Cross-border Programme 2007-2013

IPA CBC

Republic of Macedonia - Republic of Albania

Revised version October 2011
(period covered 2007-2013)

Ministry of Local Self Government

Ministry of European Integration
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SECTION I  DESCRIPTION AND ANALYSES OF THE ELIGIBLE AREAS

1 INTRODUCTION AND PROGRAMMING PROCESS

The cross-border programme between Republic of Macedonia and Albania will be implemented during the period of 2007-2013. This strategic document is based on a joint strategic planning effort between the two countries and is also the result of a large consultation process with the local stakeholders and potential beneficiaries. The objective of the cross-border programme is to promote good neighbourly relations, foster stability, security and prosperity, which is in the mutual interest of both countries, and encourage their harmonious, balanced and sustainable development.

The goal of both countries is to join the European Union. Republic of Macedonia signed a Stabilization and Association Agreement (SAA) with the EU in April 2001 and was awarded a candidate EU member state status in December 2005. Albania signed a SAA in June 2006, which entered into force on 1 April 2009. Furthermore, Albania submitted its application for EU membership on 28 April 2009.

To some extent, the cross-border programme will introduce some new and innovative actions at border where the frequency of people and goods is not very high. Due to the history of the countries and the mountainous feature of the border region, this particular programme is not building on an old tradition of partnerships and joint initiatives. Despite recent remarkable achievements, particularly in the environmental sector and in the southern part of the cross-border region, partnerships between local institutions and civil society, as well as business communities, are still at a preliminary stage. Motivating local institutions and people to use the opportunities offered by IPA component II and giving them the capacity to do it will constitute the major challenges in both countries.

The programming process

The programming process took place in the period between December 2006 and May 2007. The Cross-border Institution Building project (CBI-B), a regional project funded by the European Union, assisted the national authorities and joint structures during this process. In October 2009 a limited revision of the programme was undertaken by the Operating Structures with the support of the CBI-B in order to update financial allocations, indicators and factual changes as necessary, this revised version was accepted by the Joint Monitoring Committee in November 2009.

<table>
<thead>
<tr>
<th>Date and place</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 December 2006</td>
<td>Kick-off meeting of the CBC coordinators, identification of the bodies responsible for the preparation of the cross-border programme, agreement on the timeframe.</td>
</tr>
<tr>
<td>Tirana, Albania</td>
<td></td>
</tr>
<tr>
<td>December 2006-January 2007</td>
<td>Establishment of the Operating Teams and joint programming committee.</td>
</tr>
<tr>
<td>6 February 2007</td>
<td>Meeting of the joint programming committee. Agreement on the action plan and presentation of the eligible areas.</td>
</tr>
<tr>
<td>Belgrade, Serbia</td>
<td></td>
</tr>
<tr>
<td>February-March 2007</td>
<td>Consultation with the main local stakeholders during the SWOT analysis process.</td>
</tr>
<tr>
<td>March-May 2007</td>
<td>Several meetings of the operating teams, discussions and comments on the situation and SWOT analysis, as well as priorities and measures. Participation of the ministries in line in defining priorities.</td>
</tr>
<tr>
<td>12 April 2007</td>
<td>Meeting of the Joint programming committee. Formal approval of the cross-border region. Presentation of the situation analyses and discussion on priorities and measures.</td>
</tr>
<tr>
<td>Ohrid, Republic of Macedonia</td>
<td></td>
</tr>
<tr>
<td>11 May 2007</td>
<td>Workshop with the final beneficiaries and local stakeholders.</td>
</tr>
</tbody>
</table>
## Glossary of acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBC</td>
<td>Cross-border Cooperation</td>
</tr>
<tr>
<td>CBIB</td>
<td>Cross-border Institution Building</td>
</tr>
<tr>
<td>CEFTA</td>
<td>Central European Free Trade Agreement</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IPA</td>
<td>Instrument for Pre-Accession Assistance</td>
</tr>
<tr>
<td>IUCN</td>
<td>World Conservation Union</td>
</tr>
<tr>
<td>JMC</td>
<td>Joint Monitoring Committee</td>
</tr>
<tr>
<td>JTS</td>
<td>Joint Technical Secretariat</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MIPD</td>
<td>Multi-annual Indicative Planning Document</td>
</tr>
<tr>
<td>NDP</td>
<td>National Development Plan</td>
</tr>
<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
</tr>
<tr>
<td>NSSED</td>
<td>National Strategy for Social Economic Development</td>
</tr>
<tr>
<td>NUTS</td>
<td>Nomenclature of Units for Territorial Statistics</td>
</tr>
<tr>
<td>OS</td>
<td>Operating Structure</td>
</tr>
<tr>
<td>OSCE</td>
<td>Organization for Security and Cooperation in Europe</td>
</tr>
<tr>
<td>PRAG</td>
<td>Practical Guide for Contract Procedures financed from the general budget of the European Union in the context of external actions</td>
</tr>
<tr>
<td>SAA</td>
<td>Stabilization and Association Agreement</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strength, Weaknesses, Opportunities, Threats</td>
</tr>
<tr>
<td>TA</td>
<td>Technical Assistance</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNSCR</td>
<td>United Nations Security Council Resolution</td>
</tr>
<tr>
<td>VET</td>
<td>Vocational Education and Training</td>
</tr>
<tr>
<td>ZELS</td>
<td>Association of the Units of Local Self-Government</td>
</tr>
</tbody>
</table>

\[1\] National Organisation
<table>
<thead>
<tr>
<th>Elbasan</th>
<th>3,199</th>
<th>11.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cross-border area</td>
<td>19,969</td>
<td></td>
</tr>
</tbody>
</table>

Republic of Macedonia's territory is 52.5% and the Albanian territory is 47.5% of the cross-border area.

The eligible cross-border area is determined in accordance with article 88 of the IPA implementing regulations where it is stated that NUTS level 3 or equivalent areas along land borders between beneficiary countries are eligible for cross-border programmes.

On the side of Republic of Macedonia, the eligible areas consist of three NUTS level 3 equivalent statistical regions. The country is divided into eight statistical regions, established in 2001 by a decision of the government (National Nomenclature of Statistical Territorial Units).

In Albania, the eligible area consists of three administrative regions (the country is divided into 12 regions) corresponding to NUTS level 3 equivalent.

The territory of the eligible areas in the two countries is almost equivalent.

The border area of Republic of Macedonia includes the Pelagonia, Southwest and Polog NUTS level 3 equivalent statistical regions covering 10,473 sq. km, with a total population of 766,820 inhabitants. It consists of 31 municipalities including 813 settlements (12 towns and 801 villages).

- Pelagonia region includes 9 municipalities - Bitola, Mogila, Novaci, Demir Hisar, Krusevo, Prilep, Dolneni, Krivogastani and Resen;
- Southwest region includes 13 municipalities - Debar, Centar Zupa, Kicevo, Vranestica, Drugovo, Zajas, Oslovej, Makedonski Brod, Plasnice, Ohrid, Debarca, Struga and Vevcani;
- Polog region includes 9 municipalities - Gostivar, Vrapieste, Mavrovo and Rostusa, Tetovo, Bogovinje, Brvenica, Zelino, Jegunovce and Tearce.

The three bordering regions in Albania cover 9,496 sq. km, with a total population of 757,854 inhabitants. They are divided into 12 districts and 122 smaller territorial units (17 municipalities and 105 communes, including 18 towns and 1,021 villages):

- Dibra Region includes the districts of Diberi, Burreli and Bulqiza;
- Elbasan Region includes the districts of Elbasan, Librazhd, Gramshi, Ceriku and Peqini,
2 THE MAP AND THE DESCRIPTION OF THE ELIGIBLE AREAS

The territory of the eligible area for the cross-border program between Republic of Macedonia and Albania covers 19,969 km², with a total population of 1,524,674 inhabitants. The overall border length is 191 km (land 151 km, river 12 km and lake 28 km) with four frontier posts operating permanently and one frontier post operating occasionally.

<table>
<thead>
<tr>
<th>Republic of Macedonia</th>
<th>25,713</th>
<th>100 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-border area in Republic of Macedonia</td>
<td>10,473</td>
<td>40.7 %</td>
</tr>
<tr>
<td>Pelagonia</td>
<td>4,717</td>
<td>18.3 %</td>
</tr>
<tr>
<td>Southwest</td>
<td>3,340</td>
<td>13.0 %</td>
</tr>
<tr>
<td>Polog</td>
<td>2,416</td>
<td>9.4 %</td>
</tr>
<tr>
<td>Albania</td>
<td>28,748</td>
<td>100 %</td>
</tr>
<tr>
<td>Cross-border area Albania</td>
<td>9,496</td>
<td>33.0 %</td>
</tr>
<tr>
<td>Korca</td>
<td>3,711</td>
<td>12.9 %</td>
</tr>
<tr>
<td>Diber</td>
<td>2,586</td>
<td>9.0 %</td>
</tr>
</tbody>
</table>

Source: State Statistical Office
• Korca Region includes the districts of Korça, Pogradec, Devolli and Kolonja

3 CURRENT SITUATION IN THE ELIGIBLE AREAS

3.1 DEMOGRAPHY

The total population of the cross-border region is 1,524,674 inhabitants and is almost equally distributed between the two sides of the border. However, the demographic trends in the two countries have different features. Significant discrepancies can also be noticed among the regions and municipalities in each country, particularly between the northern and southern parts.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Macedonia</td>
<td>2,032,544</td>
<td>79.05</td>
<td>0.28</td>
<td>44.95</td>
</tr>
<tr>
<td>Cross-border area in Republic of Macedonia</td>
<td>766,820</td>
<td>73.22</td>
<td>0.67</td>
<td>47.80</td>
</tr>
<tr>
<td>Pelagonia</td>
<td>237,156</td>
<td>50.28</td>
<td>-0.21</td>
<td>47.45</td>
</tr>
<tr>
<td>Southwest</td>
<td>222,414</td>
<td>66.59</td>
<td>0.23</td>
<td>47.46</td>
</tr>
<tr>
<td>Polog</td>
<td>307,250</td>
<td>127.17</td>
<td>0.52</td>
<td>48.33</td>
</tr>
<tr>
<td>Albania</td>
<td>3,142,065</td>
<td>109.30</td>
<td></td>
<td>57.48</td>
</tr>
<tr>
<td>Cross-border area in Albania</td>
<td>757,854</td>
<td>79.80</td>
<td>-0.74</td>
<td>58.86</td>
</tr>
<tr>
<td>Elbasan</td>
<td>345,793</td>
<td>108.10</td>
<td>-0.22</td>
<td>58.73</td>
</tr>
<tr>
<td>Korce</td>
<td>258,784</td>
<td>69.70</td>
<td>0.18</td>
<td>54.32</td>
</tr>
<tr>
<td>Diber</td>
<td>153,277</td>
<td>59.30</td>
<td>-3.22</td>
<td>67.50</td>
</tr>
<tr>
<td>Cross-border area</td>
<td>1,524,674</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Similarities
- The number of inhabitants is almost the same on both sides of the cross-border region.
- The population density is low, below the national average in both countries, except for the Polog region, which has one of the higher densities in Republic of Macedonia and Elbasan which is close to the Albanian national average.

![Population and Density Charts]

Differences

Source: State Statistical Office Demographics statistics by regions 1994-2004
Albania is more affected by the emigration and migration to the bigger cities than Republic of Macedonia, which leads to a decrease of the population growth and the population density. In the last decade, the population growth rate in the Albanian cross-border area is negative, whereas in Republic of Macedonia it is negative only in Pelagonia (which is due to migration but also to the ageing of the population). The Polog region has the highest population growth rate in the country. The reduction in labor force is due to the migration phenomenon in Albania which mostly affects males at working age. It also has an impact on the structure of the population, as the current data shows that women have outnumbered men, particularly in the Dibra region.

The age dependency ratio on each side of the cross-border region is higher than the respective national averages, but for opposite reasons. In Albania it is due to a high ratio of young people (0-14 years). As opposed to this, in Republic of Macedonia, it is due to a high ratio of senior citizens (more than 65 years), with the exception of Polog that has a distribution by age more similar to Albania.

Although the migration phenomenon in Albania is changing the ratio of urban and rural population, the level of urbanization is still higher in Republic of Macedonia (48% of the population of the cross-border area) than in Albania (33% of the population of the cross-border area). However, the Polog region, here again, has the same ratio of rural/urban population like Albania.

Main cross-border issues related to demography

- Possibility to define joint strategies in order to avoid negative growth rate and desertification of some rural areas due to emigration and/or ageing of the inhabitants.
- Possibility to jointly address the question of the high ratio of young people in Albania and in the northern part of Republic of Macedonia.
- Possibility to jointly address the question of the role of women and women organisations, particularly in rural areas where the women have outnumbered men.

3.2 GEOGRAPHICAL FEATURES

Located in the southern part of Europe, the cross-border region has a contrasted geographic profile. It is dominated by the Dinaric group of mountains consisting of alpine-shape massifs (such as Pelagonia and Gramazi in the south and Korabi, Vinjoll, Shara in the north) which offer great possibilities for the development of tourism and wood industry, but also hampers the transport infrastructure and the communication between the two countries. Golem Korabi (2753 m) is the highest peak in the region. The mountainous area is rich in wood (the forest covers 44% of Republic of Macedonia cross-border area and 37% of the Albanian area), wild animals and pastures. It is a traditional area for sheep breeding and is considered to be one of the largest pasture areas in Europe. It contains numerous natural monuments such as glacial lakes, glacial caves and spectacular canyons, like the Radika river canyons.

Another significant part of the cross-border region consists of valleys and plains, which differ in size, density of population, vegetation and altitude (from 130 to 880 m). The largest, and also more fertile plains, are the Pelagonija plain between Bitola and Prilep, the Ohrid-Struga plain, the Korca plain and the Polog plain between Tetovo and Gostivar. The Pelagonia and Korca plains in the southern part are known as the most favourable agriculture areas in both countries. Several other fertile agricultural lands lie along the valleys of the main rivers (Mat, Shkumbini, Drin...) and offer favorable conditions for the cultivation of vegetables and fruits.

The natural lakes in the south are world-famous and surely constitute the greatest attraction of the cross-border region. Lake Ohrid is the second largest tectonic lake in the Balkans. Classified among the biggest lakes in the world, it lies at an altitude of 693 m and covers an area of 349 square kilometers (out of which 66% belongs to Republic of Macedonia and 34% to Albania). The natural conditions have made the survival of life forms from the tertiary period possible, therefore
the lake is often considered to be a museum of living fossils. It is a habitat to 18 different types of fish, including the famous and unique Ohrid trout. The scales of the fish "plastica" (red-spotted trout) are used for the production of the "Ohrid pearls", registered in Republic of Macedonia as a Protected Designation of Origin. In 1980, Lake Ohrid was declared by UNESCO a World Cultural and Natural Heritage Site because of its rich history and unique flora and fauna. The fact that Lake Ohrid is a trans-boundary lake presents an additional challenge for its sustainable management.

The Prespa Lake situated in the lowland of Prespa covers an area of 274 km², out of which 64.5% belong to Republic of Macedonia, 18% to Albania and 17.5% to Greece. Lake Prespa and its surrounding protected areas (in all three countries) are part of a larger trans-boundary project called Prespa Park.

There are other natural and artificial lakes, located in the cross-border region, which bear potential tourism values, and they are: the Seven Lakes of Lura and Black Lake in the Dibra region, four artificial lakes in Republic of Macedonia (Mavrovo, Globotrichica, Debar Lake and Strezehevo).

The cross-border region enjoys a climate which diverges from transitional–continental in the north to transitional–Mediterranean in the south and central parts. However, in the most mountain areas of these regions winters are cold and wet while summers are hot and dry. The temperatures in mountain areas along the border range from -16 to 36 degrees.

The bordering area is rich in minerals like chrome, coal, iron-nickel, cooper, chalk, quartz sand and marble.

Main cross-border issues related to the geographic features:

- The cross-border areas in both countries have the same geographic features, similar potentials for the development of natural resources and similar constraints related to the protection and the valorizations of these resources.
- The two countries are sharing common valuable natural resources, particularly Ohrid and Prespa Lakes and the Drin river.
- Communication between the two countries is easier in the southern part (Pan European corridor VIII) than in the northern part, which is dominated by high mountains and where beneficiaries will have more difficulties in establishing partnerships and in defining joint projects.

3.3 INFRASTRUCTURE

3.3.1 Roads

The Pan European corridor 8 that links the Adriatic-Ionian region with the eastern Balkans and Black Sea countries is the main road crossing in the cross-border region. It links Durres port, Tirana and Skopje, the cross-border point being located in the southern part of the region (Qafe Thane-Struga). It is expected that Corridor 8 will become a multi-modal transport system comprising sea ports, airports, roads and railways. So far, the section Gostivar-Skopje already has the status of a motorway. In Republic of Macedonia, the eastern part of the cross-border area is also crossed by a section of the Corridor 10, linking the north and south Balkans.

The three regions in Albania have 772 km of national roads and 6 102 km of rural roads, in total. The southern axis Elbasan-Korce-Qafe Thane has been recently reconstructed and meets the European standards, but the northern axis Mat-Bulqize-Peshkopi is in a bad condition, hampering the commercial exchanges with Republic of Macedonia. Most of the rural roads are paved with gravel. The three regions in Republic of Macedonia have a total of 3 292 km of local roads (out of which, only 1 998 km are coated with asphalt). The national roads' network is in a good condition and meets the European standards.
Due to the geography as well as the condition of the road infrastructure, the connection between the two countries is more difficult and easier in the Southern part than in the Northern part. There are currently four operating frontier posts: in Blato linking the towns of Debar and Peshkop, in Kafasan (Qafe Thane) linking the towns of Struga and Kapshica, in Sveti Naum near Ohrid and in Sterjie near Resen. The fifth checkpoint is working occasionally in the Polog-Dibra regions. So far, only Kafasan/Qafe Thane is fully equipped for heavy merchandise. There is a plan to open a new border crossing point (Djepliste-Trebisht).

3.3.3 Railways

There is no railway connection between the two countries. In Republic of Macedonia, two railways are connecting the cross-border area with Skopje. In the Northern part, about 110 km of railway are connecting Skopje, Tetovo, Gostivar and Kicevo. In the Southern part, Bitola is connected to Skopje by an extension of the railway Skopje-Vele. In Albania, there is only one railway line Pogradec – Durres connecting the region with the other parts of the Albanian network, but the conditions are very poor. In both countries, the railway transportation of goods and passengers is constantly increasing and there is a plan for an extension and modernization of the railway network and a construction of a railway connection between Bulgaria and Albania through the Corridor 8.

3.3.4 Airports

Ohrid is the only airport for passengers in the cross-border region. The number of passengers (arrival and departure) at the Ohrid airport in 2005 was 53,930 (9.4% of the total number of passengers in Republic of Macedonia). More than 50% of the traffic at the Ohrid airport is covered by charter flights, which attests its tourism vocation. The proximity of the Skopje and
Tirana airport is also a major asset for the cross-border region (Ohrid airport provides services mainly to the southern part).

3.3.5 Telecommunication

All towns and most of the villages in Republic of Macedonia are connected to the national and international communication network, but the percentage of subscribers is much higher in the southern part (36 subscribers per 100 inhabitants in Ohrid) than in the northern part (8 subscribers per 100 inhabitants in Tetovo).

In Albania, the total number of the subscribed units for land line and mobile phones (family and other users) is 16,025 users, representing only 7% of all Albania. Malfunctioning of the land system and its low coverage (only 23% of the households) have been replaced by the use of mobile communication offered by only two private companies operating in Albania, at relatively high cost compared to revenues of local population and/or fees applied in other countries.

Precise information about access to the Internet in the cross-border region is not available, but it should be lower than the national averages (in 2004, 78 persons per 1,000 in Republic of Macedonia and 24 persons per 1,000 in Albania) and insufficient according to all the stakeholders interviewed during the SWOT analysis process. This is due to the malfunctioning of the land line system and its low coverage in Albania, and to high prices and insufficient education in both countries.

3.3.6 Water supply, waste water, waste disposal

In Republic of Macedonia, 96.5% of the households in the cross-border area are equipped with water supply and sewage systems (municipal or individual system). In the urban areas, the water supply capacities and hygiene quality are satisfactory while the quality of the water is a concern in many rural areas. Only a few cities (Ohrid, Struga, Resen and Makedonski Brod) have a sewage system with waste water treatment plant. The lack of waste water treatment as well as adequate waste management is considered to be a major threat for the environment of the cross-border area and the health of the population.

In the three regions in Albania, 80% of households have access to drinking water supplied inside and outside their dwellings. The situation is more problematic in the Dibra region, which has a higher share of households that obtain potable water from wells and springs. In the urban areas, daily water supply is relatively poor, particularly during summer. The actual water supply capacities do not fulfill the needs of the population, which is increasing in number. Urban areas in the border region have a sewerage system for both sewage and rainwater and meanwhile a high proportion of rural population rely on septic tanks. The technical condition of the current sewerage system in bigger towns is poor due to the low level of investments, lack of regular maintenance and flow of new constructions. No waste water treatment plants exist, so surface waters near big towns are polluted from untreated waters.

3.3.7 Electricity

All households located on both sides of the cross-border region have access to the national electric power system. Regarding electricity, the cross-border area in Albania is in a more difficult situation, as high consumption and lack of alternative energy resources create problems during winter resulting in frequent power cuts and low voltage, which also hampers the economic activities in the area.
3.3.8 Health

In Republic of Macedonia, there are 162 primary health care centers in the cross-border region and 15 hospitals. According to the analysis conducted by the State Public Health Institute, such a structure is insufficient. In addition to the discrepancies registered at the municipal level, there is a notable disparity in terms of the medical staff available in urban and rural areas, as well as a situation in the villages characterized by insufficient staff.

In Albania, there are 178 health centres, 584 out-patient clinics, 12 clinics and 18 hospitals. The health care system is reported to cover all the needs of the population well.

Main cross-border issues related to infrastructures:
- The development and improvement of the corridor 8 is a major opportunity for both countries.
- Improvement of the local roads network is a common concern.
- Necessity to improve the border crossing points, particularly for the circulation of merchandise.
- Improving the water supply systems, even more the sewage systems and waste water systems, as well as waste management, is a priority in both countries.
- In both countries there is a necessity to improve the access to the Internet and telecommunication in general.

3.4 ECONOMY

3.4.1 General features

Republic of Macedonia and the Republic of Albania are members of the Central European Free Trade Agreement (CEFTA). The CEFTA complements the EU's Stabilization and Association Agreements for the countries of the Western Balkans. CEFTA is a stepping stone towards the closer economic cooperation that is an inevitable part of membership of the European Union. In this context, in 2002, Albania and Republic of Macedonia have signed a Free Trade Agreement. However, the scope of exchange of commodities between the two countries is still very low in comparison with the exchanges with the other neighbouring countries (only 1% of the total foreign exchanges of Republic of Macedonia). The exchange has started to increase in the last few years (e.g. the value of exported agricultural food products in 2004 from Republic of Macedonia to Albania was increased by 141% in comparison with 2002).

The overall level of economic development indicators of the cross-border area in Albania is relatively low compared to the national level. The situation is more contrasted in Republic of Macedonia where Pelagonia (with Bitola as the main industrial center) is, apart from Skopje, the only region in Republic of Macedonia with a GDP per capita higher than the national average\(^4\). As opposed to this, the Polog region exhibits the lowest level of economic activity in the country. The main industrial centers in Republic of Macedonia are Bitola, Kicevo and Tetovo, and Elbasani and Korca in Albania.

The cross-border region could be characterized as a region with agrarian or industrial-agrarian economy, although the overall picture should take into account significant contrasts within the region (between the two countries, but also between the southern and northern part, and between mountainous areas and lowlands). Agriculture, agribusiness, light industry, mining, energy production and tourism are the main economic sectors, which also have the biggest potential in the cross-border region.

\(^4\) Source: Socio-economic disparities among municipalities in the former Yugoslav Republic of Macedonia, UNDP, 2004
According to most indicators, the demographic and economic trends in the northern and southern part of the cross-border region are very different and almost opposite. The northern regions (Polog in Republic of Macedonia and Dibra in Albania) are among the poorest regions in both countries, while the southern regions (Pelagonia and Korca) are among the most developed. The central regions (Southwest and Elbasan) are most often closer to the national averages.

3.4.2 Agriculture and rural development

Agriculture remains a dynamic sector, particularly in the southern lowlands of Korca and Pelagonia. Pelagonia produces 50% of the tobacco and about 45% of the wheat in Republic of Macedonia. Fruit production is the major activity on both sides of the border and is concentrated in areas located at the altitude of 300 to 800 meters. Apple production is the main branch in the fruit growing sector (the cross-border area produces 90% of the total apple production in Republic of Macedonia). Cherries and sour cherries, as well as plums, are produced in the northern part. Production of nuts is significant in Albania. In Republic of Macedonia, the vineyards are concentrated in the southern part of the region (Ohrid, Prilep, Bitola and Struga) and they represent about 12% of the national production. Following the disappearing of state-owned farms in Albania, trees and vineyards experienced drastic destruction, but production has increased again over the past years. The production of vegetables and industrial crops, as well as stockbreeding and livestock products, increases on both sides of the border allowing the development of processing industries.

The agricultural sector is declining in the mountainous areas of the northern part, less favored by the geography and the climate, where the land size per households is small and the production is often oriented to self consumption. Stockbreeding, particularly sheep breeding, is increasing and becoming the dominant activity in this region. In many areas, particularly on the side of Republic of Macedonia, ageing of the rural population could accelerate the decline of the agricultural sector.

Highlands and mountainous areas produce highly specific and traditional dairy and meat products (sheep cheese, kaskaval and lamb meat but also some fruits and vegetables such as beans) and recognized as such by the consumers. These traditional products, if properly registered and protected under the existing laws and regulations (Protected Designation of Origin, Protected Traditional Denomination) and linked to the new market conditions, could highly participate in strengthening the regional identity and in fostering the economic development of the region. The role which the traditional and differentiated food products (as well as wines and liquors) could play when defining tourism development strategies should be taken into account. Forestry is also an important activity in these mountainous areas. The forest covers 44% of Republic of Macedonia cross-border area and 37% of the Albanian area.

Finally, fishing remains an income generating activity in both countries and participates highly in building the image and the specificity of the region. It is mainly conducted in the lakes of Ohrid and Prespa. The future of this activity should be combined with the necessity to preserve biodiversity, for example the Ohrid trout is strictly protected in Republic of Macedonia.

3.4.3 Industry, mining and energy

Until the end of the eighties, the region of Elbasan was one of the most important industrial centers in Albania and the location of heavy industries (metallurgy, cement, mechanical industry). Most of these plants stopped operating after 1990 or are operating with reduced capacities. Today, light industries are largely dominant in the cross-border areas of the two countries, the main industrial concentration being in the Southern part (Korca and Pelagonia). It is a diversified industrial structure, the rapidly growing sectors being the food processing industry, textile production and construction. Textile production is in constant progress on both sides of the border, due mainly to Greek investments and joint ventures. It employs considerable number of workers, mainly women,
and in some areas it is the primary source of employment. Food processing industries are particularly dynamic in Bitola (location of the biggest processing factories in Republic of Macedonia) and Korca. They consist of dairy production, meat processing, canning of fruits and vegetables, beer breweries and alcohol production that has been recently revitalized in the Korca region. The food industry provides for the national markets, even though certain products have started to be exported. However, the lack of distinctiveness (packaging, marketing strategy...) and the poor branding system are often considered to be the major constraint for the development of the food sector. Construction is another sector that has expanded over the last years, parallel to the boom in private dwellings, becoming one of the most significant sectors of employment in the area (in Republic of Macedonia this activity is particularly concentrated in the Polog region where the number of dwellings increased by 33% from 1994 to 2002).

The cross-border region is rich in underground resources, some of them still being under-exploited. The regions of Korca, Dibra and Elbasan in Albania are well-known for coal, iron, copper, asbestos, quartz sand, chromium, construction materials and decorative stones. Currently, Dibra is the most successful mining area in the country (coal and chromium). Two mines for iron and nickel and two other mines for copper are located in the Korca region. There are also two sources of quartz sand utilized in the glass industry and in foundries. In Republic of Macedonia, the cross-border area provides 85% of the national coal production, which is mainly used in the two thermo power plants of the region (Bitola and Oslomej). Iron is extracted in Debar (Polog Region) and marble in Prilep (Pelagonia).

Production of electricity, as well as mineral water and wood industry, are also valuable assets for the cross-border region, particularly in Republic of Macedonia (the country's two main thermo power plants are located in the cross-border region, as well as five hydro power plants).

3.4.4 SME sector

In Republic of Macedonia, the cross-border area comprises of 56,356 registered enterprises or 32% of all enterprises in the country. Most of them are small in size (36% have only one employee) and more than half of them operate in the trade sector. Food processing companies (including beer breweries) are mainly concentrated in Pelagonia whereas construction and transport companies are dominant in the Polog and Southwest regions. The SMEs of the region point out the lack of investment capacities and access to credit as being major constraints, which leads to outdated technology, lack of visibility and differentiation of the products (the branding system is underdeveloped) and insufficient transport infrastructures (particularly railroads).

Source: Socio-economic disparities among municipalities in Republic of Macedonia. UNDP. 2004
In Albania, the total number of SMEs that are active in the cross-border area comprises only 17% of all SMEs in Albania. More than half of them are concentrated in the region of Korca. Most of the businesses operate in the sectors of trade (45%), services and transport. Dominant majority of the businesses in the three regions are small in size, mainly characterized as family businesses, thus offering little opportunities for job generation. Generally, businesses are poorly organized and take no count of modern and up-to-date technologies or management techniques. These businesses mainly involve little investments without much long-term sustainable basis. In addition, the non-agricultural businesses struggle against the odds of poor infrastructure, drastic shortages of electricity, the high transaction costs of conducting business, etc. The number of entities in 2005, compared to 2003, has grown by about 20% on the regional level. The highest increase is noted in the region of Dibra by 29%, followed by Elbasan with 24% and the region of Korca by 19%.

In both countries, the enterprises are reported to be poorly organized and connected even in the same sector. Very few associations involve only a small number of entrepreneurs.

3.4.5 Tourism

Tourism is the main potential for the development of the cross-border region and the major concern for most of the stakeholders, particularly in the southern part of the region. All the regions concerned by the programme have individual potentials for developing tourism activities, among which are: attractive nature and landscape, national parks, attractiveness of the lakes (Ohrid and Prespa lakes but also mountain lakes) and of world-famous historical sites, possibility to develop winter and mountain sports, existing ski stations in Republic of Macedonia (Popova Shapka, Mavrovo, Krushevo, Oteshevo and Pelister), existing spa and thermal centers on both sides of the border (Debar and Kosovrska in Republic of Macedonia, Peshkopi in Albania), etc. The presence of an airport (Ohrid), already specialized for charter flights, as well as the proximity of the airports in Tirana and Skopje for the northern part, is another valuable asset. The proximity of Greece also gives the possibility to develop hinterland tourism. However, so far, the tourism industry is not at the same level of development in Albania and in Republic of Macedonia.

In Republic of Macedonia, the total number of tourist nights in the cross-border region in 2005 was 1 517 425 (of which 1 284 964 domestic visitors and 232 461 foreign visitors). It represents 77% of the entire tourist nights spent in the country and an increase of 73% compared to 2001. So far tourism activities and infrastructures are mainly concentrated in the southern part, but the northern part also has a great potential and should gradually benefit from the dynamic launched in the south. Although the existing infrastructure is still to be increased and improved, the issue in Republic of Macedonia is not only to increase the number of tourist visits but also to organize it in a way that will not jeopardize the natural resources.
The situation in Albania is drastically different. So far, the level of tourism in the cross-border area (with a slight exception of Pogradec) is symbolic, which is the result of the conjunction of numerous factors: damaging of the forests; urban chaos; poor condition of infrastructure (roads, energy, water, sanitation); environmental problems; poor quality and, in general, low level of services and accommodation standards; unprofessional marketing and lack of information and tourist guides.

Main cross-border issues related to economy

- Low commercial exchanges and economic relations between the two countries: the cross-border programme is not building on a long and solid tradition of exchanges and partnerships but rather participates in initializing the process.
- Common interest in protecting and promoting traditional agricultural products and handicrafts.
- Unequal development of the tourism industry: necessity to define joint strategies and possibility for the transfer of know-how and good practices from Republic of Macedonia to Albania.
- Common interest in supporting and organising the SMEs and supply chains.
- Common interest in developing alternative energy production

3.5 HUMAN RESOURCES

3.5.1 Education, Research and Development

In Republic of Macedonia, the cross-border area is reported to be well covered with educational facilities. There are 444 primary schools with 93,358 students and 37 secondary schools with 35,676 students. Education of the ethnic communities, in their mother tongue, is a constitutional right and available as such in the system of primary and secondary education.

There are also several public and private university centers and high schools: in Tetovo (one private university with seven faculties and one public university with five faculties), in Bitola (five faculties), in Ohrid (faculty of Tourism) and in Prilep (faculty of economy).

Research is carried out by the faculties and research institutes such as the Biological Institute of Ohrid, Tobacco Institute in Prilep and the agency for research in agriculture in Bitola. In order to stimulate business start up activities, incubators and science parks were established in the cross-border area (Bitola).

The SWOT analysis conducted in Republic of Macedonia for the purposes of the Multi-annual Operational Programme - IPA component IV (human resources development) mentions the shortages of adult education and Vocational Education and Training (VET) as well as insufficient links between Research and Development and the business community. This statement is valid for both countries.

In Albania, the transition period has had a negative impact on the education system. Especially in the remote or bordering areas where they are facing severe problems related to the educational system. As a result a number of educational indicators have worsened. Closure of schools, shortage of teaching materials, deterioration of school infrastructure, lack of investments, lack of funds, shortage of textbook supply and unqualified teachers are just a few of the critical issues that have determined the unsatisfactory quality of the educational system, especially in the mountainous locations of the programming area. There are 474 primary schools in the three regions and 112 upper secondary schools. Out of them 17 schools provide vocational education, 2 of which are located in the Diber region, 8 are located in the Elbasan region and 9 are located in the Korca region. Both Elbasan and Korca host a public university. Over the past decade the school attendance has had a declining tendency in the mountainous areas, due to the long distance to schools, bad road infrastructure, schools’ bad conditions and poverty. About 40 percent
of the schools in Diber and Mat and 35-55% of the schools in the Elbasan region are in a very poor physical condition and need urgent capital investments. The situation is slightly better in the region of Korca.

Main cross-border issues concerning education and research

- The development of adult education and Vocational Education and Training (VET) is a concern in both countries.
- Although the situation is more severe in Albania, the necessity to improve the educational infrastructure in the rural and mountainous areas is a common concern.
- Improving Research and Development activities within the Universities located in the cross-border region and/or linking the R&D with the business community could be a cross-border issue. More generally, the presence of universities on both sides of the cross-border area is considered as a valuable asset for the development of the region and for the establishment of a high level cross-border dynamic. Universities should therefore be encouraged to participate in implementing the cross-border programme.

3.5.2 Labour market and poverty

The official data on unemployment and employment in the cross-border areas does not allow comparison of the situations, as the method of estimation is too different from one country to another. The unemployment rate is reported to be about 13% in the cross-border area in Albania, whereas it is more than 40% in the cross-border area in Republic of Macedonia. This discrepancy does not reflect the real situation and seems to occur due to a high level of hidden unemployment in Albania, a low level of registered unemployed persons and an over-estimation of the employment rate in the agricultural sector. On the other hand, in Republic of Macedonia, due to the fact that the Employment Agency provides health insurance to unemployed people, the data usually overestimate the factual situation. Most certainly, the unemployment rate is more similar between the two countries and should even be lower in Republic of Macedonia, which benefits from a higher concentration of business and industries (including tourism industry).

<table>
<thead>
<tr>
<th>Republic of Macedonia⁶</th>
<th>743,676</th>
<th>38</th>
<th>34</th>
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<tbody>
<tr>
<td>Pelagonia</td>
<td>104,016</td>
<td>40</td>
<td>40</td>
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<tr>
<td>Southwest</td>
<td>68,789</td>
<td>42</td>
<td>28</td>
</tr>
<tr>
<td>Polag</td>
<td>71,089</td>
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<td>19</td>
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<tr>
<td><strong>Albania</strong>³</td>
<td>1,085,359</td>
<td>14.1</td>
<td>85.9</td>
</tr>
<tr>
<td>Elbasan</td>
<td>131,279</td>
<td>12.8</td>
<td>87.2</td>
</tr>
<tr>
<td>Korce</td>
<td>85,323</td>
<td>11.2</td>
<td>88.8</td>
</tr>
<tr>
<td>Diber</td>
<td>56,745</td>
<td>16.5</td>
<td>83.5</td>
</tr>
</tbody>
</table>

General Features

Unemployment is higher in the northern parts of the cross-border region (Polag region has the highest unemployment rate in Republic of Macedonia and the unemployment rate in the Diber region is higher than the national average). These are regions where agriculture is declining and where most municipalities are located in unfavorable mountainous-rural areas. In the southern parts, unemployment rate is closer to the national average or in the case of Albania, even lower.

In Republic of Macedonia, the unemployment rate among various ethnic groups ranges between the lowest - 25.3% of the Vlach population (grouped in the main urban centers offering better opportunities for employment), to the highest - 78.5% of the Roma people, which is linked with the level of education and the living conditions of the Roma people. Albanians also have a high

⁶ Source: "Socio-Economic Disparities among Municipalities in the former Yugoslav Republic of Macedonia", UNDP, 2004
⁷ Source: Indicators by prefectures 2004-2005
unemployment rate (61%) which may be due to the fact that they are concentrated in the rural mountainous regions with a low level of economic activities.

Unemployment rate of young people is particularly high in both countries (more than 75% in Republic of Macedonia).

According to the official data, the repartition of the employment by economic sectors in the cross-border region is as follows:

In Albania, the rate of employment in the agriculture sector is most certainly overestimated (large number of labour forces for small size farms). It should also be pointed out that the activity rate of women is very different from one region to another. The Polog region has a women’s activity rate of 18%, which is certainly close to the women’s activity rate in Albania, whereas the activity rate of women in Pelagonia is 55%.

Poverty

The poverty rate seems to be higher in the cross-border region than in most of the other regions of both countries. In Republic of Macedonia, the percentage of households users of the Social Financial Aid is 14.7% for the whole country, out of which 17.4% in the Pelagonia region, 14.8% in the Southwest region and 20.9% in the Polog region.

According to the “Map of Poverty and Inequality”, the Diber region in Albania has the greatest share of poor people in the country. The percentage of poor people living in this region is 42.77% of the total population, which means that approximately one in every two persons is poor.

Social Inclusion

There is a lack of coherent and comprehensive analyses of the current situation in the cross-border area regarding social inclusion, especially in terms of the access of vulnerable groups to services.

Within the broader objective of incorporating a human rights approach to poverty reduction, based explicitly on the norms and values set out in the international law of human rights, the Programme has to specifically deal with developing local and regional social inclusion policies and social inclusion issues, and in doing so, to promote participatory and partnership approaches.

Main cross-border issues concerning labour market

- Unemployment, and particularly youth unemployment, is a major social problem on both sides of the border.
• In both countries, the social situation of the cross-border areas is contrasted: cross-border areas comprise the poorest but also the most developed regions. Regarding the social aspects, the priorities will differ from one region to another.
• The participation of women in the labour market is very unequal between the two countries and also between the northern and southern parts of the cross-border region.

3.6 ENVIRONMENT AND NATURE

The cross-border region is extremely rich in environmental resources and biodiversity. Protecting and valorizing this asset is certainly one of the key points for sustainable development of the region. The local stakeholders are increasingly concerned by the future of these resources.

In both countries, the protected areas are classified into six categories according to the criteria of the World Conservation Union (IUCN).

The protected areas network in Republic of Macedonia includes 81 sites covering an area of about 7,4% of the total territory and most of the protected areas (153,523 ha) are concentrated in the cross-border region.

In the cross-border area 22 protected areas are established: two strict natural reserve (category I) Ezerani (proclaimed in 1996, covers the northern coastal area of Lake Prespa, habitat of approximately 200 bird species, including wild geese, pelicans, and local moorhens and is included in the World Ramsar list) and Lokvi; three national parks (category II): Mavrovo National Park (established in 1949) covering an area of 73,100 ha, Galicica National park covering an area of 22,750 ha between the Ohrid and Prespa lakes, Pelister National Park (established in 1948) covering an area of 12,500 hectares; and 17 sites (category III) with most important: two tectonic lakes Ohrid and Prespa Lakes protected as Natural Monuments in 1977 (Ohrid Lake covers an area of 23,000 ha, and Prespa Lake 17,680 ha). The Ohrid Lake is included on the UNESCO List of world heritage in 1979. The hydrological site Vevchanski Izvori (Vevchani Springs) was proclaimed Natural Monument in 1999.

The cross-border region is also included in several ongoing initiatives for developing ecological networks. The National Emerald Network at the moment includes 16 Areas of special conservation interest among which: NP Mavrovo, Shar Planina, NP Galichica and SNR Ezerani. The Balkan Green Belt (IUCN initiative) includes all the protected areas mentioned above.

In the Albanian cross-border area, 91,358 hectares are protected under one of the IUCN categories. The area comprises one strict natural reserve (category I), Rrajcë (4,700 hectares), in the Elbasan Region and four national parks (category II): Lura and Zall Gjoçaj in the Dibër region, Bredi i Drenovës and Prespa (27,750 hectares) in the Korça region. Other 269 sites are protected under IUCN categories III to VI, including the Albanian part of Ohrid Lake.

The Indicative map of Pan-European Ecological Network (PEEN) in South-Eastern Europe represents the cross-border area as a main corridor for some migratory species that should be protected.

In Republic of Macedonia, the environment is jeopardized more by the poor water management and sewage systems, uncontrolled urbanization and the pressure applied by tourism activities rather than by the industrial activities, which are still at a low level in most of the protected and valuable natural sites. In addition to the same threats, the industrial pollution has caused critical environmental damages in Albania, particularly in the region of Elbasan.

Environmental protection and management of natural resources are areas where the two countries recently started to establish formal and intensive cross-border cooperation. With the ongoing initiatives of the Ohrid Lake Conservation Project and the Trans-boundary Prespa Park Project
(which also involves Greece), the southern part of the cross-border region could become a model of trans-boundary water and natural resources management.

**Main cross-border issues concerning environment**

- Protection and valorisation of the natural resources is a high priority in both countries.
- Protection of lakes and rivers is a good base for cross-border cooperation.
- Environmental awareness needs to be improved in both countries.
- So far, the most advanced cross-border initiatives between the two countries are related to environmental issues.

### 3.7 CULTURE

Unique spiritual, material, intellectual, and emotional features characterize a cross-border region.

The cultural heritage, both tangible and intangible, testifies about the human creativity and forms the bedrock underlying the identity of the border region. The cultural heritage represents one of the most important assets for the development of the cross-border region. It can provide various opportunities for employment, cultural and heritage promotion and tourism.

The Ministry of Culture of Republic of Macedonia lists about 850 archeological sites in the three statistical regions. Ohrid and Ohrid Lake were accepted by UNESCO as a World Heritage Site in 1980. The southern part is particularly famous for its concentration of historical monuments, churches, monasteries (the monastery of St. Naum, the medieval church St. Sofia, etc.) and frescoes dating from the classical era to the XIX century. Other valuable monuments are located in the central and northern parts and attest the cross-cultural influence of Christian and Muslim traditions in the region (e.g. monastery St. Jovan Bigorski near Debar, monastery of Lesho, the "painted mosque" and the Dervish Tekke in Tetovo, etc.). The Korca region in Albania hosts the National Museum of Albanian Medieval Art and there are 7 national museums on the side of Republic of Macedonia.

Numerous cultural events and festivals are organized in the region, particularly during the summer period, a few of them being already "cross-border" events (such as the "Lake Day" organized in July by the city of Pogradec in Albania and the cities of Ohrid and Struga in Republic of Macedonia and the festival "Oda Dibrane" in Albania which presents artists from both sides of the border). Apart from Ohrid, dynamized by the tourism frequentation (the music festival "Summer of Ohrid" is particularly famous), a few towns such as Prilep (nominated city of culture 2007 by the Ministry of Culture), Struga (poetry festival) and Bitola (classical music festival, Video-art festival, International Amateur Documentary film festival) have an active and attractive cultural life. With the opening of high education institutions, Tetovo is also on the way to become an active cultural center in the Polog region.

Finally, the region is rich in diversified culinary traditions and handicrafts. These traditions could play an important role in the promotion and the tourism offer of the region but, so far, are highly underestimated. A few NGOs, particularly women NGOs, on both sides of the border, began working on the valorization and conservation of this heritage.

The programme area is located at the crossroads of languages: Macedonian, Albanian, Turk, Vlahi and Roma. The awareness about the importance of knowing the neighbour's culture is growing and can lead to a more intensive cultural diversity exchange.

Cross-border cooperation in the field of media (radio, TV, other audio-visual media, printed and electronic media), which has so far only partly exploited its cooperation potential, can contribute to

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8 It includes oral history, languages, literature, performing arts, fine arts, crafts, traditional healing methods, celebrations, and material or built forms such as sites, buildings, historic city centers, landscapes, art, and objects.
broadening perspectives for cross-border cooperation, to better understanding of cultural differences and similarities in the programme area, and to presenting the diverse cultural richness to the wider European audiences.

Main cross-border issues concerning culture

- The cultural offer in the two countries is potentially rich, diverse yet complementary and offers a good base for the development of cross-border cooperation.
- Both countries have interest in preserving the authenticity and diversity of this culture.
- Cultural and natural heritage is still to be valorised in order to strengthen the regional identity.

3.8 INSTITUTIONAL DEVELOPMENT

Republic of Macedonia has established a one-level local government system based on municipalities. The country’s territory is divided into 84 municipalities. City of Skopje, like an metropolitan area, has a specific status. In the performance of their competencies, the municipalities may cooperate among them; establish joint funds; establish shared public agencies and administrative bodies in certain sectors and areas. There is one (National) Association of Units of Local self-government (ZELS), which has a positive influence on building local democracy.

The municipalities may cooperate with units of local self-government of other states and may be members of international organizations of local governments.

The new Law on Regional Development, adopted on May 2007, is the foundation for establishing institutional structures for regional development. These new structures should be established in eight regions (NUTS 3 category): Pelagonia, Vardar, Northeast, Southwest, Skopje, Southeast, Polog and East region.

Albania has a different administrative set-up. The country is divided into 12 regions, comprising 36 districts. The districts are themselves divided into municipalities (urban centres) and communes (rural territories). The regional and local development is the core of the on-going decentralisation reform process in Albania. The role of the Regional Council for coordinating the development activities in the respective region has increased, parallel to the transfer of power to the local level for provision of the public services. The recent fiscal reforms, aimed at providing full authority to local government units on the small business tax and attempting to introduce the municipal borrowing legal framework, will give more freedom to the local unit towards implementing the development programmes.

In both countries, the Chambers of Commerce, Regional Development Agencies, as well as the Centres for the Development of Planning Regions on the side of Republic of Macedonia will be major actors for fostering the cross-border cooperation. The NGO sector is not well known as well as its role in the social and economic development of the cross-border region. However, it is clear that this role will increase and also that there is room in the cross-border region for development of the number and improving of the capacity of the NGOs. The main NGOs in both countries are concentrated in the southern part of the cross-border region. Lack of organized associations in some areas could be an obstacle for the participation of the civil society in the cross-border programme. Two NGOs’ support centres (donors driven projects) are located in the cross-border area of Republic of Macedonia (Kicevo and Resen) and should also play a role in implementing the cross-border programme.

Main cross-border issues concerning institutional development

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That will be established in the frame of the new law on Regional Development.
The administrative and territorial set-up is not the same in the two countries, which could complicate the establishment of balanced partnerships between the local government units.

- Strengthening the NGO network in the cross-border region is a common concern.
- Improvement of the exchange between economic entities, development agencies and chamber of commerce should be a cross-border issue.
- Existing structures, such as the one established for the Euroregion Prespa-Ohrid, should be associated with the implementation of the programme.

### 3.9 SWOT ANALYSIS OF THE ELIGIBLE AREAS

The SWOT analysis of the cross-border region was conducted by consulting the main national, regional and local stakeholders in both countries. It has been based on:

- Data and analysis included in existing documents, particularly: the SWOT analysis of the statistical regions of Republic of Macedonia included in the National Development Plan 2007-2009 (Government of Republic of Macedonia, 2007); Socio-economic disparities among municipalities in Republic of Macedonia (UNDP, 2004), Cross-border Business Co-operation in the Prespa-Ohrid region (EastWest Institute, 2008).
- Primary data provided by the National Statistical Office of Republic of Macedonia, the National Statistical office of the Republic of Albania, Ministries and State Agencies of both countries, Regional and Municipal authorities.
- Interviews of local stakeholders conducted in both countries in February-March 2007. Based on an ad hoc questionnaire, about 130 interviews were conducted in both countries (regional and municipal authorities, entrepreneurs, NGOs, chambers of commerce, local universities).
- Add-ons and feedback provided by the local stakeholders within the regional workshop held in May 2007 and by the Operating Structures of both countries within several meetings held in March-April 2007.

The SWOT analysis summarizes the main trends of the cross-border region providing basis for the definition of the strategy. It is based on:

- The strengths and assets on which further regional development can step upon;
- The limitations and weaknesses deriving from the local context, which can impede the development of the region;
- The opportunities, which can be realised by overcoming the respective weaknesses;
- The threats or external factors, which can hamper the future development of the region.

The SWOT analysis has been conducted in the specific frame of the cross-border programme. It emphasizes aspects and sectors that can influence or be influenced by the programme. It does not emphasize problems and sectors that can hardly be covered by the programme (e.g. heavy infrastructures, industrial crops in the agricultural sector, etc.).

The SWOT analysis was conducted in parallel, in the two countries. The results of each analysis were then consolidated in the following summary. It is worth mentioning that the trends and findings are different not only from one country to the other but also between the eligible regions in each country. This summary tries to reflect these differences and discrepancies, which will have to be taken into consideration when implementing the programme.

Finally, it has to be noticed that in Republic of Macedonia the approach is based on statistical regions which are not yet territorial units from an administrative and political point of view. The inhabitants do not necessarily consider themselves as living in a statistical region and could have another representation of what their “territory” is. This could be a bias that also has to be taken into account (when a person living in Struga says “my region”, she/he does not necessarily refer to the Southwest statistical region).
<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
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<tr>
<td>I LEGAL &amp; INSTITUTIONAL FRAMEWORK</td>
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</tbody>
</table>
| • Existing free trade agreements, bilateral agreements, as well as joint agreements for the conservation of the Ohrid and Prespa lakes.  
• Ongoing decentralization process that provides local self-governments with the possibility to define and implement local development policies and measures.  
• Existing experience in identifying and implementing joint programmes and cross-border projects, through the Euro region and lakes' conservation projects etc:  
• Existence of an NGO network experienced in cross-border cooperation initiatives. | • Discrepancies between the regions and municipalities in the field of social and economic development. Unequal urban/rural development.  
• Underdeveloped and unequipped local self-governments due to a slow process of decentralization and transfer of authority and ownership from the central level to the local level.  
• Local human capacities limited due to migration of skilled staff to the main urban centers and capital cities.  
• Insufficient public resources for public investments.  
• Potential beneficiaries from the private and public sectors have limited capacity in project identification and preparation, strategic planning and project implementation. | • The opportunity to accelerate the process of institutional and legal integration of the EU standards and regulations will bring both administration systems closer and it will increase their competences.  
• Opportunity to develop various mechanisms and instruments aiming at facilitating the establishment of partnerships for cross-border initiatives.  
• Opportunity for increasing the capacity of the civil society organizations and the cooperation between private sector and public administration on both sides of the border. | • Decelerated decentralization process and transfer of authorities from the central level to the local level.  
• Implementation of constrained fiscal policies and continuous dependence on the central budget undermines the capacities of the local government unit. |
| II INFRASTRUCTURE & GEOGRAPHICAL LOCATION |  |  |  |
| • Relatively developed transportation infrastructure (roads - motorways and regional roads, railway, waterway, airport).  
• Existence of tourism infrastructure (accommodation facilities, food and catering, sport).  
• Favorable geographical location on the main transport corridor 8 (east west).  
• Increased traffic flow at five border crossing points in the last few years and plan for opening one new crossing point. | • Unequal development of basic infrastructure in Albania and in Republic of Macedonia, especially electricity, water supply, transportation and communication infrastructure.  
• Deterioration of local infrastructure (local roads, water supply systems, sewage) due to inappropriate maintenance.  
• Unequipped border crossing points for transportation of merchandise.  
• Lack of town-planning and procedures and presence of urban chaos. | • Opportunity to improve the transportation infrastructure (e.g., interstate seasonal tourism line between Ohrid and Podgora): border crossing points, as well as accompanying logistics and services, which will facilitate the cooperation and communication of the populations from both sides of the border.  
• Opportunity for the development of tourism related infrastructure such as new ski centers, sport facilities, hiking and cycling paths, cable ways etc.  
• Opportunity for the development of alternative sources of energy;  
• Opportunity for developing and improving the infrastructure for utilization, conservation and protection of the existing water resources. | • Lack of urban plans and state land ownership may result in delaying the implementation of infrastructural projects in the region.  
• Lack of local financial means for the maintenance and repair of the deteriorated local infrastructure.  
• Lack of attention and efforts for the development of economic and people-to-people programs due to overemphasizing the importance of infrastructural projects.  
• Increase in vacancy due to scarce investments on small-scale communication infrastructure. |
### Cross-border Programme

#### III ECONOMY

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
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</thead>
<tbody>
<tr>
<td>• Emerging of a small and medium size private sector and entrepreneurship spirit; • Diversified economic activities including tourism, agriculture, agribusiness, industry and services; • High potential for the development of environment friendly economic activities such as tourism, organic agriculture, alternative technologies for energy production; • Available industrial premises and facilities as well as industrial and craft traditions</td>
<td>• Insufficient utilization of the available industrial infrastructure • Limited competitiveness of services and products due to a limited access to market information (regional and international) and new technologies; • Slow economic development and unfavorable business environment due to persistency of grey economy and complex administrative procedures; • Lack of organization of the economic sector (very few associations involving a small number of entrepreneurs); • Small scale and low productivity of the agribusiness activities; • Large number of small enterprises is very fragile and sensitive on policy, fiscal and market changes</td>
<td>• Opportunity to attract foreign direct investments in the environmentally friendly industries and technologies. • Opportunity to improve the quality and competitiveness of services and products from the private sector by supporting the introduction of internationally recognized quality standards and products’ branding (including for traditional handicrafts and agro food products); • Opportunity for a balanced regional development based on the valorization of the specific assets of each region and municipality (e.g., winter and summer tourism); • Opportunity to develop industrial and cross-border clusters based on sustainable exploitation of regional and natural resources in the areas of agribusiness, forestry, services etc.; • Improving the identity/image of the region will increase the access to foreign direct investment</td>
<td>• Unfavorable macroeconomic environment (poor access to credit lines, lack of subsidies and tax exemptions for businesses), inadequate economic and agricultural policies, lack of investments and persistence of grey economy; • Lack of understanding of the global market trends and slow process of adjustment of the local economies to the market demands; • The obsolete industrial technologies can reduce the competitiveness and innovation potentials and jeopardize the environment resources considered as a main asset of the region.</td>
</tr>
</tbody>
</table>

#### IV EMPLOYMENT, EDUCATION & HR

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
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<tbody>
<tr>
<td>• Presence of national and private universities and educational institutions likely to provide flexibility in producing qualified labor force in line with the market trends and needs; likely also to limit or to reverse the brain drain phenomenon. • Availability of young and educated manpower; • Skilled workforce, with industrial and agricultural tradition; • Relatively low-cost labour</td>
<td>• High unemployment rate, including women and young manpower, leads to increased migration and worsening of the living standards in the eligible area. • Internal migration to the urban centers and ageing of the rural population results with depopulation of rural areas in some sub-regions; • Lack of qualified labor force for the needs of some specific industries due to persistent specialization of the local human resources in traditional labor-intensive industries; • Insufficient VET centers and relevant VET programmes • Low level of education of the rural population and socially marginalized groups such as Roma’s; • Low incomes and living standard among the majority of the active labor population due to low salary level both in public and private sectors; • Social exclusion of large segments of the population (long term unemployed individuals, significant part of the Roma community, etc.)</td>
<td>• Multiracial population is an asset and provides a solid base for the development of diversified cross border economic, social and cultural programmes; • Opportunity to adjust the formal education to the specific skills required by the industry and services sectors; • Opportunity to improve the business management and entrepreneurship skills; • Available workforce which is highly adaptable; • Opportunity to develop and implement requalification and training programs; • Opportunity for developing programs for social integration of socially marginalized groups.</td>
<td>• Brain drain phenomena; • On-going migration processes may lead to the complete depopulation of some rural settlements in the cross-border area; • Limited access of the rural population to the formal educational system due to poverty and infrastructural limitations as well as migrations; • Increase of the youth delinquency as a result of negative socio-economic trends; • Significant presence of non-registered manpower and social exclusion of long-term unemployed individuals; • Increase of the unemployment rate in the eligible area, that particularly affects the low educated and socially wounded groups; • Low salaries and limited employment opportunities may lead to low motivation of specialized manpower and accelerate migration.</td>
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</table>
Cross-border Programme

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
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<tbody>
<tr>
<td><strong>V ENVIRONMENT</strong></td>
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<tr>
<td>- Region rich with clean natural resources (water, pastures, forests) that can foster economic development.</td>
<td>- Lack of solid waste dumps and recycling practices.</td>
<td>- Opportunity to develop and adopt environmentally friendly services and best available technologies valorizing the clean and unpolluted natural resources.</td>
<td>- Slow development of environmental protection related infrastructure may decrease the attractiveness of the region and have a negative impact on the local population welfare.</td>
</tr>
<tr>
<td>- Favorable climatic and geo-morphologic conditions and natural fertility of agricultural lands in part of the border region.</td>
<td>- Local environmental gaps, e.g. in waste management, sewage, waste water treatment, agricultural runoff, jeopardize the natural resources.</td>
<td>- Opportunity to develop and implement various cross border projects, based on natural resources and biodiversity protection and conservation, and natural resources cross border management programs.</td>
<td>- Slow implementation of national and regional strategies, regulations and institutions for environmental protection.</td>
</tr>
<tr>
<td>- On-going activities for the conservation of Ohrid and Prespa lakes and increasing awareness of local stakeholders in environmental issues.</td>
<td>- Pollution not spots in the eligible area.</td>
<td>- Opportunity to involve the private sector and civil society in environmental protection activities and programmes.</td>
<td>- Risk of disappearing of native species and loss of biodiversity.</td>
</tr>
<tr>
<td>- Varieties of natural heritage, endemic species, sites of natural significance and world heritage sites such as Ohrid and Prespa lakes, national parks, protected natural areas as well as Prespa Park intended to be the first cross border protected region in the Balkans.</td>
<td>- Low level of implementation of EU environmental legislation in private and public sectors.</td>
<td>- Opportunities to increase the public awareness and institutional capacities for environmental protection measures under the pressure of the eco-tourism demands.</td>
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</table>

| **VI CULTURE & TOURISM** | | | |
| | | | |
| - Rich and diversified cultural and historical heritage that can be utilized to make the tourism offer of the region more attractive. | - Lack of relevant analyses and joint strategies for improving the tourism offer in the eligible area leads to insufficient tourism planning and training activities. | - Opportunity to develop strategies and programs for tourism development, protection and promotion of a historical and cultural heritage. | - Culture and traditions could lose their authenticity and their attractiveness if overexploited by the tourism industry. |
| - Existing experience and capacities (natural, infrastructural, HR), in developing and strengthening the regions identity are an asset for both conventional and alternative types of tourism. | - Insufficient promotion and protection of the cultural and historical heritage. | - Opportunities for development of specialized types of tourism (mountain tourism, city visits, spas, agro-tourism, health-tourism, cycling-tourism etc.). | - Regular maintenance and protection of the historical and cultural heritage depends on the central budget. |
| - Long tradition of internationally recognized cultural events, as well as existence of cross border cultural events. | - Unequal development of tourism infrastructure from one region to another and one country to the other. | - Opportunity to involve private sector in development of the capacities of the region in the field of eco-tourism. | - Insufficient public funds, both at national and local government level, to support the promotion of the cultural and historical heritage type of activities. |
| | - Insufficient human resource capacities in the sectors of tourism and culture. | - Opportunity to develop and strengthen local institutional capacities related to cultural and tradition issues. | |
SECTION II PROGRAMME STRATEGY

1 EXPERIENCE WITH CROSS-BORDER ACTIVITIES AND LESSONS LEARNT

So far, the cross-border initiatives in the eligible area have mainly been targeting environmental issues and have been particularly concentrated in the southern part. Although the region already has a lead in establishing joint management of trans-boundary natural resources, the overall cross-border cooperation is still at a low level. Therefore, the existing initiatives are worth mentioning.

The cross-border cooperation dynamic between Republic of Macedonia and Albania was initiated in 1997-1999 by the Phare multi-country programme CREDO, which aimed at promoting good neighbour relation, social stability and economic development in the border region. The programme provided funds for the implementation of cross-border projects in the area of environment, NGO collaboration and local administrations. The projects were supposed to create the necessary conditions for more substantial cooperation and joint cross-border development actions in the future.

Although the Euroregion Prespa-Ohrid (Republic of Macedonia, Albania and Greece) is not yet legally established in all participating countries, it is a major step towards integrated regional development in the southern part of the cross-border region. The Macedonian Euroregion Foundation exists since 2006 and the Albanian side has a Euroregion board, comprising of mayors, the Chairman of the regional Council and the Regional Development Agency of Korca. Supported by the European Council, EastWest Institute and some other partners, the establishment of the Euroregion is undoubtedly encouraging the partnership relations between the two countries. It should also be mentioned that, within the frame of the Euroregion project, EastWest institute already launched two small calls for proposals for cross-border cooperation projects (in 2004 and 2006), thus participating in building the capacities of the beneficiaries.

The Lake Ohrid Conservation Project is often considered to be a model of integrated management of trans-boundary water resources. In 2004, the governments of the two countries signed an agreement for "the protection and sustainable development of Lake Ohrid and its watershed". The existing joint structures, as well as the bilateral agreement, provide a good frame for further cross-border initiatives.

Supported by UNDP and still at a starting phase, the Trans-boundary Prespa Park Project involves Republic of Macedonia, Albania and Greece. It is another pioneer cross-border initiative in the area of natural resources management.

The Regional Environmental Center (REC) supports a cross-border initiative between Debar in Republic of Macedonia and Peshkopia in Albania. The project trains local decision makers and relevant experts to identify and prepare environmental investment projects and to create professional financing applications. Priority problems concern water supply and collection and discharge of wastewater.

The Interchurch Organisation for Development Cooperation (ICCO) supports regional cross-border cooperation and networking of civil society in the northern part of the cross-border region. This programme aims at improving the cross-boundary cooperation by increasing the cooperation between the local authorities and civil society organisations and by increasing the organizational capacities of the relevant civil society organisations.

An OSCE initiative tries to facilitate partnerships and identification of cross-border projects in the northern part of the cross-border region.
Lessons learnt

Most of the cross-border initiatives started very recently in order to define the "lessons learnt" which are relevant to the IPA component II framework. However, the following points can be highlighted:

- Most of the projects are focused on environment protection issues. These projects reflect the priorities defined by the national and regional institutions more than the real concern of the civil society and private sector. However, they provide a good frame for the development of civil society and NGOs partnerships across the border.
- The small calls for proposals for cross-border actions already launched showed a low capacity in project preparation of most of the final beneficiaries. This could impede the implementation of the programme, particularly in the northern part where almost no initiative has been implemented so far (with the exception of the axis Debar-Peshkopia).
- A few municipalities, mainly located in the south, have had a leading role in the past and current cross-border initiatives. These municipalities should have a key role when implementing the programme (transfer of know-how, etc.)
- Establishing cross-border partnerships will be a main problem for most of the final beneficiaries. A specific support will certainly be required in order to facilitate the communication and the establishment of partnerships.

2 COOPERATION STRATEGY

2.1 SUMMARY CONCLUSIONS FROM THE ANALYSES

This section presents the response to the obstacles and weaknesses identified by the analysis. It defines suitable strategies for a common development of the cross border region and a relevant use of IPA funding. The strategy includes an overall strategic goal of the programme and identifies specific objectives to be reached by the measures under the chosen priority axis of the programme.

When defining the objectives and priority the joint programming committee took into account:

- The heterogeneity of the cross-border region in terms of demographic and economic trends and the level of development: priorities and measures should respond to different and sometimes contradictory situations.
- The relatively limited amount of funding available for the programme: measures are not putting emphasis on heavy investments in communication and transportation, although it is often considered as a priority by the stakeholders.
- The low level of cross-border cooperation, particularly among NGOs and within the civil society; the programme should boost the establishment of long term cooperation at the communities' level.
- The necessity to combine the protection of unique and fragile natural resources as well as cultural heritage and the development of mass tourism in the southern part of the cross-border region.
- The presence of universities and research institutes on both sides of the cross-border region is considered to be an asset for the dynamism and reputation of the region.
2.2. OBJECTIVES OF THE CROSS BORDER PROGRAMME

The global objective of the cross-border programme is:

**Promoting sustainable development in the cross-border area**

Joint actions and cross-border projects implemented within the programme should have an impact on the social and economic situation of the population, improve the joint management and valorisation of natural and cultural resources and strengthen the image and the cohesion of the cross-border region and sub-regions.

Three specific objectives have been defined:

- **Specific objective 1: to support the establishment of joint actions and strategies aiming at protecting and valorizing the natural resources of the region.** The programme will build upon the ongoing experiences and strengthen the existing trend of linking the environmental issues and measures of both sides of the border. The targeted beneficiaries are the local authorities, decentralized institutions as well as civil society organizations.

- **Specific objective 2: to foster sustainable economic development of the region.** Tourism will be the priority economic activity targeted by the programme. It is a real opportunity for the region and is already a major source of income and employment, although unequally distributed within the cross-border area and between the participating countries. Considering the value and the fragility of the eco-systems in the region, tourism is also a threat that has to be taken into account. While the private sector is developing infrastructures mainly oriented towards mass tourism, the programme will focus on the development of more alternative types of tourism activities (responsible tourism, green tourism, etc) and small infrastructures, on transfer of know-how from one region and country to another and on training activities, on the protection and valorization of cultural and historical heritage. More generally, the programme will foster the sustainable development of all types of activities, services and productions which are participating in building an attractive and dynamic regional identity. This includes the organization, protection (branding) and linking to the market (food supply chains) of traditional agro-food products and handicrafts, the definition of joint research and development programmes, etc.

- **Specific objective 3 is a transversal objective: to develop long term partnerships and networking between civil society organizations (NGOs, sport organizations, etc), professional organizations (i.e. Chambers of Commerce, entrepreneurs and farmers' organizations) and decentralized institutions, particularly schools and faculties, including research and development units. Considering the current low intensity of cross-border cooperation, encouraging the establishment of long term partnerships and the fluidity of the trans-boundary communication will be a major concern during the whole implementing period. This objective will be reached through the implementation of people-to-people grant schemes. Projects having a cultural and social dimension will be privileged, as well as economic/commercial related projects (organization of fairs, market studies...).**
3 PRIORITIES AND MEASURES

The objectives will be reached through the implementation of one priority comprising of three measures and the second priority for the technical assistance to the programme.

3.1 PRIORITY 1

Fostering a cross-border economic, environmental and social development

This priority is a response to the different and sometimes contrasted situations and needs identified within the cross-border region. The protection and management of natural resources are considered to be a major cross-border issue in the southern part (Ohrid and Prespa lakes), and the social questions related to poverty and unemployment are considered to be of high priority in the north. Priority one tries to reconcile these two approaches. It also tries to give space to the economic actors, particularly, but not exclusively, in the tourism sector, which takes into account the current low level of business cooperation at the border. More generally, this priority should allow the definition and implementation of people-to-people actions and thus fostering the cross-border cooperation on the level of communities and civil society.

This priority will include three specific measures:

<table>
<thead>
<tr>
<th>Nr.</th>
<th>Measure</th>
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<tbody>
<tr>
<td>Measure 1.1</td>
<td>Economic development with an emphasis on tourism promotion</td>
</tr>
<tr>
<td>Measure 1.2</td>
<td>Sustainable environmental development with an emphasis on protection,</td>
</tr>
<tr>
<td></td>
<td>promotion and management of natural resources and ecosystems</td>
</tr>
<tr>
<td>Measure 1.3</td>
<td>Social cohesion and cultural exchange through people to people and institutions actions</td>
</tr>
</tbody>
</table>
3.1.1 Measure I.1

**Economic development with an emphasis on tourism related areas**

The specific objective of this measure is:

⇒ **promotion of economic development of the programming area through economic valorisation of its tourist and cultural potentials.**

Tourism is one of the main economic potential of the region and in some areas is already developed, almost as an industry. This measure intends to support the development of small infrastructures, good practices and strategic plans in order to extend tourism activities to the whole cross-border region. Specific attention is given to the transfer of know-how from Republic of Macedonia to Albania where tourism industry is still at an early stage. The measure gives a priority to alternative types of tourism (rural and family tourism, eco-tourism, etc) to developed parallel to more classical practices. More generally, the measure aims at fostering all sectors of the economy that contribute in building a strong and specific identity of the cross-border region. This includes the promotion and the protection (branding, better access to market) of the traditional food and agro-food products, as well as handicrafts. As a transversal objective and in order to give the business community the possibility to participate in the cross-border programme, the measure also aims at facilitating trans-boundary business cooperation (i.e. organization of fairs, consumers' studies, etc.).

The potential operations are as follows:

- Development and implementation of joint strategies, action plans, studies and competitive analyses
- Facilitation of the business contacts, networking, partnerships
- Development and implementation of studies, analysis and measures for improving cross-border conventional and alternative tourism offer
- Promotion and branding of regional products, services and organization of food supply chains

Beneficiaries will include (this list is not exclusive):

- Local and regional authorities;
- Local bodies of local administration legal setup;
- Country and regional agencies,(responsible at central, regional and municipal level);
- Regional employment agencies;
- Non-governmental or non-profit making organizations, associations and foundations (NGOs and NPOs), such as business support organizations, local enterprise agencies, development agencies, chambers of commerce, tourism agencies, ICT development agencies, educational, training and R&D institutions, producer associations, labour unions;
- Chamber of commerce
- State and public agencies and organizations;
- Public enterprises;
- SMEs;

3.1.2 Measure I.2

**Sustainable environmental development with an emphasis on protection, promotion and management of natural resources and ecosystems**
The specific objective of this measure is to:

- support joint initiatives and actions aimed at protecting, promoting and managing sensitive ecosystems and sustainable environmental development of the area.

This measure intends to build on the cross-border dynamic launched in the environmental sector during the last years. It supports the current efforts of the local and national authorities in establishing joint environmental policies and pilot programmes and involves the civil society in the process. It takes into account the crucial importance of a sustainable management of the natural resources for the economic development of the region.

The potential operations are as follows:
- Development and implementation of joint strategies, policies, action plans or feasibility studies related to environmental issues including waste water and solid waste management, water management, forestry management, river beds training, biodiversity, soil conservation, air pollution control, as well as cross-border emergency plans to deal with natural and man-made environmental risks, hazards, disaster situations etc.
- Investment in the development of small-scale cross-border infrastructure in the fields of environment and emergency preparedness (including mitigation and development activities), cleaning of uncontrolled waste disposal sites, as well as joint activities aiming at identifying, preserving, developing and restoring national parks and protected sites, flora, fauna, etc.
- Development and implementation of training and educational programmes related to environment protection activities
- Creation and implementation of comprehensive awareness, promotion and information campaigns, as part of the mitigation activities related to environmental issues

Beneficiaries will include (this list is not exclusive):
- Local and regional authorities;
- Local bodies of local administration legal setup;
- Country and regional agencies, (responsible at central, regional and municipal level), natural park administrations, local/regional forestry directorates, health care institutions, etc;
- Non-governmental or non-profit making organizations, associations and foundations (NGOs and NPOs), such as development agencies, ICT development agencies, educational, training and R&D institutions, producer associations;
- Chamber of commerce;
- State and public agencies and organizations;
- Public enterprises;
- SMEs;

3.1.3 Measure 1.3

**Social cohesion and cultural exchange through people-to-people and institution-to-institution actions**

The specific objective of this measure is to:

- promote people-to-people and institution-to-institution (such as schools, universities, research centers) operations.

The priority sectors are the valorization of the unique historical and cultural heritage and all types of operations that support the social integration of the marginalized groups, unemployed, rural youth, woman labor force, etc. This measure also aims at encouraging joint research and educational activities as well as at developing the NGO sector, particularly in the northern part of the cross-border region where it is very weak and in some areas even not existing.
The potential operations are as follows:

- Development and implementation of programmes for social integration of socially marginalized groups, unemployed, rural youth and women labor force;
- Support of joint programmes based on utilization of multiethnic assets;
- Support of joint Research Development Initiatives of R&D institutions;
- Establishment of partnerships between NGOs of both sides of the border and operations aiming at developing the technical and management capacities of the NGOs;
- Support of joint health protection related activities;
- Support of joint cultural events and activities and joint project aiming at promoting and protecting cultural and historical heritage.

Beneficiaries will include (this list is not exclusive):

- Local and regional authorities;
- Local bodies of local administration legal setup;
- Country and regional agencies, (responsible at central, regional and municipal level), cultural institutions, health care institutions, etc;
- Non-governmental or non-profit making organizations, associations and foundations (NGOs and NPOs), such as educational, training and R&D institutions, tourism agencies, media, etc;
- Chamber of commerce;
- State and public agencies and organizations;
- Public enterprises.

Project selection criteria:

In general, the eligible actions within each measure must fulfil the following criteria:

- includes partners from both side of the border
- establish contacts and links between local communities in the programming area
- support links between relevant institutions/organisations form both side of the border
- encourage equal participation by women and marginalized groups
- are environmentally sustainable

3.2 PRIORITY II, TECHNICAL ASSISTANCE

The specific objective of the technical assistance is to improve the quality of cross-border cooperation and management tools and to provide effective and administration and implementation of the CBC programme.

This priority will be implemented through two measures.

<table>
<thead>
<tr>
<th>Nr.</th>
<th>Measure</th>
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<tbody>
<tr>
<td>Measure II.1</td>
<td>Programme administration and implementation</td>
</tr>
<tr>
<td>Measure II.2</td>
<td>Information, Publicity and Evaluation</td>
</tr>
</tbody>
</table>

3.2.1 Measure II.1

Programme administration and implementation

An indicative list of eligible activities under this measure can include:
Support to Operating Structures, Joint Monitoring Committee, Joint Technical Secretariats and any other structure (e.g. Steering Committee) involved in the management and implementation of the programme.

- Establishment and functioning of Joint Technical Secretariat and its antennae, including staff remuneration costs (with the exclusion of salaries of public officials).
- Expenses for participation in different meetings related to the implementation of the programme.
- Administrative and operational costs related to the implementation of the programme, including the costs of preparation and monitoring of the programme, appraisal and selection of operations, organisation of meetings of monitoring committee, etc.
- Assistance to potential beneficiaries in the preparation of project applications and to beneficiaries in project implementation and reporting.

3.2.2 Measure II.2

### Information, Publicity and Evaluation

An indicative list of eligible activities under this measure can include:

- Preparation, translation and dissemination of programme related information and publicity material, including programme website.
- Organisation of public events (conferences, seminars, workshops, etc.).
- Awareness raising and training for potential beneficiaries, including partner search forums.
- Programme evaluations.

The main beneficiaries should be:

- Operating Structures;
- Joint Monitoring Committee;
- Joint Technical Secretariat (Main and JTS antennae);
- All other structures/bodies related to development and implementation of the CBC Programme (e.g. Steering /Selection Committee);
- Programme beneficiaries.

The Technical Assistance component will account for maximum up to 10% of the total financial allocation. Concerning the implementation of the Measures under the TA Priority, an individual direct grant agreement without call for proposals shall be signed between each of the EC Delegations and the national authorities (Operating Structures or national CBC coordinators, as appropriate) under the consideration that the latter enjoy a de facto monopoly situation (in the sense of Art. 168, paragraph 1, sub-paragraph c of the Implementing rules to the Financial Regulation). The implementation of the Measures may require subcontracting by the national authorities for the provisions of services or supplies.

For the purpose of an efficient use of TA funds, a close coordination between national authorities of the participating countries is required.
### 3.3 Output and Results Indicators

**Priority I**

**Measure I.1: Economic development with an emphasis on tourism related areas**

<table>
<thead>
<tr>
<th>Type</th>
<th>Indicator</th>
<th>Measurement</th>
<th>Target</th>
<th>Source of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Projects developing cross-border business infrastructure and services</td>
<td>number</td>
<td>5</td>
<td>Annual report on implementation;</td>
</tr>
<tr>
<td></td>
<td>Number of investments related to tourist infrastructure</td>
<td>number</td>
<td>5</td>
<td>Monitoring reports;</td>
</tr>
<tr>
<td></td>
<td>Supported promotional and branding initiatives for regional/traditional</td>
<td>number</td>
<td>2</td>
<td>Evaluation reports;</td>
</tr>
<tr>
<td></td>
<td>food and non food products</td>
<td>number</td>
<td>3</td>
<td>Project activities reports</td>
</tr>
<tr>
<td></td>
<td>Elaboration of regional and joint strategies, action plans, studies and</td>
<td>number</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>competitive analyses related to economic and rural development</td>
<td>number</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Studies and analysis for improving cross-border conventional and</td>
<td>number</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>alternative tourism offer</td>
<td>number</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cross-border business initiatives organised (fairs, exhibitions, seminars)</td>
<td>number</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>People visiting business initiatives organised (fairs, exhibitions,</td>
<td>number</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>seminars)</td>
<td>number</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training and educational programs implemented</td>
<td>number</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joint integrated tourism products or services created/welcomed up still</td>
<td>number</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>alive after 1 year</td>
<td>number</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>Result</td>
<td>People benefiting (directly/indirectly) from promotion initiatives (per</td>
<td>number</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>gender/age/geographical area)</td>
<td>number</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

**Measure I.2: Sustainable environmental development with an emphasis on protection, promotion and management of natural resources and ecosystems**

<table>
<thead>
<tr>
<th>Type</th>
<th>Indicator</th>
<th>Measurement</th>
<th>Target</th>
<th>Source of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Joint interventions for the protection of natural resources and the</td>
<td>number</td>
<td>5</td>
<td>Annual report on implementation;</td>
</tr>
<tr>
<td></td>
<td>improvement of the environmental management</td>
<td>number</td>
<td>3</td>
<td>Monitoring reports;</td>
</tr>
<tr>
<td></td>
<td>Promotional and information campaigns supported</td>
<td>number</td>
<td>5</td>
<td>Evaluation reports;</td>
</tr>
<tr>
<td></td>
<td>Investments made in small-scale cross-border environmental infrastructure</td>
<td>number</td>
<td>5</td>
<td>Project activities reports</td>
</tr>
<tr>
<td></td>
<td>Developed documents related to environmental issues (strategies, policies,</td>
<td>number</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>action plans or feasibility studies)</td>
<td>number</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training and educational programs implemented</td>
<td>number</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Projects raising awareness on environmental protection, promotion and</td>
<td>percentage</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>management of natural resources</td>
<td>percentage</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased rate of pilot programmes and joint policy initiatives related</td>
<td>percentage</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>to protected areas and improved environmental management</td>
<td>percentage</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>applied after participation in the programme</td>
<td>percentage</td>
<td>at least 90</td>
<td></td>
</tr>
<tr>
<td>Result</td>
<td>People benefiting (directly/indirectly) from promotion</td>
<td>percentage</td>
<td>at least 90</td>
<td></td>
</tr>
<tr>
<td></td>
<td>information campaigns (per gender/age/professional background/geographical</td>
<td>percentage</td>
<td>at least 90</td>
<td></td>
</tr>
<tr>
<td></td>
<td>area)</td>
<td>percentage</td>
<td>at least 90</td>
<td></td>
</tr>
</tbody>
</table>

---

10 In the regards to the current financial allocations up to 2011.
Measure 1.3: Social cohesion and cultural exchange through people to people and institutions to institutions actions

<table>
<thead>
<tr>
<th>Type</th>
<th>Indicator</th>
<th>Measurement</th>
<th>Target</th>
<th>Source of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Projects aiming at social integration of socially marginalized groups, unemployed, rural youth and women labour force, Projects supported based on utilization of multimedia assets, Supported Research &amp; Development Initiatives CBC projects aiming at developing the technical and management capacities of the NGOs</td>
<td>number</td>
<td>5</td>
<td>Annual report on implementation;</td>
</tr>
<tr>
<td></td>
<td>Joint health protection related projects</td>
<td>number</td>
<td>3</td>
<td>Monitoring reports;</td>
</tr>
<tr>
<td></td>
<td>Joint cultural events and activities aiming at promoting and protecting cultural and historical heritage Visitors on the cultural events Training and educational programs implemented</td>
<td>number</td>
<td>800</td>
<td>Evaluation reports;</td>
</tr>
<tr>
<td></td>
<td>NGOs concrete cross-border initiatives and joint operations set up which are still ongoing after one year</td>
<td>number</td>
<td>2</td>
<td>Project activities reports</td>
</tr>
<tr>
<td>Result</td>
<td>Target group successfully participated in the training, educational programs, and public consultations (per gender, age, geographical area) Stakeholder satisfaction through surveys</td>
<td>percentage</td>
<td>at least 90</td>
<td></td>
</tr>
</tbody>
</table>

\[\text{With regards to the current financial allocations up to 2011}\]
### Priority II
Technical assistance

#### Measure II.1: Programme administration and implementation

<table>
<thead>
<tr>
<th>Type</th>
<th>Indicator</th>
<th>Measurement</th>
<th>Target</th>
<th>Source of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of Joint Monitoring Committee held</td>
<td>number</td>
<td>11</td>
<td>Annual report on implementation; Monitoring reports; Evaluation reports;</td>
</tr>
<tr>
<td></td>
<td>JTS staff recruited</td>
<td>number</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training events for potential and grant beneficiaries</td>
<td>number</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training events for evaluators and assessors</td>
<td>number</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project proposals assessed</td>
<td>number</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td></td>
<td>On-the-spot visits carried out</td>
<td>number</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Officers acquiring competences in programme management and successfully performing their duties in JTS and other programme bodies</td>
<td>number</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Monitoring reports drafted</td>
<td>number</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Calls for proposals finalized (launched, evaluated and projects contracted)</td>
<td>number</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Result</td>
<td>Functional Joint Technical Secretariat and Action</td>
<td>Percentage</td>
<td>1+1</td>
<td>Annual report on implementation;</td>
</tr>
<tr>
<td></td>
<td>Increased number of project proposals received</td>
<td>Percentage</td>
<td>20</td>
<td>Monitoring reports; Evaluation reports;</td>
</tr>
<tr>
<td></td>
<td>Increased quality of project proposals</td>
<td>Percentage</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ratio (% of funds used versus of funds allocated)</td>
<td>Percentage</td>
<td>95</td>
<td></td>
</tr>
</tbody>
</table>

#### Measure II.2: Information, Publicity and Evaluation

<table>
<thead>
<tr>
<th>Type</th>
<th>Indicator</th>
<th>Measurement</th>
<th>Target</th>
<th>Source of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Information and promotion events</td>
<td>number</td>
<td>30</td>
<td>Annual report on implementation; Monitoring reports; Evaluation reports; Studies; Surveys</td>
</tr>
<tr>
<td></td>
<td>Participants at the information and promotion events</td>
<td>number</td>
<td>1000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Publicity materials disseminated</td>
<td>number</td>
<td>1500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website established</td>
<td>number</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Printed publications prepared</td>
<td>number</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Programme evaluation</td>
<td>number</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Users visiting the website</td>
<td>number</td>
<td>1000</td>
<td></td>
</tr>
<tr>
<td>Result</td>
<td>Published newspaper articles and TV and radio features</td>
<td>number</td>
<td>20</td>
<td>Annual report on implementation; Monitoring reports; Evaluation reports; Studies; Surveys</td>
</tr>
<tr>
<td></td>
<td>Publications of best practices</td>
<td>number</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Satisfaction of the stakeholders about the studies and analyses published (through surveys)</td>
<td>number</td>
<td>at least 90</td>
<td></td>
</tr>
</tbody>
</table>

### 4 COHERENCE WITH OTHER PROGRAMMES

The cross-border programme is defined within the frame set up by the **Multi-annual Indicative Planning Document (MIPD)** of each country. It proposes cross-cutting measures, identified as priorities in almost all existing national and local strategic plans.

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12 With regard to current financial allocations up to 2011
4.1 REPUBLIC OF MACEDONIA'S PROGRAMMES

In Republic of Macedonia, the cross-border programme complies with the following strategic documents:

- The strategy of the cross-border programme is linked to the National Development Plan 2007-2009 (NDP) and based on the same assumptions. It emphasizes sectors that are compatible with cross-border approach and that have already been identified as priorities in the NDP: development and diversification of the tourism industry, enhancing research and development, enhancing administrative capacities, improving environmental infrastructures, rural development plan including the less favored areas, etc.

- The Operational Programme for Institution Building (IPA component 1) will contribute towards the furthering of local infrastructure for economic and social development, albeit on a much larger scale than the cross border cooperation programme. The focus of support will be predominantly given to the development of infrastructure in municipalities, as well as training the municipal officers in developing, implementing and supervising these infrastructural projects.

- The Regional Development Operational Programme (IPA Component 3) puts emphasis on environmental issues, particularly the necessity to support the establishment of sustainable water and waste management systems. The development of the Pan-European corridor VIII is mentioned as a priority as it is in the cross-border programme.

- The cross-border programme is in line with most of the measures defined in the Human Resources Operational Programme (IPA component 4): developing adult education and lifelong learning, fostering social integration of people and disadvantaged areas, improving the labour market prospects of young people and women, etc. In addition, the Human Resources Development component should prepare the country for efficient implementation and management of funds from the European Social Fund (ESF).

- The Rural Development Programme 2007-2013 (IPA component 5) mentions the following as priority measures: improving the efficiency of agricultural production, bringing it into compliance with the market requirements; ensuring the development of a competitive and efficient food processing industry; and providing conditions for sustainable rural development to contribute to the socio-economic development of rural areas. The cross-border programme can contribute to achieve these objectives.

- Two regions (southwest and Pelagonia) eligible for the cross-border programme with Albania are also eligible for the cross-border Programme 2007-2013 between Greece and Republic of Macedonia. The global objective of this programme (Promote sustainable local development through high quality cross border cooperation) and its two priority axis ("Enhancement of cross border economic development" and "Enhance the environmental resources and cultural heritage of the eligible border area") are complementary to the objectives and priorities defined in the present document.

4.2 ALBANIAN PROGRAMMES

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

- The National Strategy for Social Economic Development (NSSED). It emphasizes sectors that are compatible with cross-border approach and that have already been identified as priorities in the NSSED: improving environmental infrastructures, urban and rural development in particular the most poor and remote areas, development and diversification of the tourism industry, enhancing research and development, enhancing administrative capacities, etc.

- The Decentralization Strategy which established the bases for enhancing the role of the local government units on the issues related to economic and social development programmes, the cross border cooperation and regional development.

- The Regional Development Strategy – Millennium Development Goals 2003, for the Region of Korca, the document Promoting Local Development though the MDGs
2003 - Region of Elbasan and Promoting Local Development through the MDGs 2003 - Region of Dibra. All three documents emphasize the cross border cooperation as a tool for supporting economic and social development of the regions. They put high emphasizes on the environmental issues, which are pretty much linked with the health situation and other social issues. In addition, fostering social integration of people and disadvantaged areas, and improving the labour market prospects of young people and women, are considered part of the regions' objective for meeting the MDGs goals.

4.3 HORIZONTAL ISSUES

Environmental protection: measure two is entirely dedicated to this issue. The aim of the proposed activities will be to raise awareness on environmental issues and to encourage the private sectors and small municipalities to participate more actively in the dynamic already launched at the institutional level.

Support to minorities and vulnerable groups: measure three aims at developing and implementing programmes for social integration of vulnerable groups such as unemployed, rural youth and women labor force. Most of the cultural actions to be implemented under this measure aim at valorizing the multietnic feature of the region, considered as an asset for the economic and social development. Participation of the minorities and vulnerable groups in the cross-border activities will therefore be highly encouraged.

Use sustainability as a profit-driven factor: measures emphasizing the sustainable local development, especially of the tourism sector in cross-border region. This sector is already well developed in the southern part of the cross-border region of Republic of Macedonia. The objective is to create the conditions of a similar development in the other parts of the region, (transfer of know-how, improving capacities, small scale infrastructures, etc.).

SECTION III  FINANCIAL PROVISIONS

1. Financing plan for cross-border programme 2007 – 2013
## Cross-border Programme

<table>
<thead>
<tr>
<th>PRIORITIES</th>
<th>Republic of Macedonia</th>
<th>Albania</th>
<th>Rate of Community Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Community funding</td>
<td>National funding</td>
<td>Total funding</td>
</tr>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
</tr>
<tr>
<td>I. Fostering a cross-border economic, environmental and social development</td>
<td>1540000</td>
<td>359000</td>
<td>2099000</td>
</tr>
<tr>
<td>II. Technical Assistance</td>
<td>330000</td>
<td>130000</td>
<td>460000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>287000</td>
<td>489000</td>
<td>789000</td>
</tr>
<tr>
<td>I. Fostering a cross-border economic, environmental and social development</td>
<td>520000</td>
<td>109000</td>
<td>629000</td>
</tr>
<tr>
<td>II. Technical Assistance</td>
<td>100000</td>
<td>15000</td>
<td>115000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>620000</td>
<td>124000</td>
<td>744000</td>
</tr>
<tr>
<td>I. Fostering a cross-border economic, environmental and social development</td>
<td>720000</td>
<td>157000</td>
<td>877000</td>
</tr>
<tr>
<td>II. Technical Assistance</td>
<td>100000</td>
<td>15000</td>
<td>115000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>820000</td>
<td>172000</td>
<td>992000</td>
</tr>
<tr>
<td>I. Fostering a cross-border economic, environmental and social development</td>
<td>560000</td>
<td>135000</td>
<td>695000</td>
</tr>
<tr>
<td>II. Technical Assistance</td>
<td>100000</td>
<td>15000</td>
<td>115000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>660000</td>
<td>150000</td>
<td>810000</td>
</tr>
<tr>
<td>I. Fostering a cross-border economic, environmental and social development</td>
<td>760000</td>
<td>155000</td>
<td>915000</td>
</tr>
<tr>
<td>II. Technical Assistance</td>
<td>100000</td>
<td>15000</td>
<td>115000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>860000</td>
<td>150000</td>
<td>1010000</td>
</tr>
</tbody>
</table>

Remarks:
In Republic of Macedonia, due to the impossibility to define a cross-border strategy for 2007 with Serbia and Kosovo (under UNSCR 1244), it has been decided to reallocate the funds that were initially planned for this border in 2007, to the Albanian border. This explains the discrepancy between the allocation for the year 2007 and the other years.
IV IMPLEMENTING PROVISIONS

Implementing provisions for this Cross-border programme are based on the Commission Regulation (EC) No 718/2007 (hereinafter referred to as the "Implementing Regulation"), implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance.

Article 10(2) IPA Implementing Regulation, both countries will be managing the programme according to the centralised management of the respective Delegations of the European Commission will be the Contracting Authorities.

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

PROGRAMME STRUCTURES

ORGANISATIONAL STRUCTURES AT NATIONAL LEVEL

In line with Art. 32(1) of the IPA Implementing Regulation, each country has designated a National IPA Coordinator.

Macedonia, the Deputy Prime Minister for European Affairs is designated as the National IPA Coordinator, who acts as the single point of contact for the country vis-à-vis the Commission. In line with article 32(1) of the IPA Implementing Regulation, the National IPA Coordinator has the Minister of Local Self Government as the Cross-border cooperation Coordinator.

The National IPA Coordinator is the Minister of European Integration (MoEI). Within the MoEI, the Directorate for Institutional Support, the Head of the Unit for Regional Cooperation, was designated as the Cross-border cooperation Coordinator.

The Cross-border cooperation Coordinator is the main contact point between each beneficiary country and the Commission for all issues related to the programmes under the IPA CBC Component.
1.2 OPERATING STRUCTURES

The Cross-border programme shall be implemented by the Operating Structure (OS) (Art. 139 IPA Implementing Regulation- IPA IR) which is designated in each country. These are:

<table>
<thead>
<tr>
<th>Republic of Macedonia</th>
<th>Albania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Local Self Government</td>
<td>Ministry of European Integration</td>
</tr>
</tbody>
</table>

According to Article 139 of IPA IR the Operating Structure of each country cooperates closely in the programming and implementation of the relevant cross-border programmes. The OS shall set-up joint technical secretariat to assist the OS and the joint monitoring committee.

The OSs are responsible for the implementation of the programme in their respective country.

Operating Structures are, inter alia, responsible for:

- Preparing the CBC programme in accordance with Art 91 IPA Implementing Regulation;
- Preparing the programme amendments to be considered and approved by the Joint Monitoring Committee (JMC);
- Appoint their representatives on the JMC;
- Setting up the Joint Technical Secretariat (JTS) (Art. 139.4 IPA Implementing Regulation) and guiding its work;
- Preparing and implementing the strategic decisions of the JMC where necessary with the support of the Joint Technical Secretariat;
- Reporting to the respective NIPACs/Cross border Cooperation coordinators on all aspects concerning the implementation of the programme;
- Establishing a system, assisted by the JTS, for gathering reliable information on the programme’s implementation and provide data to the JMC, the Cross border Cooperation Coordinators and the Commission;
- Ensuring the quality of the implementation of the cross-border programme together with the Joint Monitoring Committee;
- Ensuring the monitoring of commitments and payments at programme level;
- Ensuring that grant beneficiaries make adequate provisions for financial reporting (monitoring) and sound financial management (control);
- Sending to the Commission and the respective national IPA coordinators the annual report and the final report on the implementation of the cross-border programme after examination by the Joint Monitoring Committee;
- Promoting information and publicity-actions;

Under centralised management the tendering, contracting and payments are responsibilities of the EU Delegation (Contracting Authority).
Once the conferral of the management powers is given by the European Commission to the structures in the Republic of Macedonia, according to Article 21 of IPA IR, the decentralized implementation system shall apply with the following structures:

1. National Authorising Officer
2. National Fund
3. Operating Structure (Ministry of Local Self Government and Implementing Agency)
4. Audit Authority

1.3 JOINT MONITORING COMMITTEE

Within three months after the first financing agreement relating to the programme enters into force, the beneficiary countries shall establish a Joint Monitoring Committee (JMC) under Article 142 of the IPA Implementing Regulation.

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

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

At its first meeting, the joint monitoring committee shall draw up its rules of procedure – in compliance with a joint monitoring committee mandate established by the Commission - and adopt them in order to exercise its missions pursuant to the IPA IR.

Responsibilities of the Joint Monitoring Committee

The responsibilities of the Joint Monitoring Committee are, inter alia, as follows:

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

1.4 JOINT TECHNICAL SECRETARIAT

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

The JTS is jointly managed by both OSs.

The location of the JTS is in Struga, Republic of Macedonia. It has an Antennae in Elbasan, Albania.

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

The JTS consists of employees from both sides of the border, contacted by the respective OSs.

Responsibilities of the JTS and its antenna

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

1.5 CONTRACTING AUTHORITIES

In both countries, the European Commission will be the Contracting Authority.

<table>
<thead>
<tr>
<th>Republic of Macedonia</th>
<th>Albania</th>
</tr>
</thead>
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In both countries, in line with Article 140(1) of the IPA Implementing Regulation, the European Commission retains overall responsibility for ex ante evaluation on calls for proposal, awarding grants, tendering, contracting and payment functions.
The EU Delegation responsibilities are, *inter alia*, the following:

- Endorsing calls for proposals documentation;
- Endorsing composition of joint Steering committees;
- Approving the evaluation reports and list of projects;
- Sitting in the joint monitoring committee in an advisory capacity;
- Signing contracts with grant beneficiaries, including budget revisions (with support provided as appropriate by OSs and JTS);

1.6 PROGRAMME BENEFICIARIES

Definition of lead beneficiaries and other beneficiaries

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

Responsibilities of Lead Beneficiaries and other Beneficiaries

Responsibilities of lead beneficiaries

According to the provisions of Article 96(3) of the IPA Implementing Regulation, the lead beneficiary shall assume the following responsibilities for the part of the operation taking place in the respective country:

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

The lead beneficiaries from the participating countries shall ensure a close co-ordination among them in the implementation of the operation.

Responsibilities of other beneficiaries
Each beneficiary participating in the operation shall:

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

**Functional Lead Partner**

In case of joint projects (where Lead Beneficiaries from both sides are participating and are separately contracted by the Contracting Authorities of two countries) the 2 Lead Beneficiaries shall appoint among themselves a Functional Lead Beneficiary prior to the submission of the project proposal.

The Functional Lead Partner is:

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

**2 IMPLEMENTING RULES**

**2.1 BASIC IMPLEMENTATION RULES**

This Cross-border Programme finances joint operations which have been jointly selected by the participating countries through a single call for proposals covering the whole eligible area.

Operations selected shall include final beneficiaries from both countries which shall co-operate in at least one of the following ways: joint development, joint implementation, joint staffing and joint financing (Art. 95 IPA Implementing regulation).

The JMC is responsible for selecting the operations.
The Contracting Authority is responsible for issuing the grant contracts as well as ex-ante control of the grant award processes.

2.2 GRANT AWARD PROCESS

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

Where appropriate, PRAG procedures and standard templates and models should be followed unless the provisions of the IPA Implementing Regulation and/or the joint nature of calls request adaptations.

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

b) Publication of the single Call for Proposals
   - When launching the Call for Proposals, the Operating Structures, with the assistance of the JTS, take all appropriate measures to ensure that call for proposals reaches the target groups in line with the requirements of the Practical Guide. The Application pack is made available on the programme website and the websites of the EU Delegations (Contracting Authority) and in paper copy.
   - The JTS is responsible for information campaign and answering questions of potential applicants. JTS provides advice to potential project applicants in understanding and formulating correct application forms.
   - FAQs should be available on both the Programme and ECDs websites

c) Selection of the operations

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

The main steps of the procedure should be as follows:

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

2.3 CO-FINANCING AND ELIGIBILITY OF EXPENDITURE

The EU contribution for cross-border programmes at the level of priority axis does not exceed the ceiling of 85% of the eligible expenditure (public expenditure or on the total expenditure).

The EU contribution for each priority axis is not less than 20% of the eligible expenditure.

14 IPA Implementing Regulation for Component II provides, inter alia, a certain degree of decentralisation in the evaluation and selection process, namely in beneficiary countries where IPA funds are managed under a centralised approach (e.g. where the evaluation committee is nominated by the national authorities sitting in the JMC, not by the Commission i.e. the Contracting Authority).
In both countries the eligible expenditure is based on the total expenditure as referred to in article 90 of the IPA Implementing Regulation. The national contribution will be provided by the final beneficiaries and it can be from public funds as well as from private funds.

The co-financing of the TA priority should be provided by the national public funds.

At the operation level, the eligibility of expenditures is according to articles 89 and 34.3 of the IPA implementing regulation.

3 INFORMATION, PUBLICITY AND CONSULTING

The beneficiary countries and the national IPA Co-ordinators shall provide information and publicise the programme and operations with the assistance of the JTS, as appropriate.

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

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

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

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

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

- To develop and maintain the internet site;
- To maintain necessary public relations and media communications;
- To develop information and publicity materials;
- To organize joint project development seminars and conferences;
- To involve representatives of the European Commission in the information and publicity,
To appoint a person responsible for the information and publicity.

4 FINANCIAL MANAGEMENT

Under centralised management, the European Commission will handle all tendering, contracting and payment functions, on the basis of documents provided by beneficiaries, and in accordance with the contracting and procurement rules set out in the "Practical Guide to Contract Procedures for EC external actions" (PRAG).

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

The European Commission and national auditing authorities will have the power of audit over the Cross-border Programme.

5 MONITORING AND EVALUATION

5.1 MONITORING

Lead Beneficiaries send narrative and financial Interim and Final Reports to their respective Contracting Authorities according to the standard terms of their grant contracts.

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

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

5.2. PROGRAMME EVALUATION

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

An ex-ante evaluation has not been carried out in line with the provisions of Article 141 in the light of the proportionality principle.
During the programming period, participating countries and/or the European Commission shall carry out evaluations linked to the monitoring of the cross-border programme in particular where that monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of cross-border programme. The results shall be sent to the joint monitoring committee for the cross-border programme and to the Commission.

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

6 REPORTING

The Operating Structures of the beneficiary countries shall send the Commission and the respective national IPA co-ordinators an annual report and a final report on the implementation of the cross-border programme after examination by the joint monitoring committee.

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

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

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