneficiaries, JMC authorizes different access to these data according to the Participating Countries prerogatives.

In order to transfer data to the EC, the administration system of the e-MS facilitates interoperability with the Union frameworks as required by Article 122(3) of the aforementioned EU Regulation.

The computer system used shall meet accepted security and reliability standards. Accepted procedures that ensure reliability of the accounting, monitoring and financial reporting information in computerised form will be implemented.

5.4 *Apportionment of liabilities among Participating Countries in case of financial corrections imposed by the Managing Authority or the Commission*

Recovery of payments from beneficiaries

The recommendations and corrective measures might result from any type of control implemented (checks by the Managing Authority, by the Member State and Participating Countries, by the Certifying Authority, system and operation audits, audits by the European Commission and by the European Court of Auditors).

Without prejudice to the Participating Countries' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid according to Article 122 (2) of Regulation (EU) No 1303/2013, the Managing Authority ensures that any amount paid out as a result of an irregularity is recovered from the project via the lead beneficiary. According to Article 27 of Regulation (EU) No 1299/2013, the project's beneficiaries repay to the lead beneficiary any amounts unduly paid.

The Managing Authority shall also recover funds from the lead beneficiary (and the lead beneficiary from the project beneficiaries) following a termination of the subsidy contract in full or in part based on the conditions defined in the subsidy contract.

If the lead beneficiary does not succeed in securing repayment from another project beneficiary or if the Managing Authority does not succeed in securing repayment from the lead beneficiary despite all measures taken, the Participating Country on whose territory the project beneficiary concerned is located shall reimburse the Managing Authority any amounts unduly paid to that beneficiary, according to the Article 27 (3) of Regulation (EU) No 1299/2013 (ETC).

The Managing Authority is responsible for reimbursing the amounts recovered to the general budget of the Union, in accordance with the apportionment of liabilities among the Participating Countries (please, see below). The Managing Authority will reimburse the funds to the Union once the amounts are recovered from the lead beneficiary/beneficiary/Participating Country.

Details on the procedure will be included in the description of the management and control system to be established in accordance with Article 72 of Regulation (EU) No 1303/2013 (CPR).

In parallel to/after reimbursement of the irrecoverable amount by the Participating Country to the Managing Authority, the Participating Country holds the right to secure repayment from the project beneficiary located on its territory, if necessary through legal action.

For this purpose the Managing Authority and the lead beneficiary assign their rights arising from the subsidy contract and the partnership agreement to the Participating Country concerned.

In the case of irregularities discovered by the European Court of Auditors or by the European Commission, which result in certain expenditures being considered ineligible and in a financial correction being the subject of a EC decision on the basis of Articles 144 to 147 of Regulation (EU) No 1303/2013, the financial consequences for the Participating Countries are laid down in the section "liabilities and irregularities" below. Any related exchange of correspondence between the EC and the Member and Participating Country will be copied to the Managing Authority/Joint Secretariat. The latter will inform the Certifying Authority, the Audit Authority and the Group of Auditors.

Apportionment of liabilities among the Participating Countries

The Participating State will bear liability in connection with the use of the programme ERDF and IPA contributions as follows:

- for project-related expenditure granted to project beneficiaries located on its territory, liability is born individually by each Participating Country;

- in case of a systemic irregularity or financial correction (the latter decided by the European Commission), the Participating Country bears the financial consequences in proportion to the relevant irregularity detected on the respective Participating Country's territory. Where the systemic irregularity or financial correction can not be linked to a specific Participating Country's territory, the Participating Country will be responsible in proportion to the ERDF/IPA contribution paid to the respective national project beneficiaries involved.
- For technical assistance expenditure incurred by the Managing Authority, the liability related to administrative irregularities shall be borne by the Managing Authority.

If the Managing Authority/Joint Secretariat, the Certifying Authority, any Participating Country becomes aware of irregularities, it has to inform, without any delay, the liable Participating Countries or Managing Authority. The latter will ensure the transmission of information to the Certifying Authority and Audit Authority/Group of Auditors, where relevant.

In compliance with Article 122 of Regulation (EU) No 1303/2013 (CPR), each Participating Country is responsible for reporting irregularity committed by beneficiaries located on its territory to the EC and at the same time to the Managing Authority. If the Participating Country does not comply with its duties arising from these provisions, the Managing Authority is entitled to suspend payments to all project beneficiaries located on the territory of this Participating Country.

The Financing agreement with IPA Countries shall clearly state that each beneficiary country hosting a project beneficiary is responsible for preventing, detecting, making decisions on and correcting irregularities made by public beneficiaries as well as private ones.

Use of the euro

(Reference: Article 28 of Regulation (EU) No 1299/2013)

In accordance with Article 28 of Regulation (EU) No 1299/2013, and by way of derogation from Article 133 of Regulation (EU) No 1303/2013, expenditure incurred in a currency other than the Euro shall be converted into Euro by the beneficiaries – using the monthly accounting exchange rate of the EC in the month during which expenditure was submitted for verification to the Managing Authority or the controller. The conversion shall be verified by the controller in the participating State in which the beneficiary is located.

5.5 INVOLVEMENT OF PARTNERS

(Reference: point (c) of Article 8(4) of Regulation (EU) No 1299/2013)

Actions taken to involve the partners in the preparation of the cooperation programme, and the role of those partners in the preparation and implementation of the cooperation programme, including their involvement in the monitoring committee (regional and local authorities, competent urban and other public authorities, economic and social partners, relevant bodies representing civil society (including environmental partners), non-governmental organisations, and bodies responsible for promoting social inclusion, gender equality and non-discrimination).

5.6 SUMMARY OF THE PROCESS OF THE PREPARATION OF THE COOPERATION PROGRAMME

The cooperation programme has been elaborated following the code of conduct of the European Commission.

The CP preparation process lasted about one year, starting in 27 February 2014 with the first TASK Force meeting in Podgorica, with representatives from the 3 participating countries (1 MS and 2 IPA countries).

During this first meeting, Apulia Region candidated officially to become the Future Managing Authority of the INTERREG II CBC Italy-Albania-Montenegro Programme 2014-2020.

The Task Force adopted internal rules of procedure setting up the mission, the decision making process and the composition of the Task Force.

In order to ensure a general coherence of the CP contents with the European regulatory framework, the indicative time plan of the programming process was constantly updated taking into account the evolution of draft EU regulations and the consultation processes.

The TF decided to contract some external experts for the execution of specialised tasks related to the CP preparation such as the moderation and drafting process of the CP, the ex-ante and the strategic environmental evaluation.

A total number of 5 TF meetings took place during all the preparation process, and 3 written procedures.

5.7 DESCRIPTION OF THE INVOLVEMENT OF THE PARTNERS

The aim of the process was to validate strategic choices (thematic concentration) for the INTERREG II CBC Italy-Albania-Montenegro Programme 2014-2020 and to collect additional inputs and suggestions as well as ideas on potential CBC actions to be supported. For the preparation of the Programme, partners have been involved through a consultation launched on the programme level.

The MA launched on 19 September until 2 October 2014 (14 days) an online- consultation.

The invitation was sent to 726 stakeholders, including those from the mailing lists given by the member of the Task Force and those who filled the online registration form.

In the framework of the programming process the Task Force organized also one interregional event in Bari, on 20 September 2014, whereas two National brainstorming meeting were organized at Ministry level in Albania and Montenegro, aimed at collecting inputs from the public about their expectation from the INTERREG II CBC Italy-Albania-Montenegro Programme 2014-2020 and the possible additional results and actions for a fine-tuning of the Programme Strategy.

The participants were active and contributed opinions and ideas to all components of the programme. These inputs have been translated in concrete revision of the draft version of the cooperation programme and mainly focused on:

- The needs of the programme area,
- The additional thematic areas to be included as focus of the Priority axis,
- Some suggestions for improving the Programme management and implementation.

In the process of drafting of the CP document, the Environmental Authorities of Participating countries have been consulted, in order to guarantee a positive impact of the programme on the environment of the interested territories.

Selection of partners

The consultation within the INTERREG II CBC Italy-Albania-Montenegro Programme 2014-2020 has followed the “General principles and minimum standards for consultation of interested parties by the Commission” (“Towards a reinforced culture of consultation and dialogue – General principles and minimum standards for consultation of interested parties by the Commission”. Brussels, 11.12.2002 COM(2002) 704 final). Thus the Programme has ensured that the principles of openness and accountability, effectiveness and coherence have been applied when consulting its stakeholders.

There were four types of stakeholders to be consulted:

(a) stakeholders included in the national/regional lists provided by participating countries;

(b) SEE and IPA CBC Adriatic 2007-2013 project partners;

(c) Programme's target groups having a possibility to connect to the MA and participating countries websites;

(d) Key implementers of the EUSAIR governance structure.

The notification about the survey was sent out by e-mail to 726 addresses.

List of partners involved in the consultation process

The online-consultation launched by MA between 19 September and 2 October, after a general introduction, included 3 main sections, asking for the participants contribution to:

- Appreciate the relevance of the 7 proposed pre-identified Specific Objectives (from "strategic" to "not relevant") and give some suggestions on specific actions on each of them;
- Rank the same 7 pre-identified Specific Objectives;
- Express their support to possible improvement in the programme management system, including a free section where extra suggestions might be given.

An invitation to the public consultation on the INTERREG II CBC Italy-Albania-Montenegro Programme 2014-2020 was sent to 726 stakeholders, , including those from the mailing lists given by the member of the Task Force and those who filled the online registration form. The return rate of 18.5 % is higher than the average based on the experience consolidated in previous similar surveys. 50% of the respondents filled the survey in less than 8 minutes. Among the 135 respondents, around 61% were from Italy, 26% from Montenegro and 13% from Albania.

When it comes to participation rates per category of respondents (Table 2), this is the distribution: 32% research and education bodies, 19% central/regional PA, 18% local public authorities/In-house, 13% undertaking profit oriented, 10% development agencies/NGO, 9% for chambers, unions and associations representing an economic interest.

Action taken to facilitate the participation of partners

The INTERREG IPA II CBC Italy-Albania-Montenegro Programme 2014-2020 informed partners about the launch of the consultation process on the Apulia regional website, and the National authorities of other participating countries informed through their own institutional websites relevant bodies, authorities and partners in their respective country.

The stakeholders included in the lists provided by the Participating countries, the project partners and the programme's bodies have been invited to answer the survey via an e-mail. The email included a short explanatory note and the link to the programme website for access to the consultation. Several reminders were sent during the consultation period.

Main added value of the partnership in the preparation of the cooperation programme

In the preparation of the cooperation programme, the main added value of partners has been to provide detailed information on priorities and coherent eligible actions at territorial level for a wide range of institutions and bodies. It helped to highlight priorities and to rank issues to be taken into account in the strategy of the programme.

Partners also helped to better identify types of actions and actions that should be supported within each Thematic Priority. This was necessary to propose operational and need-based types of actions able to generate concrete and measurable results.

Main results of the consultation with partners

The ranking of Thematic Objectives is overall in line with the pre-selection made by the Task Force Ranking of Specific Objectives

- **SO 2.1 – natural and cultural assets (1st ranked**) is acknowledged the first position by almost all categories of respondents.
- **SO 2.2 – creative industry and local development (2nd ranked)** stays on the top as far as Development agencies and NGO's are concerned, while the remaining categories are less enthusiastic. It is somewhat curious the fact that profit oriented undertaking (no difference was made between public or private owned undertakings) show little interest in that sector, as if they doubt of the real economic performance of the industry.
- **SO 4.1 – connectivity (3rd ranked)** is homogeneously well accepted by all categories, with a minor interest showed by profit based undertaking.
- **SO 1.1 – SME development (4th ranked)** the objectives gathers the support from all categories, but a relative minor interest on the side of the Central and Regional administrations..
- **SO 3.1 – environmental protection (5th ranked)** is very close to the previous SO, but it is definitely penalised by the apparent lack of interest at the level of Local Administrations and the Associations representing an economic interest. One may guess that in this case there is an immediate need for tangible quick results fostering a recovery of the economic growth which is given a higher priority when compared to long-term goals such as the environmental protection (and low-carbon emission policies).
- **SO 3.3 – water management (6th ranked)** is not considered as a priority in this case. The programme area faces a number of problems related to water management, but the fact that public administrations and even the representative of the economic interests are not pushing in this direction suggests that this an issue whose solutions are shifted to other programmes .
- **SO 3.2 – reduce carbon emissions (last ranked)** has been left behind by all categories, the Development agencies and NGO's being the only one showing a certain degree of interest It is a relatively unexpected result,, given the fact that the theme is widely discussed and introduced to the public opinion as one of the long term risks the mankind might face, but it is clear that IPA CBC is not perceived as the appropriate instrument to face these kind of policies.

Based on the consultation results, the Task Force agreed to focus the programme strategy on only 4 Thematic Priorities by reducing the number of SOs for PA3

The improvement of administrative and governance capacity and the strengthening of research and innovation will be considered as cross-cutting themes for all the PAs .

5.7.1. Description of the involvement of partners in the implementation of the cooperation programme and involvement in the monitoring committee

The involvement of relevant partners in the implementation of the INTERREG IPA II CBC Italy-Albania-Montenegro Programme 2014-2020 will be organised for two reasons:

– To enhance ownership of the programme among the partners, in order to make use of the knowledge and expertise of these partners and to increase transparency in decision-making processes;

– To improve the coordination with other ESI and IPA II Funds as well as with relevant funding instruments under the umbrella of the Common Strategic Framework (CSF) and macro-regional strategies.

5.8 Coordination with the other ESI Funds and other EU Instruments and Programmes

Projects funded by INTERREG IPA II CBC Italy-Albania-Montenegro Programme 2014-2020 may find synergies and integration with other EU funded programmes. For example – especially under Priority Axis 2 and 3 - they may complement actions and exploit results from LIFE 2014-2020 Programme, in the fields of environment protection, climate change, risk prevention and resource efficiency; the Programme will take into consideration projects concerning environmental protection and climate change issues according to LIFE Programme priorities .

In particular, LIFE programme "Integrated projects" implement at regional, multi-regional, national or trans-national scale environmental or climate plans or strategies required by specific Union environmental or climate legislation, in the areas of nature (including Natura 2000 network management), water, waste, air and climate change mitigation and adaptation. These projects encourage the involvement of stakeholders and promote the mobilisation of at least one other relevant Union, national or private funding source.

In order to assure coordination and synergies with funding from ERDF and EAFRD in the programme Italian territories, Puglia and Molise regions will consult ERDF and EAFRD management bodies in the projects evaluation phase, setting up appropriate selection criteria assessing compliance with the provisions of rural development regulations and avoiding double funding of operations. Managing Authorities of ERDF and EAFRD funds in Italian regions will be invited to participate to the programme Monitoring Committee, and to express their opinion on projects having an impact on regional development.

The same procedure will apply in case of projects interesting labour policies or professional training, that may be funded through ESF.

SECTION 6 HORIZONTAL PRINCIPLES

(Reference : Article 8(7) of Regulation (EU) No 1299/2013)

SUSTAINABLE DEVELOPMENT

Sustainable development is both recalled in the name of priority axis 3 and integrated as a horizontal principle in the cooperation programme. It will be respected during the entire programme cycle (programming, implementation, monitoring and evaluation). "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCDE, WCED) will be the basic definition that will be used enlarging the point of view from purely environmental to a more wide approach, including social intra and inter generation equity, cultural heritage aspects as well as economic efficiency. The Programme activities will be correlated with the UN - Sustainable Development Goals (coming after the Millennium Development Goals in 2015) and a monitoring system will be set up. Additionally, Puglia and Molise have formally confirmed their participation to the Environment and cohesion network quoted on the Italian PA.

The Strategic Environmental assessment (SEA) and the Ex-ante evaluation provided inputs to ensure that the IPA II CBC Italy Albania Montenegro programme respect the principle of sustainable development. The programme aims at improving and harmonising environmental protection requirements, resource efficiency, climate change mitigation and adaptation across the partner's countries. The reduction of the impact of human activities on the environment and the protection of ecosystems and biodiversity are supported by Thematic Priorities D) and B)

Furthermore, in a transversal way, beneficiaries are asked to promote eco-innovations aiming to make a more sustainable use of natural resources under all Priority Axes. More precisely, beneficiaries are requested to describe in their project proposals the efforts they will undertake to reduce the project's 'carbon footprint'. The programme bodies (MC, MA, JS, NCP) will also address this issue in relation to the implementation of their tasks.

In line with the principle of sustainable development, projects applications shall be evaluated using the following criteria:

- Projects which have a positive effect on the environment or which conserve, enhance or rehabilitate existing endowments will be preferred to those that are neutral from this perspective;
- Projects that have a potentially harmful effect on the environment will be excluded;
- Actions designed to raise environmental awareness and compliance both within the economic and administrative sectors, and among the general public, including acknowledgement that a high level of environmental performance can provide a long term competitive advantage, will be supported.

As guidance for the project evaluation process, the following aspects will be considered:

- Contribution to efficiency in the use of resources (e.g. energy efficiency, renewable energy use,), efficient water supply, waste-water treatment and water reuse, sustainable land use, waste management and recycling etc.);
- Improvement of air quality, through the reduction of emissions and air pollutants

(PM, NO_2);

- Contribution to the development of green infrastructures;
- Contribution to sustainable integrated urban and regional development;
- Contribution to better awareness for the adaptation to climate change and risk prevention;
- Promotion of employment opportunities, education, training and support services in the context of environment protection and sustainable development.

In application forms, a special chapter shall be dedicated to sustainable development criteria. Project proposals with measurable output indicators on environmental issues (where applicable according to the objectives of the project) and/or logical frameworks (activities of the project, results, specific objectives, global objectives) with consideration on environmental issues shall be encouraged.

Whether projects are directly concerned by sustainable development issues or not, they shall be invited to implement actions/take specific measures to reduce the environmental impact. This can include, for example:

- Use of video conferencing to reduce travelling;
- Publications on FLC certified paper;
- Use of "green public procurement" procedures and innovative public procurement where appropriate;
- Use of short supply chains in the implementation of projects activities;
- Raising awareness of partners, beneficiaries and target groups on sustainability issues;
- Promotion of activities with limited use of energy and natural resources.

Similar techniques shall also be taken into account at programme level for managing and monitoring activities.

More detailed guidelines on how to interpret the main principles outlined in the CP may be provided in the Terms of reference of each call for proposals.

EQUAL OPPORTUNITIES AND NON-DISCRIMINATION

Non-discrimination covers not only women (and men) but any discrimination based on racial or ethnic origin, religion or belief, disability, age or sexual orientation. While anti-discrimination legislation is an acquired aspect of EU legal systems, the practical implementation of anti-discrimination practices is lagging behind. Equal access to information and controls on whether equality and non-discrimination requirements are being met is also an issue.

The strategy of the Programme puts emphasis in the sharing of knowledge, good practices and the principle of equal access to information. This includes targeting different social groups adequately; removing obstacles in the communication of the Programme (e.g. media, language etc.), promoting barrier-free approaches etc.

This strategic orientation of the Programme will be enhanced by a targeted selection of operations. When examining proposals the following "guiding question – where appropriate – should be assessed: Is the operation contributing to the promotion of equal opportunities and non-discrimination? Attention will be given to equal opportunities and non-discrimination through the inclusion of relevant indicators related to the profile of persons involved in projects, e.g. on gender, ethnic origin, age, occupation and education

level, disabilities, etc.

While there will be no penalty for the projects not actively promoting non-discrimination and equal opportunities, their operations will be analysed on the basis of the monitoring findings and the identification of the obstacles met.

This strategic orientation of the programme can be enhanced by a targeted selection of operations. The assessment of the quality of the eligible project proposals will be based on a set of quality criteria which shall be common to all Priority Axis and Thematic Priorities. As a guide for the assessors, the following indicative aspects could be considered in project selection:

- Consideration of the different needs and intended and unintended impact of the project on different groups (e.g. people with disabilities, minorities and migrants, people of different religious beliefs and people of different sexual orientation etc.);
- Consideration of equal opportunities and non-discrimination in project implementation, e.g. concerning the establishment of an equal opportunities action plan, definition of equal opportunity targets, provision of equal opportunities training or diversity management courses, provision of supporting services;
- Provisions for an equal access to the operation's outputs and benefits for all members of the society.

EQUALITY BETWEEN MEN AND WOMEN

The aim of equality between women and men is one of the fundamental values of the European Union and is set out in the Treaty of the European Union (Article 8, Consolidated Version of the Treaty on the functioning of the European Union, Official Journal of the European Union C 83/49 of 30.3.2010). These fundamental values must be respected in the regulations and implementation of the programme as indicated by the need to "ensure that equality between men and women and [that] the integration of gender perspective is promoted in the preparation and implementation of programmes" and that the "...appropriate steps [will be taken] to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation and implementation of programmes" (Article 7,CPR, COM(2011) 615 final/2, Brussels, 14.3.2012, p. 34).

Attention shall be placed on basic gender-sensitive monitoring e.g.:

- Counting the number of women and men participating in projects;
- Assessing the number of women and men benefiting from funding;
- Assessing how much support and for which projects women and men receive funding (broken down by types of project/Investment Priority).

The assessment of the quality of the eligible project proposals will be based on a set of quality criteria which shall be common to all Thematic Priorities. As a guide for the assessors, the following indicative gender-mainstreaming aspects could be considered in project selection:

- Consideration of the different starting positions of the target groups (existence and extent of differences between women and men and the implications of these differences for the specific policy area etc.) and intended and unintended impact of the operation on those groups;
- Assessment of how and why differences and inequalities are relevant to the proposed intervention, identifying where there are opportunities to narrow these inequalities.

ANNEXES (UPLOADED TO ELECTRONIC DATA EXCHANGE SYSTEMS AS SEPARATE FILES):

- Draft report of the ex-ante evaluation (including an executive summary of the report)
- Confirmation of agreement in writing to the contents of the cooperation programme
- A map of the area covered by the cooperation programme
- A "citizens summary" of the cooperation programme
- Strategic Environmental Assessment

EN

ANNEX II

European Union contribution for the implementation of cross-border cooperation programme "Interreg-IPA CBC Italy – Albania - Montenegro 2014-2020" per year

Fund	**2014**	**2015**	**2016***	**2017***	**2018***	**2019***	**2020***	**Total**
IPA II	0	5 707 102	8 150 102	18 717 298	15 104 862	15 406 960	15 715 098	78 801 422

* In accordance with Article 6(3) of Regulation (EU) No 231/2014, the commitments for the years 2016 to 2020 are indicative and dependent on the future annual budgets of the Union.

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ANNEX III

The co-financing rate for each priority axis applicable to total eligible expenditure, including private and public expenditure

Priority axis	Basis for calculation of Union support (Total eligible cost)	Union support (a)	National counterpart (b) = (c) + (d))	Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a)/(e) (2)	For information	
				National Public funding (c)	National private funding (d) (1)			Contributions from third countries	EIB contributions
Priority axis 1	total	15 760 284	2 781 227	2 224 981	556 246	18 541 511	84,9999981123%		
Priority axis 2	total	22 064 398	3 893 718	3 504 346	389 372	25 958 116	84,9999976886%		
Priority axis 3	total	19 700 356	3 476 534	2 781 227	695 307	23 176 890	84,9999978427%		
Priority axis 4	total	13 396 242	2 364 043	1 891 234	472 809	15 760 285	84,9999984137%		
Priority axis 5	public	7 880 142	1 390 614	1 390 614	0	9 270 756	84,9999935280%		
Total		**78 801 422**	**13 906 136**	**11 792 402**	**2 113 734**	**92 707 558**	**84,9999975191%**		