

IPA III

Cross Border Cooperation Programme

2021-2027

*Albania - Kosovo[[1]](#footnote-1)*

***2nd draft, April 2021***A picture containing background pattern

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**Programme synopsis**

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| --- | --- |
| **Programme title** | IPA III Cross-Border Cooperation (CBC) Programme Albania – Kosovo 2021-2027 |
| **Programme area** | Albania: Lezha Region and Kukës Region  Kosovo: West Economic Region and South Economic Region |
| **Programme overall objective** | ***To strengthen good neighbourly relations and foster environmentally friendly and socially inclusive economic development of the border regions.*** |
| **Programme thematic clusters, thematic priorities and specific objectives per thematic priority** | **TC 2: Greener and improved resource efficiency**  **TP 2**: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management;  ***SO1****:* *Valorization, protection, and preservation of environmental resources in the cross-border territory*  **TC 4: Improved business environment and competitiveness**  **TP 5**: Encouraging tourism and promoting cultural and natural heritage;  ***SO2:*** *Cross border sustainable, nature-and-culture, tourism contributes more to cross border economic development.*  **TP 8**: To enhance competitiveness, the business environment and the development of small and medium enterprises, trade and investment:  ***SO~~4~~3:*** *Increase MSMEs productivity, and access to international**markets*  **TP 0:** Technical Assistance:  ***SO0****: Effective, efficient, transparent and timely implementation of the programme and awareness raising.* |
| **Financial allocation 2021-2027** | € <…> |
| **Implementation method** | Direct management |
| **Contracting Authority** | Delegation of the European Union to Albania  ABA Business Center, Rr. Papa Gjon Pali II, 17th floor, Tirana, Albania  Telephone: (+355) 4 222 8320 or 223 0871 – 222 8479 – 223 4284 |
| **Relevant authorities in the participating IPA III beneficiaries [Operating Structures]** | In **Albania**  The Government of Albania, National IPA Coordinator (NIPAC) and Operating Structure established under IPA III legal framework  In **Kosovo**  Ministry of Local Government Administration of Kosovo  Former “Rilindja” building, 10000, Pristina, Kosovo  Telephone: (+381) 38 213 380 |
| **JTS/Antenna** | JTS Office is located in Lezha, Albania  Antenna Office is located in Pristina, Kosovo |

# List of acronyms

|  |  |
| --- | --- |
| AL | Albania |
| CBC  CBIB+ | Cross Border Cooperation  Cross Border Institution Building Plus |
| CEFTA | Central European Free Trade Agreement |
| CSO  DEU | Civil Society Organisation  Delegation of European Union |
| EC | European Commission |
| EU  EUSAIR | European Union  EU Strategy for the Ionian Adriatic Region |
| IPA | Instrument for Pre-Accession Assistance |
| JMC | Joint Monitoring Committee |
| JTF | Joint Task Force |
| JTS | Joint Technical Secretariat |
| KS | Kosovo |
| MCP | Multi Country Programme |
| MEFA | Ministry for Europe and Foreign Affairs |
| MLGA | Ministry of Local Government Administration |
| NGO | Non-Government Organisation |
| NIPAC | National IPA Coordinator |
| OS | Operating Structure |
| PESTLE | Political, Economic, Social, Technological, Legal, Environmental |
| SO | Specific Objective |
| SWOT | Strength, Weaknesses, Opportunities, Threats |
| TA | Technical Assistance |
| TC | Thematic Cluster |
| TP | Thematic Priority |

# Section 1: Programme Summary

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

The legal provisions for the implementation of the programme are stipulated in the following EU legislation:

(to be completed as soon as the IPA III Regulation is in place)

## **1.1 Summary of the Programme**

The cross-border programme area[[2]](#footnote-2) for the IPA Cross-Border Program between Albania and Kosovo covers a territory of 8,335 km2. The length of borderline is 114 km. In Albania the eligible areas cover 47.9% of the programme area, covering 2 regions composed of 6 municipalities. The 2 regions from Albania include the Region of Kukës and the Region of Lezha. In Kosovo[[3]](#footnote-3), the eligible area covers 52.1% of the programme area and includes the South Economic Region composed of 6 municipalities, and the West Economic Region composed of 6 municipalities. The programme area has a total population of 936.029 inhabitants, of which 78.3% live in the Kosovo programme area and 21.7% live on the Albanian side of the programme area. The whole programme area is predominantly rural population. About 65.9% of the population in the Kosovo programme area is rural, whereas in Albania it accounts for 53.8% of the population comprised in the Lezha and Kukës regions.

The programme area features regional disparities in terms of socioeconomic development. Its economy relies on agriculture, services and industry, with industry more developed on the Kosovo side, while the Albanian regions are dominated by agriculture and services. Agriculture and tourism are important for both sides, but both quite underutilised due to small firm and farm sizes. Trade between both sides still suffers by administrative barriers, despite the fact that both countries are CEFTA members.

**Competitiveness**, productivity and know-how are quite low throughout the programme area. There is a lack of technological know-how and labour skills necessary to respond to the market demand for high-quality services and products. The structure of enterprises is dominated by very small units, employing less than 4 employees. Local products from both sides of the border have little or no access to regional and international markets. Business support mechanisms are weak and insufficient, being slightly more active in Kosovo. Poor branding and lack of quality standards are major constraints, both to exports and to domestic markets as well. Further investment in increasing level of productivity and technology is a precondition to becoming more competitive both nationally and internationally. Light industry and food processing industries are also considered as a potential for accelerated economic growth of the programme area. Level of business cooperation across the border is minimal, thus representing an unutilised potential. Synergies between business communities need to be developed within the programme area and be supported by the CBC initiatives.

**Agriculture has a major economic potential** in the programme area, but it shows **low productivity and competitiveness**. In general, rural economy is fragmented, to a much higher degree in the Albanian programme area, and small agricultural holdings have difficulties in accessing markets. On the Kosovo side there is some food-processing industry, especially in wine production. Improving access to market and strengthening the food security system and inspection bodies will be important for increasing agriculture sector competitiveness. Further improvement of rural infrastructure and better management of water resources could be next priorities in the programme area.

**Tourism** is important for both economies of Albania and Kosovo. Albania, since the completion of a **major road infrastructure** that connects both programme areas – the Durres-Kukës - Pristina highway - has become a popular touristic destination for Kosovo, which kept tourism sector alive in Albania even during the COVID-19 pandemic. Obvious synergies, potentially to be supported by the CBC programme, can be built between the regions in Albania and Kosovo. There is a rich **historic-cultural heritage** in the bordering area, which could be further valorised, and could contribute to strengthening of the identity of the area, being also as an asset for the economic development.

**Environment** offers a rich biodiversity and climate form sea to mountains. It needs serious consideration in future development plans. Further protection, promotion and valorisation of natural resources and biodiversity in the view of economic development is a key issue for the development of the area. Protection of environment biodiversity through reduction of existing pollution, management of urban waste and ensuring the quality of drinking water for purposes of protecting public health and guaranteeing a clean environment, associated with measures to protect the land and water from natural and man-made destruction and enforcement of a strategic urban planning process are the key challenges to cope with in the programme area. Improved waste management, control of pollution, an efficient use of energy resources improved land management, protection and promotion of biodiversity are amongst the key priorities to be addressed by governmental and local development plans.

Regional disparities in both sides of the border are evident. **Unemployment** remains a sharp problem, especially on the Kosovo side of the border, particularly for the socially sensitive groups such as youth, women and rural population. **Poverty** is likely to increase due to the COVID-19 crisis and otherwise a jobless and low-value growth observed on both sides of the border, while the need to boost economic activity through support to MSMEs remains imperative. Unequal **educational** level is present in the programme area, with illiteracy increasing in remote areas. Highly educated young people have a tendency to leave towards regions that provide more opportunities or abroad. The programme area is covered by, **health** services, but more needs to be done to increase their quality and ensure universal access to such services by poor households. Social services are poorly and unevenly developed. **Research & Development** and ICT penetration is at rather low levels. Further joint action could be undertaken to establish network of vocational training centres as well as higher institutions and research agencies and organisations. Advantages coming from the common language should be further explored in developing educational curricula.

Overall, the situation, PESTLE and SWOT analyses show that in the programme area there are largely underexploited potentialities for economic development in different sectors, such business, environment, tourism, cultural and natural resources.

Based on the situation and SWOT analyses, including political, economic, social, technological, legal and environmental (PESTLE) aspects, on the current situation in both countries and specifically in the programme area, the Joint Task Force (JTF) overseeing programming selected the following thematic clusters/thematic priorities:

**Thematic Cluster 2:** Greener and Improved resource efficiency

**TP2**: Environment protection, climate change adaptation and mitigation, risk prevention and management;

**Thematic Cluster 4:** Improved business environment and competitiveness

**TP5:** Tourism and cultural and natural heritage;

**TP 8**: To enhance competitiveness, the business environment and the development of small and medium enterprises, trade and investment:

## **1.2 Preparation of the programme and involvement of the partners**

The implementation of the programme is supported by the Operating Structures established in each of the two beneficiary countries. For Albania it is the Ministry for Europe and Foreign Affairs, while for Kosovo is the Ministry of Local Government Administration.

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

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

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

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

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

***Table 1.1 Important meetings and milestones***

|  |  |
| --- | --- |
| **Timing and Place** | **Activities and Scope** |
| 22 April 2020 | A letter from the European Commission (EC) regarding IPA III and starting of programming process received by the NIPAC Office |
| 6 May 2020 | Kick off meeting between AL OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan) |
| 6 May 2020 | Kick off meeting between KS OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan) |
| 4 June 2020 | Bilateral meeting on IPA III CBC programming, in the presence of CBIB+3 and the DEU AL |
| July 2020 | Establishment of the JTF |
| 22 July 2020, Online | 1st JTF meeting – Presentation of the Rules of Procedures for JTF, Programme eligible and priorities of the IPA CBC Programme 2014-2020, indicative timeline on programming process. |
| 10 August 2020 | JTS AL-KS dispatched the questionnaires to the relevant CBC stakeholders. |
| 1st September 2020 | Mobilisation of the programming expert for this programme |
| 3-4 September and 10-11 September 2020 | Technical meetings organised by the Albanian OS with the municipalities of the eligible area (AL side) in frame of IPA III Programing 2021-2027. |
| 21 September 2020, Tirana | Presentation Meeting with CBIB+3 non-key experts for the preparation of the IPA III CBC 2021-2027 programmes ME-AL and AL-KS. |
| 23 September 2020, Online | Online meeting with the CBIB+ 3 and the programming experts on the IPA III CBC programming 2021-2027. |
| 02 October 2020 | The aggregated answers from the collected questionnaires were delivered to the programming expert for further elaboration and analysis. |
| 07 October 2020, Tirana | Coordination meeting between EUD-AL, OSs and CBIB+ experts – The status of play for IPA III CBC programme, agreement on programming time-table. |
| 09 October 2020, Online | Training delivered by CBIB+ on IPA III CBC strategy development and formulation for AL members of the JTF, the AL OS, the JTS and programming expert for the AL-KS programme. |
| 19 October 2020, Online | Coordination meeting on the progress of the programming process, with participation of EUD-AL, CBIB+ and AL-KS programming expert |
| 22 October 2020, Online | 2nd JTF meeting AL-KS IPA III CBC 2021-2027-Presentation of the Priorities and analysis of the questionnaires. |
| 09 and 11 November 2020, Online | Consultative Workshop with local stakeholders - Presentation of the Priorities and Analyses of the Programme Area between Albania and Kosovo IPA III 2021-2027''. |
| 12 November 2020, Online | 3rd JTF meeting - Presentation of the suggested Priorities and Analyses of the eligible Programme Area under IPA III 2021-2027''. |
| 26 November 2020, Online | 4th JTF meeting, Presentation on the draft strategy. |
| 07 December 2020 | Written procedure for the approval from the JTF members of the Draft Programme Strategy- IPA CBC Programme Albania-Kosovo 2021-2027. Programme Strategy- IPA CBC Programme Albania-Kosovo 2021-2027. |
| 16 December 2020, Online | Submission of the 1st draft of the programme document to the EC. |
| 24 March 2021 | Receiving official comments from EC on the 1st draft document of the programme |
| 16 March, 2021, Online | Coordination meeting on the EC comments on the 1st draft version of the programme document |
| 17 March 2021, Online | Coaching event on the intervention logic of the IPA III CBC programme AL-KS |
| 16 March 2021 | The programme expert signs new contract with the AL OS for supporting the development of the 2nd version of the programme document AL-KS |
| 14 April 2021 | Coordination meeting on the draft 2nd version of the programme document |
| 15 April 2021 | Public consultation |
| 22 April 2021 | 5th JTF meeting, 2nd draft programme document |
| 23 April 2021 | Submission of the 2nd draft of the programme document to the EC. |

# Section 2: Programme Area

## **2.1 Situation analysis**

The cross-border program area[[4]](#footnote-4) for the IPA Cross-Border Program between Albania and Kosovo covers a territory of 8,335 km2 with a population totalling about 936.029 inhabitants. The total borderline length is 114 km[[5]](#footnote-5). The IPA III Cross-Border Programme area between Albania and Kosovo is the same area that supported by IPA II CBC AL-KS 2014-2020.

Figure 1: Map of the Programme area



In Albania the eligible areas cover 3,994 km2 comprising 2 regions and 6 municipalities. The 2 regions from Albania[[6]](#footnote-6) include:

* The **Region of Kukës**, including the municipalities of of Kukës, Has and Tropojë, 3 municipalities; and
* The **Region of Lezha,** including the municipalities of Lezha, Mirdita and Kurbin.

In **Kosovo[[7]](#footnote-7)**, the eligible area covers 4,341 km2 and includes the following economic regions:

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

Albania has adopted the EU NUTS classification, whereas Kosovo has not yet officially introduced the NUTS classification[[8]](#footnote-8). Therefore, in Kosovo the eligible areas are based on the "e*conomic region*" definition.

The whole programme area is rich in mountains ranges, forests, wild animals and pasture and rich in minerals and water. The terrain is also quite difficult with unspoilt sites making it an attraction for tourism for both sides of the border. It has contrasts of terrains, mountainous and field, water sources, lakes, fishery, rivers, flowing from both sides of the border and the exit to the sea in the coastline of Lezha. The highway through Durrës to Kukës and then through the border to Pristina has considerably increased since its becoming operational in 2009 the movement of people and goods for various purposes as trade, tourism, education and exchanges. The “Pusho shqip” campaign of the two governments of Albania and Kosovo, launched in 2020 to save tourism, during the COVID-19 pandemic crisis, was possible only because the existence of this road infrastructure.

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

### **Policy Reforms and EU integration process**

Albania and Kosovo aspire to become members of the European Union and both countries are committed to the EU integration process. The EU underlines a number of key challenges ahead facing Albania and Kosovo in the EU integration path, such as: in the case of **Albania**, the country should adopt the electoral reform fully in accordance with ODHIR recommendations, ensuring transparent financing of political parties and electoral campaigns, ensure the continued implementation of the judicial reform, including ensuring the functioning of the Constitutional Court and the High Court, taking into account relevant international expertise including applicable opinions of the Venice Commission, and finalising the establishment of the anti-corruption and organised crime specialised structures. Albania should also further strengthen the fight against corruption and organised crime, including through cooperation with EU Member States and through the action plan to address the Financial Action Task Force (FATF) recommendations. Tackling the phenomenon of unfounded asylum applications and ensuring repatriations and amending the media law in line with the recommendations of the Venice Commission remain important priorities. In the case of **Kosovo,** the authorities should redouble their efforts to advance on the European path, including through the implementation of the Stabilisation and Association Agreement. Both countries need also to address pertaining issues related to economic governance and competitiveness; increase the quality of education and health care, and also place more efforts enforce environment protection. CBC programme is expected to promote good neighbourhood relations between beneficiaries and improve the sustainable socioeconomic development in the programme area, thus contributing towards beneficiaries’ integration into the EU.

### **Economy**

**Albania** has performed comparatively well, managing to maintain positive growth rates averaging at 3.4% during 2015-2018 and reduce unemployment to an historic low of 11.4% in 2019. However, growth slowed down to 2.2% in 2019 due to drought that affected hydropower production, and the earthquake that hit Albania in late November 2019. Albanian GDP contracted by 6.1%[[9]](#footnote-9) in 2020 due the COVID-19 pandemic, while budget revenues dropped by 7.8% (EUR 232 million) in 2020. Albania allocated about EUR 360 million[[10]](#footnote-10) to cope with the COVID-19 pandemic adverse effects in economy as support to individuals and in the form of sovereign guarantees to ease access to credit for businesses affected by anti-covid-19 measures. Most affected sectors by the pandemic were trade, transport and hospitality services, but negative effects slowed down due to 2020’s last quarter higher investments in the reconstruction projects in the aftermath of the 2019 earthquake[[11]](#footnote-11). To mitigate effects of Covid-19, Albania received from IPA 2014-2020, €50.65 million in bilateral assistance to cover urgent health needs and economic and social recovery, and €455 million for regional economic reactivation package. In addition, €180 million was approved by the Commission in Macro-Financial Assistance for Albania and the European Investment Bank is providing €1.7 billion to the region. In December 2020 the Commission adopted a €70 million package to help fund the access of Western Balkans partners to COVID-19 vaccines. In February 2021 the Commission launched a project of over €7 million jointly with WHO, to support readiness for vaccination efforts and resilient health systems in the Western Balkans. Authorities expect a rebound of 5.5% GDP growth in 2021, while budget revenues are projected to be 15% higher compared to the previous year.

**Kosovo’s** economy has maintained robust growth rates at an average of 4.1% during the period 2015-2018. Due to the COVID-19 pandemic Kosovo’s GDP growth in 2020 is reported to have shrank by 6%, with budget revenues dropping by 9% end-year 2020[[12]](#footnote-12). Kosovo allocated EUR 570 million for economic recovery efforts in 2020, and an additional EUR 200 million in support to the private sector was allocated in December 2020[[13]](#footnote-13). To help **Kosovo** cope with the negative effects of the Covid-19 EU provided €68 million in bilateral assistance to cover urgent health needs and economic and social recovery from IPA 2014-2020, and €455 million for regional economic reactivation package. In addition, €100 million was approved by the EU in Macro-Financial Assistance for Kosovo and the European Investment Bank is providing €1.7 billion to the region. In December 2020 the Commission adopted a €70 million package to help fund the access of Western Balkans partners to COVID-19 vaccines. In February 2021 the Commission launched a project of over €7 million jointly with WHO, to support readiness for vaccination efforts and resilient health systems in the Western Balkans. A 4.5% GDP growth rate is to be expected in 2021[[14]](#footnote-14) mainly attributed to consumption and investment.

Regional differences in terms of economic and social development are evident not only across the programme area, but even within regions. The programme area has a predominately industrial-agrarian economy, with industry more developed on the Kosovo side, while the Albanian regions are dominated by agriculture and tourism services.

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

### **Private Sector**

Economic operators in the programme area are extremely fragmented and small in size, mirroring the enterprises structure at country level, indicating that business is mostly family based and self-employment prevails. The structure of enterprises is dominated by very small enterprises, employing 1-4 persons, which account for over 90% of the total enterprises in the eligible area. In Albania ownership of production enterprises is dominated by men with 88.1% while women accounting for only 11.9%; whereas the gap in the services enterprises is less striking – men own 66.7% while women own 33.3%[[15]](#footnote-15). A comparable situation is encountered in Kosovo as regard production enterprises, where women ownership accounts for 11.8%, while the same indicator for service enterprises is slightly higher at 14.1%, showing that the gender gap is similarly emphasised[[16]](#footnote-16). Cooperation between individual business operators, business associations and chambers of commerce in the programme area remains a challenge to be tackled. Increasing awareness, networking and supporting of these stakeholders on their collaboration under the CBC programme represent opportunities to improve the sustainable socio-economic development of the programme area. EU supported actions[[17]](#footnote-17) to improve performance of the private sector of Albania and Kosovo which are ongoing and planned for the future focusing on supporting innovation, start-ups, green growth and circular economy.

### **Infrastructure**

***Roads*** - Kosovo and Albania are part of the SEETO network[[18]](#footnote-18), with the Route 7 (314 km) crossing the countries[[19]](#footnote-19). Both countries rely heavily on road transport. The road Durres-Pristina that crosses the area has increased the flow of transport across the border, and reduced substantially the time commuting between different cities. ***Railways*** - There are is no railway connection between Albania and Kosovo. Due to lack of investments the railway infrastructure is the programme areas is rather poor, lacking well-developed terminals, tracks and lines. ***Energy*** -Theprogramme area is the biggest energy generator in both countries. Interconnection line 400 kW between Albania and Kosovo is operational since December 2020 according to ENSTO agreement.

### **Environment and nature**

The programme area offers a rich biodiversity and climate from sea to mountains, hills plains, rivers and lakes. The demographic shifts in both Albania and Kosovo, associated with social and economic changes of recent years, have put pressure on protecting and preserving the environment and biodiversity in the programme area. Forests are damaged due to abusive logging and over-grazing. Enforcement of environmental protection standards remains a priority to ensure proper urban development, expansion of tourism and health protection, in view of increased pressure for unregulated development. Both countries are exposed to various potential natural disasters, such as extreme temperatures, pollutions from urban waste, which represents an opportunity for cooperation in the field of natural disasters, and other disaster management. Several interventions[[20]](#footnote-20) are currently underway and also planned for the future in Albania and Kosovo in line with the priorities of Green Agenda for the Western Balkans.

### **Agriculture**

Despite having abundant water resources and a strong demand for agricultural products, the programme area shows limited existing capacities for agricultural development. In Albania women own 10.6% of enterprises in agriculture as against men accounting for 89.4% in 2020. Women account for 29.5% employment in agriculture, while men account for 70.5% for the same year[[21]](#footnote-21). Women ownership is higher in the Kosovo’s agriculture sector as it accounts for 28.8% of enterprises in 2019, against 71.2% owned by men; meanwhile employment of women in agriculture for the same year stands at 12.4% while men amount to 87.6%[[22]](#footnote-22). Road infrastructure has seen a major improvement in the programme area, improving to a large extent access to markets to a large extent. However, an integrated approach aimed at promoting agriculture, tourism and economic activity in one package is possibly appropriate to be followed in order to develop agriculture in the programme area, especially in view of the negligible farm sizes. Improvement of rural infrastructure and better management of water resources could be next priorities in the programme area. Modernizing agriculture, upgrading production processes and establishing the EU compliance food safety standards, enhancing traditional agricultural production and supporting cooperation among producers are challenges to cope with in the programme area that can also be supported by cross-border initiatives. There are actions[[23]](#footnote-23) planned for the future to enhance competitiveness of the agricultural sector in the programme area.

### **Tourism**

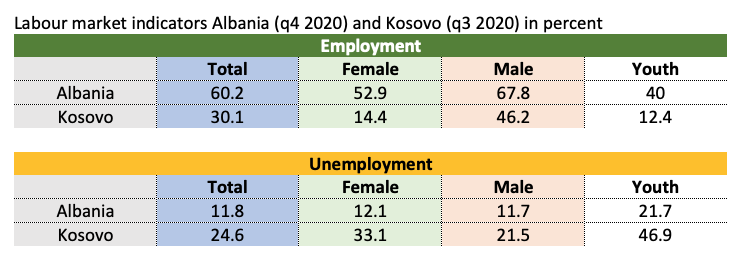
Tourism has made an important contribution to the growth of the programme area, yet it remains a largely unexploited potential. Unlocking this potential will provide a substantial stimulus to economic growth of both sides of the border. The programme area offers a variety of local features that are suitable for tourism activities, such as: beautiful nature and spectacular landscapes, traditional folklore, and some world-famous cultural and historic sites. The mountains, national parks, protected areas and forests are renowned for their beauty and wilderness and could be of great interest to tourists and offer the possibility to organise winter and outdoor sports. The sea coastline, numerous lakes and rivers provide an excellent opportunity for resort and adventure tourism. There are actions[[24]](#footnote-24) to support economic, social and territorial improvement through sustainable tourism led development with focus on cultural heritage.

### **Labour Market**

The situation on the labour market presents a clear picture of region imbalances. The unemployment rate in Kosovo is high 24.6%, while in Albania its stands at 11.8%. Employment rate in Albania stands at 60.2%. Employment in the public sector in Albania accounts for 15.9% of total employed, whereas in the private sector are 84.1% of the total employed[[25]](#footnote-25). Services and agriculture have the highest share of employment with respectively 43.5% and 36.4% of total employment. Unemployment in 2020 is reported at 11.8%, slightly higher than 11.5 reported in 2019. Employment in the Lezha region accounts for 3.8% of the total number of employed in Albania, or 48,108 persons, while registering an unemployment rate 19.2 percent, well above the national average. Lezha registers the second highest unemployment rate in Albania. The number of employed in Kukës region is reported at 32,916 or 2.6% of the total employed in Albania; the unemployment rate reported for Kukës region stands at 7.5%, below the national average.[[26]](#footnote-26)

The situation on the labour market[[27]](#footnote-27) in Kosovo presents an employment rate of 30.1%, About 70% of the employed belong to the services sector and about 14.3% in the industry sector.[[28]](#footnote-28) About 30.8% of the employed are in the public sector, while 69.2% in the private sector[[29]](#footnote-29). Unemployment rate in ~~is~~ Kosovo rather high at 24.6%. Unemployment rate is higher among the youth – it stands at 46.9% in the age segment 15-24 years old for third quarter of 2020. In both regions is observed a lack of unemployment data, which creates mismatches between the number of unemployed and jobs available. In the West Economic Region, the number of unemployed is reported at 17,500 persons[[30]](#footnote-30) while there are 1520 job openings. Similarly, the South Economic region reports 18,037 unemployed, as against 1588 job openings.

Ongoing actions[[31]](#footnote-31) to address employability of youth, women and men are in place and planned in the future at national level in Albania and Kosovo.



Source INSTAT, KAS

### **Poverty and gender disparities**

Both economies of Albania and Kosovo are service-based and has consumption growth model, thus being more vulnerable to the COVID-19 pandemic crisis.

Albania’s economy was hit hard recently, first by an earthquake in November 2019 and then by the Covid-19 in 2020. Despite measures undertaken by the authorities to tackle with these two crises, poverty also is expected to increase by 5 percentage points in 2020 to reach a 41.5% rate of people living with 5.5$ per day as against 35.6% in 2019, or 36.7% in 2018[[32]](#footnote-32).

Both, Albania and Kosovo experience gender disparities especially as regards labor market participation and access to economic opportunities. Albania’s employment rate for females is 52.9% while for males it stands at 67.8% by the end of 2020.[[33]](#footnote-33) In Kosovo, such disparity linked with access to employment is even more emphasized as the employment rate stands at 14.2% for females as against 46.2% for males. Unemployment is also higher for females, both in Albania and Kosovo. The disparity is slight in Albania as female unemployment is reported 12.1% as against 11.7 for females; in Kosovo the gap is wider, as female unemployment is reported at 33.1% as against 21.5% as regards males.

Regional disparities in Albania are evident, although it looks like poverty has migrated from the northern area towards the coast area. There are no data available with regard to regional poverty situation, as latest measurement dates back to 2012. Those data indicated that Kukës was the poorest region of the country averaging a 21.8% poverty rate, followed by the region of Lezha with 17.5%. Many families rely on remittances and social transfers.

Despite **Kosovo’s** Government response to COVID-19 pandemic, employment is expected to fall and poverty expected to rise in 2020, while the recovery will also be slow in 2021. Measures to protect jobs and incomes were not able to contain a rise in poverty – number of people living with 5.5$ per day, which is expected to increase by 5 percentage points in 2020. Povertylevel is expected to be 22.9% in 2020 as against 17.9% registered in 2019, or 19,7% in 2018. There are no data related the poverty rates by economic regions of Kosovo.

Several actions[[34]](#footnote-34) are ongoing and also are planned for the future to support the poor and vulnerable groups for a more inclusive society at national level.

### **Education**

Education remains one of the major priorities at national and local level in the programme area. Education is provided at all levels primary, secondary and tertiary (university). There is need to orient the education system towards market demands, to enable its contribution towards increasing market competitiveness and improve citizen’s life. Key important requirements include higher relevance of the education curricula to market needs, proper development of the framework of qualifications, and amongst other, establishment of better links with enterprises for the purposes of internships. Higher spending on Research and Development is needed to support economic and social development in the programme area. Actions[[35]](#footnote-35) to support the development of a quality based, all-inclusive and accountable education and training system are present in the area.

There are 517 schools for 111,478 pupils attending ***primary education*** level in the total programme area[[36]](#footnote-36). Out of the total, 138 schools are in the Albanian area and 379 in the Kosovo area. In the Albanian side of the border the average teacher/pupil ratio is 11 pupils per teacher, whereas it is slightly higher in the Kosovo programme area at 12 pupils per teacher. Internal migration has somehow increased the pressure on school infrastructure, especially in urban area where schools are often obliged to work in shifts. There are 91 schools in ***secondary education*** in the programme area, out of which 40 in the Albanian areas and 51 in the Kosovo area. There is 1 ***vocational school*** in Lezha attended by 1,053 students. There are 8 vocational training centres in Peja and Gjakova that offer various vocational training programmes for adults. There are institutions of ***higher education*** in the programme area, all situated on the Kosovo side of the border. There are 3 universities in the larger urban centres in the Kosovo area, namely in Peja, Gjakova and Prizren. The capacity for ***research and development*** remained very low in the programme area. Both countries need to place major efforts and support to increasing the quality of education at all levels.

### **Health**

In **Albania**, primary health care is provided at municipal level, while secondary health care is mainly located in the biggest urban centres of the programme area as part of the regionalization of the hospital health services. The health-care system in **Kosovo** provides health-care protection on three levels: Primary, Secondary and Tertiary. The municipal health care-primary faces difficulties due to poor infrastructure, lack of investments and limited budget resources. Throughout the programme area the healthcare system is confronted by the need to respond in more efficient and effective ways comparable to other European countries and EU standards. The health sector remains substantially underfunded, hampering the proper implementation of the public health legislation and policies, especially in ensuring access to health services of the disadvantaged populations, people with disabilities and populations in rural and remote areas

### **Culture**

The historical and cultural heritage is one of the most important assets of the programme area. Strong bonds exist between the populations of the two sides of the programme area; they have centuries’ old common roots and intense human, cultural and commercial relations. Numerous cultural events and festivals are organised, and there are diversified culinary traditions and handicrafts that could play an important role in the promotion of tourism that have started to be exploited, but could benefit from more targeted activities. Cultural exchanges present a great opportunity to boost implementation of cross-border cooperation. Albania and Kosovo participate in the Creative Europe Programme, but they could benefit more from the CBC programme by integrating actions that promote cultural heritage into sustainable tourism, and improved management of natural resources. There are actions[[37]](#footnote-37) supporting a similar approach.

### **Civil Society**

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

## **2.2 Main Findings**

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

* **Economic features** **of both countries indicate similar trends**. Both countries are classified as lower-middle income economies. The structure of the economy in the programme area on both sides of the border is more similar than complementary. Albanian regions rely on agriculture, tourism, services, wholesale and retail markets. Kosovo regions feature more developed industry, but they too rely on agriculture, services, wholesale and retail markets. Agriculture is commonly important for both sides as rural population is substantial. In view also of the COVID-19 pandemic induced economic recession and the perspectives of a slow economic recovery, it is clear that business opportunities will be affected, making it even more important to benefit from CBC program. Key challenges to be addressed include; regional economic disparities; low level of productivity as a result of lack of technological know-how, and the mismatch of market demand for high quality services and products with inadequate labour skills affecting competitiveness. Business environment need also to improve as trade between both sides is suffering heavy administrative barriers, despite being CEFTA members, and various bilateral agreements in place.
* **Unemployment remains a sharp problem** for the population of the programme area, especially on the Kosovo – 25.7% compared to 11.5% reported in Albania. The presence of strong migration flows due to employment insecurity has impacted the labour force and resulted in loss of skilled and educated workers. The continuous depopulation of some regions in favour of the central area, especially in Albania’s side of the border, is a real threat to the development of tourism and in particular agriculture, as it depends at a large extends on the presence of an active and relatively dense rural population. Unemployment is expected to further increase due to the COVID-19 pandemic. In particular unemployment is high for the socially sensitive groups such as youth women, and rural population Youth unemployment in the Albanian side of the border stands at 27.2% whereas in the Kosovo side it is as highs as 42%. Key challenges include the need to improve the level of vocational education in view of better serving the labour-market needs with skills needed, and to increase the skills of youth labour force and enhance employment opportunities, especially of the young population.
* **Environment protection needs serious consideration in future development plans of the programme area in order to preserve environment, fight climate change, and turn natural resources into economic resources.** With the overall development of the programme area largely relying on natural resources, the environmental protection and preservation of these resources is crucial for the sustainable development of the area. Some key challenges relate to uncontrolled exploitation of natural resources in the programme area and low level of enforcement of environment regulation and standards to ensure better management of forestry and protected areas to prevent environmental degradation. Increase of awareness of local stakeholders for the better use of natural resources is also a challenge. Improved waste management, control of pollution, an efficient use of energy resources and improved land management are amongst the key priorities to be addressed by governmental and local development plans. Further valorisation of natural resources in the view of economic development is a key issue for the development of the area, on both sides of the border.
* **Competitiveness is low on both sides of the border.** Higher productivity and further investment in know-how and use of innovation technologies is a precondition to becoming more competitive both nationally and internationally. In border areas businesses normally exploit across the border and international trade opportunities but trade between both countries and third parties is still constrained by administrative barriers. There is a persistent need to improve conditions and especially the infrastructure for doing business and attraction of FDIs. Light industry and food processing industries are also considered as a potential for accelerated economic growth of the programme area but the quality and standards of the products as well as their access to both Kosovo, Albania and outside markets remain a challenge.
* **Strengthening of MSMEs networks and service connections existing in the bordering areas is an underutilised potential**. Over 97% of registered MSMEs employees than 4 persons, which makes their access to financing rather difficult. Level of business cooperation across the border is minimal. Promotion of *e-business* will be important. In terms of private sector development there are clear synergies to be developed within the programme area, and to be supported by the CBC programme.
* **The programme area has high tourism potential, but these opportunities are underutilized**, Tourism on the Albanian side is more developed and a more attractive destination due to the access to coastline in Lezha region, but Kosovo has great potential for cultural and heritage tourism. There is need to develop diverse type of tourism (mountain culinary and agro-tourism) throughout the programme area; to increase visibility of the rich historical and cultural heritage and traditional peculiarities; there is also need to increase the level of cooperation between stakeholders in the area of tourism development and cultural and natural heritage preservation. CBC initiative aiming to produce a joint touristic offer, better branded, promoted and internationalised should be considered. Obvious synergies, potentially to be supported by the CBC programme, can be built between the regions in Albania and Kosovo even in the less touristic areas which have similar characteristics in terms of environment, wild nature and mountains on both sides of the border.
* **There is a rich historic-cultural-artistic heritage in the bordering area that needs to be preserved.** Further valorisation of historical and culture heritage could contribute to strengthening the identity of the area. Cultural heritage is an asset for the economic development of the programme area. The cooperation among culture institutions needs to be intensified taking advantage of the common language and historical heritage.
* **Agriculture has a major economic potential, but underutilised, considering the fact that the majority of population in the programme area lives in rural areas.** In general, rural economy is fragmented, and small agricultural holdings have difficulties in accessing markets. Agro-industry is more developed on the Kosovo’s side of the border. Improving access to markets and strengthening the food security system and inspection bodies will be important for increasing agriculture sector branding and competitiveness. The challenge is to improve efficiency in agriculture and forestry and to develop additional sources of income from preserving natural assets and tourism.
* **Both sides of the programme area can become more attractive to foreign investors,** but there is need to improve conditions – infrastructure, know how, labour skills, use of ICT – for doing business. Investments in tourism, renewable energy and agriculture could be potential sectors for attracting more FDIs. Light industry and food processing industries are also considered as a potential for accelerated economic growth of the programme area.
* **Infrastructure is an important driver to the economic and social development** of the programme area. Sustainable development and improvement of transport and public infrastructure could benefit from further investments in the programme area. Development of infrastructures that facilitate business and the diffusion of networks and services to support business development and innovation, could contribute and accelerate the general increase of wealth in the programme area.
* **Improving the educational system and school infrastructure remains a major priority** for the programme area, particularly in rural areas. The presence of important universities in the programme area is an asset for the CBC programme. Further joint action could be undertaken to establish network of vocational training centres as well as higher institutions and research agencies and organisations. The advantage of common language should serve to developing educational curricula that increase cooperation and synergies in the programme area.
* **Health sector is poorly and unevenly developed**. Health services need improvement in terms and coverage and quality, with rural areas in need of major attention. Given the that health sector is centrally managed, perhaps not much can be done under CBC programmes, but certainly there is room for potential joint activities related to health prevention campaigns and health education.
* **Encouraging and supporting the regional CSO networks** will contribute to maintaining and strengthening the ties between the communities on both sides of the border.
* **Research & Development and ICT penetration remains at unacceptably low levels**. Insufficient investments, governmental, regional or local support activities for R&D activities are present, despite 3 Universities are present in the programme area. There is lack of co-operation between education institutions in both countries, and research, development and innovation area is not explored.
* **Local and regional governments are in general, financially and administratively weak and cannot boost local development.** They are lacking skills in management, financial control and budgeting, democratic approaches in decision making processes. Absorption of donor funding is low. Cooperation between local and regional governments between two countries could be improved. Decentralization process continues at different levels in both countries.

# Section 3: Programme Strategy

## **3.1 Rationale - Justification for the selected intervention strategy**

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

On both sides of the programme area there is awareness that the Western Balkans is one of the regions most heavily impacted by climate change[[38]](#footnote-38). It is envisaged that climate change will affect human health safety, life quality and economic growth. The programme area is very rich in environmental resources and biodiversity. Their utilization as economic resources will directly benefit development of tourism activity, and MSMEs in the eligible area, increase their competitiveness and improve the business environment. This background led to the identification of ***Thematic Cluster 2: Greener and improved efficiency of resources,*** as a key area of intervention for the 2021-2027 period, with emphasis on protection, preservation and valorisation of the rich environmental resources of the programme area in line with the pillars of the Western Balkans Green Agenda.

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

Tourism and cultural and natural heritage were also recognised as key potentials to foster local economies across the programme area in Albania and Kosovo. Economic activity can strongly benefit from the utilisation of the many cultural and natural attractions in the eligible area. The implementation of the current CBC programmes also confirmed the presence of common interests and meaningful forms of cooperation between local authorities, NGOs, Associations and MSMEs in both sides of the border. For this reason, the third thematic priority selected is the ***tourism and cultural and natural heritage*** comingfrom ***the same Thematic Cluster 4*.**

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

Thematic priorities selected under this program are aligned with several pillars of the ***EU strategy for the Adriatic-Ionian Region*** (EUSAIR) such as: i) Sustainable tourism; ii) Environmental quality; iii) Connecting the region. This program is linked with the ***Economic and Investment Plan for the Western Balkans*** which aims to spur the long-term recovery – supported by a green and digital transition to ensure higher competitiveness and economic growth, parallel with reforms required to bring Western Balkans closer to the EU single market. In addition, the thematic priorities are aligned with the objectives of the ***Tirana Declaration on joint regional protocols to support sustainable tourism recovery and growth in Western Balkans 6***[[39]](#footnote-39), namely: i) position tourism as e key strategic sector for regional economic recovery and sustainable development; ii) Coordinate the reopening and continued operations of the travel and tourism supply chain; iii) Facilitate a safe and seamless traveller journey to bolster WB6 recovery and growth; iv) implement harmonized health and hygiene protocols to align sector efforts and boost traveller confidence; and v) Coordinate promotion and communication to build trust in the WB6 as a responsible, trustworthy and sustainable destination.

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

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

| Selected thematic priorities | Justification for selection |
| --- | --- |
| To protect the environment and promoting of climate change adaptation and mitigation, risk prevention and management | Climate change is expected to have an important impact on human health safety and life quality that are highly vulnerable to natural and manmade hazards.  The demographic shifts in both Albania and Kosovo, associated with social and economic changes of recent years, have put pressure on protecting and preserving the environment and rich biodiversity from sea to mountains, hills, plains, rivers and lakes, thus damaging the sustainable development in the programme area.  Deforestation, pollution and land degradation are common problems in the programme area. There is a risk of de-forestation due to illegal wood cutting; and pastures being threatened by overgrazing.  Industrial pollution and lack of waste treatment plants creates damage to the environment. Each of the regions of the programme area has landfills, but there are no wastewater treatment plants, so surface waters near big towns are polluted because of untreated waters. Rivers and lakes are also at risk of pollution from the intensive use of pesticides in agriculture on both sides of the programme area.  Poor enforcement of environmental protection standards with consequences on proper urban development, expansion of tourism, and health protection and for the better management of forestry and protected areas to prevent environmental degradation.  Exposure to various potential natural disasters in both sides of the programme area, such as extreme temperatures, pollutions from urban waste, which represents an opportunity for cooperation in the field of natural disaster management.  Poor joint efforts in the management and monitoring of uncontrolled exploitation of natural resources in the programme area, aimed at mitigating the risks related to climate change.  Low awareness of local stakeholders on the sustainable use of natural resources, and of the existing high potential in forests and renewable energies, so as to make their use more efficient and balanced between various sources of production on both sides of the programme area; and meet the requirements of eco-tourism. |
| To enhance competitiveness, the business environment and the development of small and medium enterprises, trade and investment | Limited entrepreneurial culture and skills as economic activity is dominated by short term trade or service activities rather than long-term capital investments.  Low business productivity which is dominated by small sized enterprises, mainly in the services sector, including tourism, and farms.  Subsistence agriculture and lack of agriculture networks and business support services at local level.  Hardly competitive enterprises with poor know-how and inadequate labour skills to respond to the market demand for high quality services and products, with weak exploitation of new technologies.  Low access to international markets and poor branding and lack of quality standards.  Lack of professional networking and collective organization of local stakeholders which leads to unexploited business opportunities.  High youth unemployment accompanied by poor vocational training to respond to economic needs.  Lack of support for start-ups in general and specifically for those managed by youth and vulnerable groups.  Unexploited opportunities in strategic sectors, such as tourism, especially in the offer of commercial packages with a mix of natural and cultural heritage, which can contribute to ensure sustainable economic growth in the programme area.  Absence of joint service offers that in the tourism sector could increase the number of visitors and enhance employment and competitiveness by integrating different types of tourism and reinforce the tourism identity of the programme area. |
| To encourage tourism and cultural and natural heritage | Richness in natural resources for the development of tourism as the main economic drives to increase the opportunities for the welfare and prosperity of the inhabitants in the programme area.  Still underdeveloped skills but also low level on knowledge for development of sustainable tourist products and destinations, their promotion and marketing.  The sector can connect a variety of local and regional actors across the border and create synergies with other sectors (local food, wood and crafts, IT services…).  Low awareness on the importance of preserving bio and geo diversity, healthy and clean environment as preconditions for development of sustainable tourism.  Lack of management of the most important nature protected areas, which are potentially interested in the development of green tourism products.  Lack of joint tourism offers, which can increase the number of visitors, the extensions of overnights and enhance the tourism sector, employment and competitiveness, by integrating different types of tourism such as cultural; gastronomic with natural ones, building maps of tourist packages for the whole programme area;  Poor knowledge of the population on economic opportunities in the sector  Uncertainty due to Covid-19 pandemic that can drastically affect the visitors/tourists create specific needs towards innovative methods to ensure safety of visitors  Potentials to develop in rural and remote areas with advantages for developing all kind of tourisms related to mountain sports (skiing, hiking, biking, rafting, etc.)  The programme area is also rich in diversified culinary and handicraft traditions that could play an important role in further promotion and tourism development  Relatively young population and possibility for VET education to engage in entrepreneurship in tourism and provide qualitative and competitive services and products  Opportunities to create an integrated tourism product including both lake (Kukës area) and mountain areas |

**The Financial allocation** of the programme funds is as follows:

* Approximately **30**% of the IPA III funds will be allocated to the thematic priority 1: **Environment protection, climate change adaptation and mitigation, risk prevention and management***,*
* Approximately **30%** shall be allocated to Thematic priority 2: **Enhance competitiveness, the business environment and the development of small and medium enterprises, trade and investment**
* Approximately **30%** shall be allocated to Thematic priority 3: **Encouraging tourism and cultural and natural heritage**
* A maximum of **10%** of the programme allocation shall be used for technical assistance.

## **3.2 Description of programme priorities**

Having selected the thematic cluster 2: ***Greener and improved efficiency of resources***, and 4: ***Improved business environment and competitiveness***, the members of the JTF discussed the options of the intervention strategy in three scenarios. This discussion ended up with the selection of the following thematic priorities:

**Thematic Priority 2:**

**Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management (TP2)**

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

**Thematic Priority 5:**

**Encouraging tourism and cultural and natural heritage (TP5)**

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

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

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

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

**Thematic Priority 8:**

**Enhance competitiveness, the business environment and the development of small and medium enterprises, trade and investment (TP8)**

This priority will seek to enhance competitiveness, the business environment and the development of eco-friendly MSMEs, through joint collaborative initiatives in the programme area. It is important to address the limited entrepreneurial culture and skills as the present economic activity is dominated by short-term trade and small-scale services rather than long-term capital investments. Supporting activities that seek to increase the low business productivity is expected to boost economic growth, employment and competitiveness of the programme area. This priority will also revert the lack of agriculture networks and business support services at local level in the programme area. To improve competitiveness in the programme area, activities under this priority will seek to improve the know-how and labour skills needed to respond to the market demand for high quality services and products, along with the promotion of new technologies and ICT and also increase understanding and adoption of circular economy – greening of production processes, business processes and services. Actions under this priority will seek to improve the current low access to international markets and the poor branding and quality standards, paying particular attention to eco-labelling of products and services. Weak professional networking of local stakeholders leads to unexploited business opportunities. Support to actions under this priority are likely to contribute to lowering unemployment and boost economic growth.

Furthermore, to business cooperation and networking across the border will stimulate trade and knowledge exchanges, as well as the formation of joint ventures for the sake for increasing the competitiveness of their economic operators.

***Table 3.2 Overview of the intervention logic for the Thematic Priority 1***

| **TC2 Greener and improved resource efficiency** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **To protect the environment and promoting of climate change adaptation and mitigation, risk prevention and management** | | | **Indicators** | **Baseline**  **value (year)** | **Target value (year)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities/actions** | **Impact**  - % of the programme area benefiting from enforcement of environmental protection standards, promotion and better utilisation environment resources and biodiversity  - % of population of the area benefiting from protection measures supported by the program | 0% in ~~2021~~  2022  0% in 2021 | 35% in ~~2027~~ 2030  50% in 2027 | National and Local data |
| **1.1.**  **Valorisation, protection, and preservation of environmental resources in the cross border territory** | 1.1.1.  The cross border region’s capacity to protect its environment and promote biodiversity is increased. | -Joint awareness campaigns promoting environmental protection and biodiversity and address climate change.  -Joint activities of training and capacity development of local institutions in the cross-border areas; transfer of know-how and common research on the better use of environmental resources to promote sustainable cross border territory.  -Support of joint environmentally friendly economic activities in sectors such as tourism, food production and agriculture to promote better utilisation of environmental resources and biodiversity in the cross border area;  -Participation in joint public-private partnerships projects led by local authorities for a sustained environment in the cross border area:  -Development of joint Strategies, and research to address common environmental issues and opportunities in the cross border territory.  -Joint watchdog activites of NGOs to monitor environmental standards in the eligible area – deforestation, pollution. and sustainable use of natural resources:  -Joint youth activities of NGO networks in the cross border area to protect environment and cleaning of sensitive polluted areas.  - Cleaning of illegal dumping sites. | **Outcome**  - Area covered by joint management measures for environmental protection; (km2)  -Number of institutions, organizations with increased capacities  - Percentage of the population (disaggregated by gender and age) reached by awareness raising activities on environmental resources and biodiversity protection.  **Output**  -Number of people (disaggregated by gender and age) directly taking part in awareness activities;  - Number of joint forums of NGOs participating in capacity building and networking activities in relation to promotion of environmental resources and biodiversity;  -Number of MSMEs that engage in environmentally friendly economic activities;  -Number of inter-sectoral partnerships (of CSO, private operators and local government) in management of resources and biodiversity;  -Number of joint strategies, plans and studies to protect, promote the environmental resources ad biodiversity developed;  -Surface covered by joint monitoring activities of NGO networks in the cross-border area  -Number of site cleaning actions implemented. | 0% of the territory  3% in 2021  1 in 2021  0 in 2021  0 in 2021  1 in 2021  10 in 2021  0 in 2021  0 in 2021  0% in 2021  0 in 2021 | 35% in 2027  30% in 2027  5 in 2027  250 in 2027  in 2027  3 in 2027  200 in 2027  3 in 2027  2 in 2027  50% in 2027  10 in 2027 | Project data and reports  Municipal data and reports  INSTAT Publications;  KAS Publications; |
| 1.1.2. The cross border region can respond effectively to natural and manmade disaster. | -Establishment of cross-sectoral joint networks to increase awareness on environmental, climate change and disaster management  -Preparation of joint local strategies to improve risk prevention and mitigation of climate change and response capacities  -Preparation of joint Intervention plans and monitoring system to safeguard the population against manmade hazards and natural disasters, including protocols and coordinated actions of local authorities in the crossborder area;  -Joint activities of training and capacity building of local institutions involved in mitigating natural and manmade disaster in the cross border areas;  -Joint public-private partnerships to engage in micro projects to mitigate natural or manmade hazards in vulnerable areas;  -Organization of joint training events for the local public administration bodies in the eligible areas responsible to manage emergency situations related to natural and other disasters management;  -Preparation of joint guidelines to address natural and other disaster cases.  -Preparation of civil emergency plan, disaster risk reduction strategies and plans at the local level. | **Outcome**  -Number of emergency services from both sides of the border with increased capacities through joint initiatives;  - Percentage of the target area covered by strategies for mitigation of natural and manmade hazards;  **Output**  -Number of developed monitoring systems and exchange of monitoring data developed;  -Number of supported advocacy activities for mitigation of natural and manmade disasters;  -Number of people (disaggregated by gender and age) participating in advocacy activities;  -Number of cross-border disaster management teams established;  -Number of projects to address natural and/or manmade hazards in vulnerable spots identified in the eligible area;  - Number of established cross-sectoral networks focusing on environmental, climate change and disaster management;  -Number of CSOs participating in joint networks dealing with climate change and disaster management in the eligible area;  -Number of strategies, action plans, adopted on prevention and mitigation of manmade hazards and natural disasters;  -Number of employees (disaggregated by gender and age) of public administration bodies responsible to manage emergency situations with increased capacity;  -Number of municipalities with adopted joint disaster risk reduction strategies and disaster risk assessment;  -Number of municipalities or local government units with approved civil emergencies plan through joint initiatives. | 10% in 2021  0% in 2021  0 in 20021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021 | 40% in 2027  50% in 2027  3 in 2027  5 in 2027  250 in 2027  3 in 2027  3 in 2027  3 in 2027  7 in 2027  90 in 2027  12 in 2027  10 in 2027 | Project data and reports  Municipal data and reports  INSTAT Publications;  KAS Publications; |

|  |  |
| --- | --- |
| Target groups:   * Population in the eligible area * Local and regional authorities’ staff * Associations of Local Governments * CSOs, Youth and Woman Organizations * Regional Development Agencies * Education and training organizations * Central authorities (Regional Departments from the LM and Agencies operating in the eligible area) * Legal entities managing natural parks and other preserved areas * Pupils and students * Civil protection services * Business operators in fields such as tourism and agriculture (farmers) * Public utility companies | Main beneficiaries:   * Local and regional authorities * Legal entities managed by local authorities responsible for water management, fire/emergency services, natural park management: * Association of municipalities * Local business support organizations: * Ministries, agencies and institutions involved in environmental policy * CSOs * Business operators in tourism, agriculture, etc * Educational, training and research centres * Regional development agencies |

***Table 3.3 Overview of the intervention logic for the Thematic Priority 2 and 3***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **TC4: Improved business environment and competitiveness** | | | | | | |
| **Tourism and cultural and natural heritage (TP5)** | | | **Indicators** | **Baseline (year)** | **Target (year)** | **Sources of data** |
| **Specific objective(s)** | **Results** | **Types of activities** | **Impact**  - Number of new eco-friendly tourism projects jointly implemented by cross border partners.  - No. of new jobs resulting from programme activities to promote sustainable tourism activity in the cross-border area | 0 in 2022  0 | 10 in 2028  200 | National and local data |
| **2.1. Cross border sustainable, nature-and-culture, tourism contributes more to cross border economic development** | 2.1.1. New eco-friendly higher quality and integrated cross border tourist products, services and infrastructure developed and improved  2.1.2 Natural and cultural heritage sites are better promoted and developed | -Joint awareness campaigns on eco-friendly, sustainable nature and culture tourism;  -Support to networking of tourism providers to ensure better cooperation and higher access to potential inbound tourism;  -Joint training and education to enhance the knowledge skills of tourist workers providers, and local authorities, sharing of good practices of sustainable tourism;  -Joint promotion/ support of connections/partnerships between environmentally friendly farms and agrobusinesses with tourist providers to promote sustainable tourism in the cross-border area;  - Joint training and education of skills on new promotion techniques, and approaches, including mapping of diverse touristic offers, use of ICT, websites and multi-media for joint marketing of cross border touristic products and services;  -Support joint initiatives and actions to develop joint touristic high quality products and services, with clear local cross-border identity (natural, heritage, gastronomic);  -Joint promotion of cultural events and heritage sites in the programme area by local authorities, tourist providers and NGOs in the cross-border area;  -Support and promotion of joint small-scale investments in natural and cultural heritage sites to renovate and promote eco-friendly sustainable tourism standards in the cross-border area; | **Outcome**  - % increase in the number of tourists using new and improved products and services  - % of tourism offers (products and services) generated by the cross border programme adopted by tourist operators in the eligible area  **Output**  - No. of participants (disaggregated by gender and age); in awareness and promotion activities  -Number of persons (disaggregated by gender and age) from local authorities and private operators with increased capacities on eco-friendly, sustainable tourism;  -Number of new joint cross border tourism products and services developed;  - Number of tourist operators participating in cross border tourism networks supported by the programme;  - Number of new techniques (mapping, websites) to promote joint cross border tourism introduced;  - No. of joint cross-border digital platforms (online booking) developed;  - No. of persons with increased capacity (disaggregated by gender ad age) on new entrepreneurial skill in the tourism sector, marketing and promotion techniques;  Number of visitors to supported cultural heritage sites  Number of tourism natural heritage services and products available in the market thanks to programme activities | 0% in 2021  0% in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021 | 80% in 2027  80% in 2027  250 in 2027  250 in 2027  20 in 2027  25 in 2027  10 in 2027  5 in 2027  100 in 2027  2.000 in 2027  20 in 2027 | INSTAT  KAS  Regional Development reports;  Municipality Statistical Reports;  Project data reports  JTS monitoring reports. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Enhancing competitiveness business environment and the development of SME, Trade and Investment (TP8)** | | | **Indicators** | **Baseline (year)** | **Target (year)** | **Sources of data** |
| **Specific objective(s)** | **Results** | **Types of activities** | **Impact**  -Number of MSMEs benefiting from promotion and adoption of circular economy and eco-friendly principles;  - Number f business operators involved in networking and adoption of new ICT management and marketing tools | 0  0 | 40 in 2027  250 in 2027 | National and Local data |
| **3.1. Increase MSMEs productivity, and access to international market** | 3.1.1 MSMEs capacity to tap into new larger markets and value chains is reinforced.  3.1.2. Strengthening the MSMEs growth capacities through networking and digitalization of MSMEs activity | -Joint awareness and training activities for business associations, MSMEs and Local authorities on adoption of principles and best practices of green and circular economy;  -Support to the identification and introduction of environmentally friendly practices implemented in quality labels of products and services (that enable access to international to larger markets);  -Training of farmers associations on sustainable food production and promotion of organic farming;  -Identification of opportunities and promotion of circular economy through networking of MSMEs and farmers;  -Support the networking of MSMEs and farmers to enhance the cross border market for local products and services;  - Joint training and education of skills on Smart Use of ICT tools by MSMEs – enabling their digital interaction, reduction of paperwork to increase SME growth;  -Support and promotion of joint cross border e-business and e-marketing services for internationalization | **Outcome**  - Number of enterprises that manage to enter new market or develop new distribution channels thanks to the programme activities;  - Number of enterprises engaged in circular economy thanks to programme activities.  **Output**  -Number of MSMEs participating in awareness and training activities (participants disaggregated by gender and age)  -Number of farmers participating training activities (disaggregated by gender and age)  -Number of cooperation agreements between economic operators concluded;  -No. of products with eco-label placed on the market;  -Number of MSMEs exporting for the first time;  -Number of enterprises using new cross border e-services and ICT tools supported by the programme;  -Number of joint shared SME support ICT services established in the programme area | 0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021  0 in 2021 | 20 in 2027  20 in 2027  50 in 2027  50 in 2027  5 in 2027  200 in 2027  15 in 2027  200 in 2027  10 in 2027 | INSTAT Publications;  KAS Publications;  Regional Development reports;  Municipality Statistical  Reports;  Business Associations websites.  Project data reports  Annual Implementation Report |

|  |  |
| --- | --- |
| Target groups:   * Population in the eligible area * Local and regional authorities’ staff * Associations of Local Governments * CSOs, Youth and Woman Organizations * Regional Development Agencies * Education and training organizations * Central authorities (Regional Departments from the LM and Agencies operating in the eligible area) * Legal entities managing natural parks and other preserved areas * Pupils and students * Business operators in fields such as tourism and agriculture (farmers) * Public utility companies | Main beneficiaries:   * Local and regional authorities * Legal entities managed by local authorities responsible for water management, fire/emergency services, natural park management: * Association of municipalities * Local business support organizations: * Ministries, agencies and institutions involved in environmental policy * CSOs * Business operators in tourism, agriculture, etc * Educational, training and research centres * Regional development agencies |

**Thematic Priority 0: Technical Assistance**

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

**The specific objective of the technical assistance** is twofold:

1. to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme; and
2. to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.

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

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

**Expected results:**

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

**Target groups and final beneficiaries** (non-exhaustive list)

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

**Main beneficiaries:**

* Operating Structures
* Joint Monitoring Committee
* Joint Task Force
* Joint Technical Secretariat

***Table 3.4 Overview of the intervention logic for the Technical Assistance Priority***

| **TP 0: Technical Assistance** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Technical assistance** | | | **Indicators** | **Baseline**  **value (year)** | **Target value (year)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities/actions**  (examples) | Impact |  |  |  |
| Percentage of funds available under the programme that are contracted | 0 | 100 | AIR, Monitoring system, Interim and Final Reports, Evaluation Reports |
| **To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme** | The technical and administrative capacity for the Joint Management Structures for programme management and implementation enhanced | * Management of the Joint Technical Secretariat and its Antenna * Organization of JMC and OS meetings * Support to the work of the Joint Task Force in charge of preparing the programme cycle 2028-2034 * Monitoring of project and programme implementation, including the contributing to the monitoring system and related reporting * Organisation of evaluation activities, analyses, surveys and/or background studies | Outcome |  |  |  |
| Percentage of JMC, JTF and OSs decisions implemented in a timely manner (as prescribed in the minutes of meetings) | 0 | 90 | AIR, MoM, Monitoring system, written procedures, draft documents |
| Percentage of projects covered by monitoring missions |  |  | AIR, project reports, Monitoring system |
| Output |  |  |  |
| Number of events organized in relation to programme management | 0 | …. | AIR, Monitoring system, Visibility and Communication Plan of the Programme, Evaluation reports |
| Number of project monitoring missions implemented |  |  | AIR, project reports, Monitoring system |
| 0.1.2. Capacity building for potential applicants and grant beneficiaries with emphasis in strengthening the participation of regional and local authorities in the CBC operations ensured; | * Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives * Preparation of internal and/or external manuals/handbooks * Assistance to potential applicants in partnership and project development (partners search forums etc.) * Advice to grant beneficiaries on project implementation issues * Organisation of training sessions/ on hand support for local authorities on how to benefit from EU funds and to prepare good proposals; | Outcome |  |  |  |
| Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support | 0 | 60% | AIR, project reports, monitoring system |
| Output |  |  |  |
| Number of capacity building events for potential applicants, grant beneficiaries and programme structures’ employees | 0 | …. | AIR, project reports Monitoring system, minutes/reports from the events and other reports |
| Number of internal/external manuals or handbooks prepared | 0 | … | AIR and other reports |
| Number of queries of grant beneficiaries resolved | 0 | … | AIR and other reports |
| **To raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.** | 0.1.3 The visibility of the programme and its outcomes is guaranteed | * Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc. | Outcome |  |  |  |
| Number of people reached by information/promotion campaigns | 0 | … | AIR and other reports |
| Output |  |  |  |
| Number of information/promotion campaigns implemented | 0 | …. | AIR and other reports |
| Number of promotional and visibility events organized | 0 | …. | AIR and other reports |
| Number of publications produced and disseminated | 0 | … | AIR and other reports, draft documents/studies/surveys |

## **3.3 Horizontal and cross-cutting issues**

In line with the approach outlined in the ***EU Gender Action Plan***, (GAP III) 2021-2025, IPA III CBC AL-KS will mainstream gender equality and also continue ensuring girls' and women's physical and psychological integrity, promoting the economic and social rights and strengthening girls' and women's voice and participation with targeted actions. The issue of gender mainstreaming is addressed mainly in the fourth thematic cluster (Thematic priorities on Business development and on Tourism) in order to empower women entrepreneurs in tourism and other business activities in urban and rural areas. The CBC programme will also stimulate employment of vulnerable groups, such as young people, women disadvantaged groups and minorities, in particular Roma and will relate to project ideas and social businesses initiatives.

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

In addition, the programme will improve the Capacity of Local and regional authorities to tackle local challenges with regard to promoting local and regional governance, and enhancing the planning and administrative capacities of local and regional authorities both in Albania and Kosovo programme area.

**The mainstreaming of TC5**

The thematic cluster 5 ‘improved capacity of regional and local authorities to tackle local challenges’ should be a mainstreamed by the IPA III beneficiaries in this cross-border cooperation programme. For this purpose, the programme management structures could adopt the following measures (one or combination of them):

* Measures having a general character
* Measures under the Technical assistance thematic priority, and
* Measures within the CBC operations following the different calls targeting the selected thematic priorities

The following table is providing the details on how to tackle with local and regional challenges by using the proposed measures, several examples are also included.

***Table 3.5 Overview of the proposed measures while developing the mainstream Thematic Cluster on local and regional authorities to tackle local challenges***

|  |  |
| --- | --- |
| **General character** | 1. **To review the specific needs and interests** of the regional and local authorities to increase their participation in CBC operations |
| 1. **To launch targeted awareness campaigns,** especially prior to the publication of calls of proposals and during the application time; these campaigns should go in parallel with, and be reinforced by, the trainings organised for potential applicants, in which civil society organisations should also be included |
| **Under the thematic priority Technical Assistance** | 1. **To deliver capacity building or articulate separate channels tailored for regional and local authorities** when they would    1. provide training for potential applicants on preparation of CBC applications and project management,    2. organise “clinics” for unsuccessful applications, and    3. hold helpdesks, on the base of the needs’ assessment mentioned above (see point 1).   This should allow regional and local authorities to prepare and/or participate in good quality applications with peer legal entities or in partnerships with civil society organisations, as well as efficiently manage those projects in which they take part. A full-time expert could be hired to **cater for the capacity building of the regional and local authorities across the border, preparing and implementing CBC projects.** Furthermore, this expert will also be behind the foregoing clinics and helpdesk, as well as the needs’ assessment.  The provision of this capacity building could adopt different forms such as training, study visits of technical character to EU Member States and from them (i.e. experts’ visits), mentoring, participation in technical events of national or international character, etc.[[40]](#footnote-40) Whatever the form might be, it shall be thematically related to the nature of the operation (e.g.: tourism, environment, social services, etc.). |
| 1. **To provide capacity building** **on good governance** as to increasing the participation of citizens’ associations in planning applications and decision making; as well as anything related to strategic planning, ethics, anti-corruption, etc. One of the possible delivery methods could be **knowledge transfer and peer support** among experienced and less experienced municipalities across the border (or among stronger and weaker municipalities). |
| 1. **To encourage the establishment of partnerships**, in case of strategic projects, with associations of regional and local authorities, as well as **to organize a systemic approach to capacity building and animation** of these authorities to build and maintain their capacity throughout the implementation of these projects. |
| **Within CBC operations** | 1. Every application and strategic project should **demonstrate that regional and local authorities have been involved** in their development and their future implementation. Every operation should describe how it has been developed, how it is aligned to and contributes to local development plans or how its implementation will be monitored and evaluated. |
| 1. If so agreed, in some calls for proposals or within a specific lot of a call for proposals, **to include regional and local authorities in every CBC partnership of applicants**. For regions eligible to different CBC programmes, attention should be paid to avoid saturation. Such calls for proposals or lots within a call could receive, for example applications that have several local authorities as implementing partners (inter municipal cooperation), and most importantly, it should encourage partnerships with smaller, weaker, rural local authorities, by which, for instance, the main applicant (a larger municipality) will assist a smaller one, seconding staff to it, or receiving staffers for training purposes from those less developed municipalities (share of resources)   **NB**: If so decided, Actions fully relying on staff of the regional and local authorities should be privileged, while reducing to a minimum[[41]](#footnote-41) the presence of external managers among the human resources of the project. |

**3.4 Coherence with other programmes and macro-regional strategies**

As stated in the **Draft IPA III Programming Framework** of December 2020, IPA III CBC support will be granted in full complementarity with the previous financial assistance under IPA and IPA II CBC as well as with the EU policies in the respective sectors. The framework has identified five thematic windows, namely: (i) rule of law, fundamental rights and democracy; (ii) good governance, EU acquis alignment, good neighbourly relations and strategic communication; (iii) green agenda and sustainable connectivity; (iv) competitiveness and inclusive growth; and (v) territorial and cross-border cooperation. These five windows are all facets of the EU policy for enlargement and are linked with one another in a complementary manner. Furthermore, IPA III CBC will ensure synergy and complementarity with **bilateral and regional programmes**. The latter will primarily be mobilised to address issues of regional nature, or when a regional approach will allow for greater efficiency.

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

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

The activities under the CBC programme shall promote circular economy and green growth through non-state actors to increase green jobs and green employment, offer green solutions that result in lower material consumption and material extraction from environment, and that increase the production of recyclable materials and reusable products. These activities are aligned with ***the Economic and Investment Plan for the Western Balkans***[[42]](#footnote-42)

The Plan regards the development of a **robust private sector** as essential for regional socio-economic integration, and to improve the region’s competitiveness and job creation. The role of MSMEs is particularly important. In this context, as this IPA III CBC programme puts forward, focus should be put on supporting start-ups and MSMEs in **strategic sectors** identified by the countries, such as **tourism** and digital, where they have a comparative advantage or a potential through their historical and natural conditions. This will pave the way to economic growth through innovation and enhanced competitiveness.

The combination of grants under the IPA III CBC programme and guarantees under other instruments should reinforce open, innovative, business friendly ecosystems in the region. This will facilitate the identification, development and promotion of innovative entrepreneurial ideas and provide support to **MSMEs** in order to improve their adjustment capacity to the changing socioeconomic and policy circumstances in facing broad challenges such as:

* Raising the **quality standards of companies** and the availability of export-oriented investments for the eligible area’s private sector to benefit from greater market integration and trade within the region and with the EU.
* Unlocking adequate diversified **finance and training for entrepreneurship** (micro, small and medium enterprises, social enterprises) in order to create and grow businesses.
* Strengthening the **competitiveness of MSMEs** through investments to support start-ups and the scaling up of innovative companies, as well as programmes to support financial and digital literacy, digitising of companies, incubators and fintechs.
* Supporting the economies to grow through **Smart Specialisation Strategies** building on the eligible area’s strengths and potential, as well as strengthening research, innovation and technology transfer.
* Enabling investments into sustainable agricultural production and research to support balanced rural development and to strengthen the competitiveness and viability of the **agri-food sector**.]

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

The programme will ensure coherence with the Green Agenda for the Western Balkans according to its Guidelines for Implementation[[43]](#footnote-43). Out of the five pillars of the Agenda, three of them have a special relevance for possible CBC operations, namely:

(1) climate action, including decarbonisation, energy and mobility,

(3) biodiversity, aiming to protect and restore the natural wealth of the region, and

(5) sustainable food systems and rural areas.

The Western Balkans is one of the **regions in Europe most heavily affected by the impact of climate change.** Except for Kosovo, all other beneficiaries are signatories of the **Paris Agreement on Climate Change**, which builds upon the Convention on Climate Change and brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects. It aspires to cut greenhouse gas emissions 55 % by 2030.

Climate change will continue to create significant stress in the Western Balkans despite mitigation efforts. Strengthening the efforts on **climate proofing, resilience building, prevention and preparedness** in the region is therefore crucial. It should include engaging the private sector in resilience investments and developing natural disaster risk transfer mechanisms. Initiatives dealing with preparation and implementation of long-term climate adaptation strategies to increase resilience, notably through climate proofing of investments would perfectly fit into the Agenda.

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

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

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

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

Besides providing food, fresh water and clean air, protection from floods and storms, nature mitigates natural disasters, pest and diseases, contributes to regulating the climate, combating land degradation and enhance food security. As a region with a wealth of habitats and species, including several important endemic species, the Western Balkans should spare no effort to protect the **biodiversity** and the **ecosystem services** including through alignment with EU legislation.

**Deforestation and illegal logging** are an important related challenge. The increase of dramatic forest fires in the Western Balkans and pest and disease outbreaks require better risk prevention in sustainable forest management and land use. The Western Balkans need to build close inter-institutional relations and private sector networks between each other to develop good governance in the forest sector and reduce the risk of illegal timber exports to the EU.

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

In addition, priorities are aligned with the objectives of the ***Tirana Declaration on joint regional protocols to support sustainable tourism recovery and growth in Western Balkans 6***[[44]](#footnote-44), namely: i) position tourism as e key strategic sector for regional economic recovery and sustainable development; ii) Coordinate the reopening and continued operations of the travel and tourism supply chain; iii) Facilitate a safe and seamless traveller journey to bolster WB6 recovery and growth; iv) implement harmonized health and hygiene protocols to align sector efforts and boost traveller confidence; and v) Coordinate promotion and communication to build trust in the WB6 as a responsible, trustworthy and sustainable destination.

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

The following table illustrates how the objectives of pillars 3 and 4 of the EUSAIR match with the thematic priorities and specific objectives of this CBC programme:

| **EUSAIR Pillar** | **Pillar’s objectives** | **IPA III CBC AL-KS thematic priority** | **TP’s specific objectives** |
| --- | --- | --- | --- |
| 3. Environmental quality | To ensure a good environmental and ecological status of the marine and coastal environment by 2020 in line with the relevant EU acquis and the ecosystem approach of the Barcelona Convention | **TP1**: protecting the **environment** and promoting climate change adaptation and mitigation, risk prevention and management | N/A |
| To contribute to the goal of the EU Biodiversity Strategy to halt the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restore them in so far as feasible, by addressing threats to marine and terrestrial biodiversity  (topic of special focus: transnational terrestrial habitats and biodiversity) | Valorisation, protection, and preservation of environmental resources |
| To improve waste management by reducing waste flows to the sea and, to reduce nutrient flows and other pollutants to the rivers and the sea. | N/A |
| 4. Sustainable Tourism | Diversification of the macro-region’s tourism products and services along with tackling seasonality of inland, coastal and maritime tourism demand. | **TP3**: encouraging **tourism** and cultural and natural heritage | 1. Fostering economic development by supporting tourism and cultural heritage |
| Improving the quality and innovation of tourism offer and enhancing the sustainable and responsible tourism capacities of the tourism actors across the macro-region  (topic of special focus: sustainable and responsible tourism management – innovation and quality) | 1. Improve tourism standards and quality of services |

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

The IPA III CBC programme AL-KS will be implemented in parallel with other CBC, Interreg and transnational programmes that share the same borders. With regard to territory coverage and priorities chosen it has an overlapping with i) IPA III CBC programme MNE-AL; ii) IPA III CBC Programme MNE-KS and iii) KS-NM.

As regards Albania, the Lezha region and the Municipality of Tropoja are in the eligible area of both programmes – AL-KS and MNE-AL; while for Kosovo the West Region (composed of municipalities of Pejë/Peć, Deçan/Dečani, Gjakovë/ Đakovica, Istog/Istok, Klinë/Klina, and Junik) is part of the eligible area of both programmes – AL-KS and MNE-KS.

As Regard the thematic priorities of AL-KS and MNE-AL programmes, both have selected TC 2 and TC 4, while the programme AL-KS selected three TPs instead of 2 selected by MNE-AL, (Enhancing competitiveness, the business environment and the development of small and medium-sized enterprises, trade and investment). As regards priorities selected under AL-KS and KS-MNE there is overlapping: both CBC programmes have selected the TC4. The ALB- KS has selected two TPs (TP5 and TP8) while MNE – KS has selected TP5 and TP7.

As regards Kosovo, besides the overlapping of territory in AL-KS and MNE-KS, overlapping of territory is also encountered in AL-KS and KS-NM programmes, concerning the South Region (composed of municipalities composed of the municipalities of Prizren, Suharekë/Suva Reka, Malishevë/Mališevo, Dragash/Dragaš, Rahovec/Orahovac, and Mamusha/Mamuša) as it is this region that is part of the eligible area for both IPA III CBC AL-KS and IPA III CBC KS-NM. Both programmes have selected TC2 and TP2.

In this context, though there is an overlapping in terms of TPs, different SOs have been selected and also the complementarity between these CBC programmes will be secured through coordination during CfPs in order not to focus the same TC within the CfP at the same time.

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

# Section 4: Financial Plan

The tables below specify the programme allocations in maximum figures and percentages per year and thematic priority for the entire programme period (2021-2027). A single 7-year Commission financing decision with a suspensive clause will be adopted. The scenario of availability of the same allocation as under the IPA II CBC has been used.

***Table 4.1: Indicative financial allocations per year for the 2021-2027 cross-border cooperation programme***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **IPA III CBC PROGRAMME ALBANIA – KOSOVO** | | | | | | | **Total (EUR)** |
| **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2021-2027** |
| **CBC Operations (all thematic priorities)** | 840 000 | 1 200 000 | 1 200 000 | 840 000 | 1 200 000 | 1 200 000 | 1 080 000 | **7 560 000** |
| **Technical Assistance** | 0 | 360 000 | 0 | 0 | 360 000 | 0 | 120 000 | **840 000** |
| **Total (EUR)** | **1 200 000** | **1 200 000** | **1 200 000** | **1 200 000** | **1 200 000** | **1 200 000** | **1 200 000** | **8 400 000** |

***Table 4.2: Indicative financial allocations per priority and rate of Union contribution***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **CLUSTERS** | **PRIORITIES** | **IPA III CBC PROGRAMME ALBANIA – KOSOVO** | | | |
| **European Union funding** | **Co-financing** | **Total funding** | **Rate of Community contribution** |
| (a) | (b) | (c) = (a)+(b) | (d) = (a)/(c) |
| **Thematic cluster 2** | **1 Thematic priority 2** | 2 520 000 | 444 706 | 2 964 706 | 85 % |
| **Thematic cluster 4** | **2 Thematic priority 5** | 2 520 000 | 444 706 | 2 964 706 | 85 % |
| **3 Thematic priority 8** | 2 520 000 | 444 706 | 2 964 706 | 85 % |
| **Technical assistance** | | 840 000 | 0 | 840 000 | 100 % |
| **GRAND TOTAL** | | 8 400 000 | 1 334 118 | 9 734 118 |  |

The European Union contribution has been calculated in relation to the eligible expenditure, which is based on the total expenditure, as agreed by the participating beneficiaries and laid down in the cross–border programme. The European Union contribution at the level of thematic priority shall not exceed the ceiling of 85 % of the eligible expenditure. The co-financing under thematic priorities 1-3 will be provided by the final grant beneficiaries and it can be from public and private funds. Final grant beneficiaries should contribute with a minimum of 15 % of the total eligible cost of the project, both for investment and institution building projects. The co-financing under the priority ‘technical assistance’ will be provided by the national authorities.

*\*\* The assumption here is that same amount of funds will be maintained under the IPA III CBC, with the one for IPA II CBC, for this reason information is taken from the current IPA II CBC programme and will be replaced accordingly as soon as the IPA III Regulation will be in place.*

# Section 5: Implementing Provisions

## **5.1 Financing agreement**

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

Once every seven years, the European Union decides on its future long-term budget – the Multiannual Financial Framework. The next such budget, starting on 1 January 2021, will be the first for the European Union of 27.

The proposals of the European Commission for the 2021-2027 Multiannual Financial Framework will help responding to a number of opportunities and challenges.

## **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is XXX months from the date of entry into force of the financing agreement.

## 

## **5.3 Implementation method**

The Cross-Border Cooperation programme between Albania and Kosovo 2021-2027, will be implemented under **Direct management**.

All contract and payment issues are the responsibility of the Delegation of the European Union to the Republic of Albania, as the Contracting Authority (CA) of this programme, in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application. Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation Parts One and Three of the Financial Regulation apply to external actions except as otherwise provided in Part Two, Title IV.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

Moreover, the implementation of the programme is overseen by a Joint Monitoring Committee (JMC) composed of representatives of both participating countries' institutions and civil society. The JMC will examine and provide an advisory opinion on the list of operations selected through this call for proposals and on the selection of possible strategic projects.

See responsibilities and tasks under section 5.4 below.

**The whole text of Section 5.4 below has to thoroughly revised when the legal framework of IPA III will be adopted**

## 

## **5.4 Programme management structure**

**5.4.1. Organisational structures at national level**

In **Albania,** is the National IPA Coordinator (NIPAC)

In **Kosovo,** the Director for Development Cooperation Office in the Office of the Prime Minister is designated as the National IPA Coordinator (NIPAC). The **Ministry for Local Government Administration is responsible for implementing the CBC Programmes**.

The NIPACs of the participating countries are jointly responsible for ensuring that the objectives set out in the proposed cross-border cooperation programmes are consistent with the objectives in the IPA strategy papers.

**5.4.2 Operating structures**

Operating structures have been established within the administration of each participating country to prepare, implement and manage the cross-border cooperation programmes. In Albania, the Operating Structure is established within the Ministry for Europe and Foreign Affairs, whereas in Kosovo is established within the Ministry for Local Government Administration.

**5.4.3 Contracting Authority:**

The Delegation of European Union in the Republic of Albania will be the Contracting Authority for the programme.

**5.4.4 Joint Monitoring Committee**

The Joint Monitoring Committee (JMC) is the cross-border programme’s decision-making body which will oversee the effectiveness and quality of the implementation of the Programme. The JMC is made up 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 EU shall participate in the work of the JMC in an advisory capacity.

**5.4.5** **Joint Technical Secretariat**

The Joint Technical Secretariat – (JTS) assists the JMC and the Operating Structures in carrying out their responsibilities. The location of the JTS is in Lezha, Albania. It has an Antenna in Pristina, Kosovo. The Joint Technical Secretariat is the administrative body of the programme, responsible for day-to-day management. The costs of the Joint Technical Secretariat and its antenna are financed under the programme’s Technical Assistance budget provided, they relate to tasks eligible for co-financing according to EU rules.

The JTS consists of staff from both sides of the border specific/targeted background knowledge. The staff has been contracted by the respective Operating Structures.

*\*\*\* The information is taken from the current IPA II CBC programme and will be replaced accordingly as soon as the IPA III Regulation will be in place.*

## **5.5 Project development and selection and implementation**

**Calls for proposals:**

All three priorities of the programme will be implemented through calls for proposals. The Joint Monitoring Committee will be responsible for identifying the thematic priorities, specific objectives, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission. In this respect, a further consultation process could be held with stakeholders at local and national level and donor community.

Before the publication of the calls for proposals (and the definition of the tendering documents) the responsible authorities will review the current needs/perspectives and realisation of indicators in previous CfPs. On this basis a list of TPs and specific objectives to be published in the CfPs will be proposed. The plan will be coordinated with other programmes/CfPs that could be eventually open/published at the same time, to avoid overlapping. For subsequent calls for proposals, those TPs and/or specific objectives which had not been previously published would be selected.

**Strategic project**

During the preparation of the programme, no **strategic projects** has been identified. However, during the programme implementation period it might be considered to allocate part of the programme financial allocation (up to 20 % of the total EU funding) to fund one or two strategic projects in particular related to one or two of the thematic priorities of the programme, most specifically to thematic priorities of Environment and Tourism.

The two Operating Structures together with the Delegation of European Union in Albania could organize a consultation process with the purpose of gathering ideas for strategic projects under the cross-border cooperation (CBC) programme Albania and Kosovo in the framework of the instrument of pre-accession assistance IPA III 2021-2027.

Strategic projects can be selected through calls for strategic projects. They can also be selected outside calls for proposals. The selection must be endorsed by the Joint Monitoring Committee. All contract and payment issues are the responsibility of the Delegation of the European Union to the Republic of Albania, as Contracting Authority (CA) of this programme.

Strategic projects are defined as interventions that have a significant cross-border impact in the programme area which, independently or in combination with other initiatives, e.g. planned or ongoing planned initiatives stemming from national or local development plans, substantially contribute to the achievement of the specific objectives at priority level.

Some general criteria for selecting the strategic projects would be: impact on the programme area; link with regional or other strategies for development of the bordering areas; level of contribution and co-financing from regional authorities; number of population benefiting from the intervention; cost effectiveness of the intervention; complementarily with parallel actions and sustainability of the intervention. Furthermore, these projects must have a complete tender documentation and, in case of infrastructure investments, apart from the necessary environmental impact assessments, all the necessary permits for location and construction.

## **5.6 Payments and financial control**

<Description of payment modalities and financial control system established in order to ensure sound, efficient and effective implementation of programmes, including:

- A summary description of the management and control arrangements between the countries participating in the programme.

- Financial flows and procedures from project to programme level>

## **5.7 Reporting, monitoring and evaluation**

As part of its performance measurement framework, the DEU shall monitor and assess progress towards achievement of the specific objectives set out in the IPA III CBC Regulation on the basis of pre-defined, clear, transparent measurable indicators.

The DEU will collect performance data (output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Country Strategy Paper.

The Joint Monitoring Committee will ensure the monitoring process at programme level. The JTS will provide the adequate inputs through the monitoring visits in the field and preparation of the AIR.

Monitoring will be done on the basis of the indicators set out in the programme document as well as on the indicators of the selected operations under the calls. The JTS will carry on with the necessary technical visits, while the CA will monitor both technical and financial issues on the operations under implementation.

## **5.8 Information and visibility**

The programme will be implemented under legal obligations and the mandatory elements of the communication and visibility requirements stated in the EU Communication and Visibility requirements in EU-financed external actions. A variety of communication channels and publicity tools should be developed to ensure regular information between programme stakeholders and a wider audience. All communication and visibility (C&V) measures and products must be based on a communication and visibility plan built on sound analysis, proper sequencing and an appropriate budget.

Visibility and Communication Plan shall be produced in accordance with general IPA III requirements and best practice on transparency and equal treatment.

The bodies involved in the implementation of the programme will be responsible for ensuring that final beneficiaries carry out the information and publicity measures on the IPA III co-financed activities in line with the EU visibility guidelines.

*\*\*\*\* Sections from 5.1 to 5.8 will be further elaborated and completed at a second stage as soon as the IPA III Regulation will be in place.*

# Annex 1

## **Situation and SWOT analysis**

**2021-2027 IPA III CBC programme**

**Albania - Kosovo**

## **1. Introduction**

The cross-border programme area covers a territory of 8 335 km2 with a population totalling about 936 029**[[45]](#footnote-45)** inhabitants. The total borderline length is 114 km[[46]](#footnote-46).

Figure 1: Map of the Programme area



In Albania[[47]](#footnote-47) the eligible areas cover 3 994 km2 comprising 2 regions and 6 municipalities. The 2 regions from Albania include:

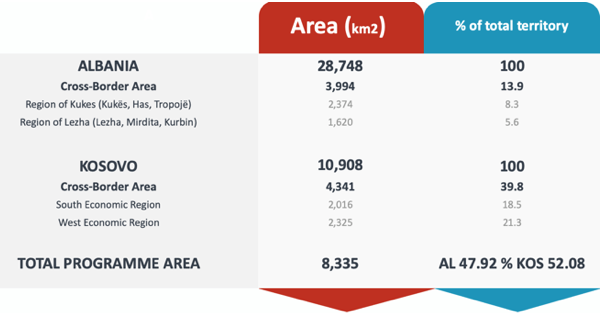
* The **Region of Kukës**, including the municipalities of Kukës, Has and Tropojë; and
* The **Region of Lezha,** including the municipalities of Lezha, Mirdita and Kurbin.

In **Kosovo[[48]](#footnote-48)**, the eligible area covers 4 341 km2 and includes the following economic regions:

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

Albania has adopted the EU NUTS classification[[49]](#footnote-49), whereas Kosovo has not yet officially introduced the NUTS classification; therefore in Kosovo the eligible area is based on the "e*conomic region*" definition.

**Table 1: Geography of the programme area**



The programme area on the Albanian side of the border accounts for 13.9% of the national territory, while the Kosovo programme area accounts for 39.8 % of the country territory. On the Kosovo side there are 4 municipalities bordering with Albania (Deçan/Dečani, Gjakova/Đakovica, Prizren and Dragash/Dragaš); while on the Albanian side there 3 municipalities: Kukës, Tropoja and Has along the borderline with Kosovo.

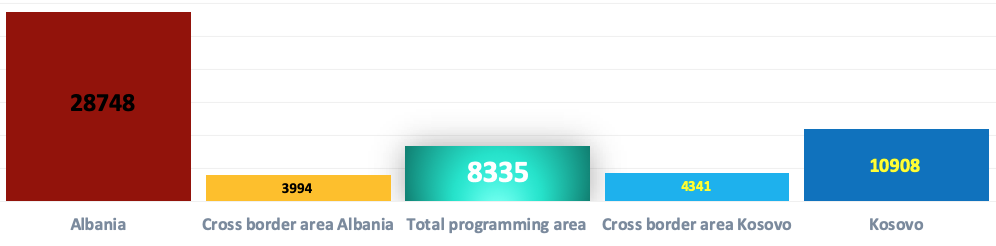
There are currently six operating border-crossing points between Albania and Kosovo. Of these, three (Shishtavec/Kukës, Orgjosë/Kukës and Borje/Kukës) are for pedestrians only; while three are for freight and vehicles (Morinë/Kukës, Qafa Prush/Kukës and Qafa Morinë/Tropojë), one on the highway between Kukës and Prizren, and the two others on local border roads connecting the Kukës Region to Peja/Peć and Gjakova/Đakovica in Kosovo. All three border crossing points for cars and trucks are under-equipped for processing the transit of goods.

The whole programme area is rich in mountains ranges, forests, wild animals and pasture and rich in minerals and water. The terrain is also quite difficult with unspoilt sites making it an attraction for tourism for both sides of the border. It has contrasts of terrains, both mountainous and field, water sources, lakes, fishery, rivers, flowing from both sides of the border and the exit to the sea in the coastline of Lezha. Since its opening in 2009, the highway through Durrës to Kukës and then through the border to Pristina has considerably increased the movement of people and goods for various purposes as trade, tourism, education and exchanges. The “Pusho shqip” (Do your vacations in Albanian language) campaign of the two governments of Albania and Kosovo, launched in 2020 to save tourism, during the COVID-19 pandemic crisis, was possible only because of the existence of this road infrastructure.

**Kukës Region** has a territory of 2 374 km2. It is situated in the north-eastern part of Albania. It features a diverse and difficult terrain. The region is situated at an average altitude of 680 meters above the sea level. It is very rich in water and hydric sources. What makes it of particular interest is the collection of all streams, flows, and rivers running into the Drin River. The Fierza Lake is the centre of all flows and water environments and is suitable for cultivating various fish species. Water assets of the region are also used as energy sources. The region’s access to road infrastructure and connection with the rest of the country, particularly with an international airport and a harbour, improved significantly, particularly following the inauguration of the Durrës-Kukës-Morina highway.

**Lezha Region** covers a territory of 1 620 km2 and lies across the Adriatic Sea with a coastline of 38 km at the north-west side of Albania. It confines with Kukës region in its north-eastern side. Lezha territory is composed of mountain areas in the east (65 %) and field area in the west (35 %). Its geographical position – being at the centre of the main transport route connecting the north with the south and the east with the west landline and its proximity to the main coastal harbours of Durrës and Shengjin (the latter being part of Lezha territory) makes the region very attractive and easily accessible not only at national level, but also internationally. It has water resources, being situated by several rivers flows (Drin, Gjader, Fan i Vogel, Fan i Madh, Droje, Urake, Mat), the Adriatic Sea, mountains and hills with a rich flora and fauna – adding to the economic interest and touristic potential. Lezha has archaeological areas, cult buildings and culture monuments of national historic value.

Figure 2: Programme area in km2



On the **Kosovo** side, the municipalities with a direct border with Albania cover an area of 1 967 km², or 18 % of the whole Kosovo territory.

The **South Economic Region** with 2 016 km2 has Prizren as an ancient historic city lying by the banks of river Lumebardh, in the picturesque valleys beside Sharri mountains; which at a height of 2 496 m, and with their glacial lakes make a potent tourist attraction. The Mirusha waterfalls area with its 13 lakes and 12 waterfalls is one of the four natural resources of the region. Archaeological findings prove that Prizren is one of the oldest cities in Southeast Europe and even broader. It has cultivated its heritage and sites. Other municipalities like Dragash/Dragaš are rich in pasture, meadows, mountains, and agriculture fields.

The **West Economic Region** with 2 325 km2 is the western portal of Kosovo bordering with Albania, Montenegro and Serbia. Peja/Peć is considered the centre of the region, located at the foot of the impressive mountains known as “Bjeshkët e Nemuna” (the Accursed Mountains). The area is covered largely by the Dukagjini Plain that borders the Albanian Alps. The highest peak is Gjeravica Mountain (2 656 m) which is also the highest summit in Kosovo. There are thermal and mineral hot-springs, 3 karstic rivers, and a very powerful waterfall called White Drin Spring (Drin i Bardhe) constituting a tourist attraction.

Overall, the programme area in Albania and Kosovo has a very diverse geographic profile. It features mountain ranges, plains, valleys, rivers, lakes and seaside. It is rich in wood, wild animals and pastures (forests and grassland pastures cover over 50 % of the total surface). It is a traditional area for sheep breeding thanks to its large pasture area, one of the largest in Europe. It is rich in minerals like chrome, coal, iron-nickel, copper, chalk, quartz sand, and marble and contains numerous natural monuments.

## **2.1 Situation Analysis (PESTLE)**

**POLITICAL**

**Overall political and economic context**

### 

***Policy reforms and EU integration process***

Albania and Kosovo aspire to become members of the European Union. The EU underlines a number of key challenges ahead that Albania and Kosovo have to face in their EU integration path. In the case of Albania, the country should adopt an electoral reform fully in accordance with ODHIR recommendations, ensuring transparent financing of political parties and electoral campaigns. Albania has to continue implementing the judicial reform, including ensuring the functioning of the Constitutional Court and the High Court, taking into account relevant international expertise and the applicable opinions of the Venice Commission, and finalising the establishment of the anti-corruption and organised crime specialised bodies. Tackling the phenomenon of unfounded asylum applications and repatriations and amending the law on media, in line with the recommendations of the Venice Commission, remain important priorities. In the case of Kosovo, the authorities should redouble their efforts to advance on the European path, particularly with the implementation of the Stabilisation and Association Agreement. Both countries also need to address various issues related to economic governance and competitiveness; increase the quality of education and health care, and make more efforts to enforce environment protection.

**Albania**

The entry into force of the Stabilisation and Association Agreement in 2006 marked a qualitatively new stage in bilateral relations, entailing significant new obligations and reforms in the areas of justice, freedom and security, free movement of workers, right of establishment and free movement of capital and services as well as on transport, audio-visual field and telecommunications. In recognition of Albania’s progress in April 2018, the Commission issued its first recommendation inviting the Council to decide that accession negotiations be opened with Albania. In June 2019, the Council postponed the decision to October 2019. The European Council then decided to ‘revert to the issue of enlargement before the EU-Western Balkans summit in Zagreb in May 2020’. On this basis, on 25 March 2020, the Council decided – and European leaders endorsed this decision on 26 March 2020 – to open accession negotiations with Albania and tasked the Commission to report on a number of issues to be addressed by Albania prior to the first Inter-governmental Conference, including progress regarding the track record.

However, prior to the first Inter-governmental Conference, Albania should address a number of issues related to the adoption of an electoral reform fully in accordance with OSCE/ODHIR recommendations, ensuring transparent financing of political parties and electoral campaigns, continuing the judicial reform, supporting the functioning of the Constitutional Court and the High Court, taking into account relevant international expertise including applicable opinions of the Venice Commission, and concluding the establishment of the anti-corruption and organised crime specialised bodies. Albania should also further strengthen the fight against corruption and organised crime, including through cooperation with EU Member States and through the action plan to address the Financial Action Task Force (FATF) recommendations. Tackling the phenomenon of unfounded asylum applications and ensuring repatriations and amending the media law in line with the recommendations of the Venice Commission remain important priorities.

In order to open negotiations, Albania has to successfully address all five key priorities such as

1. the initiation of criminal procedures against judges and prosecutors accused of criminal conduct during the vetting process, initiation of proceedings against those accused of vote buying,
2. a sound track record regarding fight against corruption and organised crime at all levels, including initiation of proceedings and completion of first proceedings against high ranking public officials and politicians,
3. tangible progress regarding public administration reform,
4. implementation of the reform of the electoral law as well as a final decision on the lawfulness of the local elections of 30 June 2019, as well as
5. further progress in the adoption of the remaining implementing legislation related to the 2017 framework law on the protection of national minorities, the adoption of the law on the population census in accordance with the Council of Europe recommendations, and advancement in the process of property registration.

In addition, Albanian authorities have to show commitment to tackle effective enforcement of internal market regulations, intellectual and industrial property rights, and reform of the energy sector, including the diversification of energy sources. They have to reinforce environmental protection, including undertaking sustainable investments in the field of solid waste and wastewater management. Further challenges have to be faced in employment and social policy. The administrative capacity and professionalism of bodies in charge of implementing the *acquis* need to be strengthened and the independence of regulatory bodies safeguarded.

*The 2014-2020 Albanian National Strategy for Development and Integration (NSDI)* is considered as the overarching policy framework for the country in the context of EU integration. It defines four strategic policy pillars that lay down the foundations for sectoral and place-based interventions[[50]](#footnote-50):

* ***Strengthening democracy and the rule of law*** *that addresses aspects like* justice and home affairs, human rights and media, effective governance and foreign and defence policies;
* ***Creating conditions for competitive and sustainable economic development*** through efficient use of resources, macroeconomic stability and sustainability, competitive market economy, integrated regional and sustainable development;
* ***Fostering social inclusion, welfare and development of labour market*** that aim to promote employment and social inclusion policies;
* ***Development of a society based on knowledge, innovation and digital technology*** that includes interventions in the following areas: higher education, research and innovation technology.

**Kosovo**

Kosovo has made some progress along the EU integration path. A Stabilisation and Association Agreement between the EU and Kosovo has been effective since 2016. In 2018 the Commission proposed to the EU Parliament and to the Council to liberalize the visa regime. Its approval is still pending. Relations with the EU further deepened in July 2020 when Kosovo concluded a Working Agreement with Europol. As Kosovo lifted tariffs and reciprocity measures that hampered trade exchanges with Serbia during April-June 2020, the EU facilitated dialogue has resumed with high level meetings. A volatile political context and the necessary focus on the pandemic response have slowed down progress on EU related reforms[[51]](#footnote-51).

Kosovo has advanced with regard to public administration reforms aimed at increasing transparency, including public procurement procedures. Yet reforms need to regain pace and address challenges such as weak central and inter-ministerial coordination, and major concerns such as non-merit-based recruitments and inclusive and evidence-based policy making being hampered by ad hoc decisions. Kosovo needs to address challenges related to the vulnerability of judiciary to undue political influence.

Further efforts are needed in Kosovo to match progress in legislative alignment with often weak implementation[[52]](#footnote-52). Good progress was made in the area of taxation, including as regards revenue collection. Some progress was made in the area of free movement of goods, services and capital, as well as on financial services, public procurement and competition. Some progress was also made in the area of energy, notably with energy efficiency measures in the public sector and a gradual increase of investments in renewable energy sources. Limited progress was achieved in addressing environmental issues. No progress was made in the area of education and the quality of education needs to be improved considerably. Overall, Kosovo needs to strengthen its administrative capacity and coordination, across all sectors, to ensure effective implementation of the EU acquis.

The policy framework for Kosovo’s future development is clearly stated in its *2016 -2021* *National Strategy for Development* which focuses on four pillars:

* ***development of human capital***; covering education; culture, youth and sports; and increasing the care for diaspora and migratory policies;
* ***strengthening of good governance and rule of law***; which aims also at increasing protection and security, public administration reform and ensuring the rights and freedom of citizens and communities.
* ***building competitive industries;*** covering investments in the economy, improving the investment environment to stimulate private sector rural development, higher education, financial sector, and
* ***development of infrastructures in energy, roads, water supply and waste, and IT***.

It has also sectoral strategies in energy, transport, health, education, agriculture covering the period 2017-2021, which describe development policies, measures and actions aimed at the improvement and development of each sector, including public owned enterprises. Furthermore, Kosovo has also a 2020-2030 Regional Development Strategy in place.

**ECONOMY**

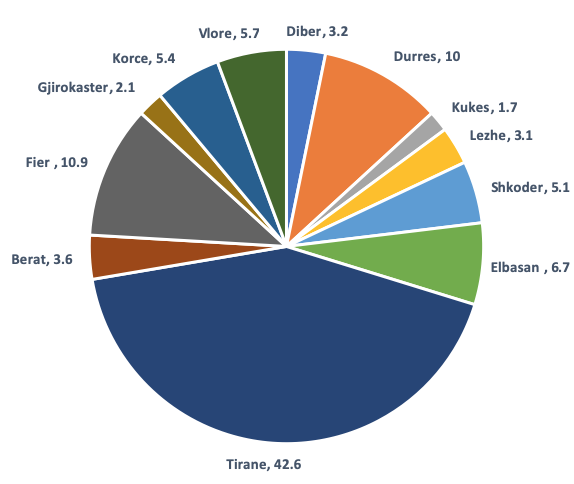
***Overall Economic Context***

**Albania** has performed comparatively well, managing to maintain positive growth rates averaging 3.4 % during 2015-2018 and reducing unemployment to an historic low of 11.4 % in 2019. However, growth slowed down to 2.2 % in 2019 due to drought that affected hydropower production, and the earthquake that hit Albania in late November 2019. Furthermore, due the COVID-19 pandemic in 2020, the country’s GDP is expected to contract by more than 8 %[[53]](#footnote-53) by the end of the year, and unemployment is expected to rise as numerous businesses have closed, or reduced their activity due to social distancing measures. A rebound of 5 % GDP growth is expected in 2021. The services sector will remain the main GDP contributor accounting for more than half of the country’s GDP, even when tourism, a main driver of economic growth in the last two years, has taken a heavy toll. Albania qualifies as a lower middle-income country with a GDP per capita which stands at € 4 460[[54]](#footnote-54). The total Albania’s public debt is expected to reach over 80 % of GDP by the end of 2020[[55]](#footnote-55), with a tendency to increase in 2021 to finance reconstruction and recovery. The economy remains vulnerable to both domestic structural weaknesses and global economic volatility.

Key challenges ahead remain ensuring long term sustainable growth by pursuing prudent fiscal and monetary policies and structural reforms. Albania has to cope with reducing the high levels of budget deficit and public debt. It will have to improve fiscal predictability by abandoning the overestimation of revenues and by significantly improving tax compliance. Further improvement of the business and investment environment is essential for diversifying the economy and boosting its long-term growth potential. A SME-based economy represents a bottleneck to sustained growth as businesses are fragile, with limited access to finance, poor market integration, and limited digitalisation and low product sophistication. Short term measures are needed to preserve employment and improve active labour market policies and upskilling of the labour force. Reinforcing the rule of law, tackling corruption and addressing payment arrears, as well as developing infrastructure and enhancing human capital are thus the main areas where much effort needs to be concentrated. Reducing the grey economy remains an important challenge.

**Kosovo’s** economy has maintained robust growth rates at an average of 4.1 % during the period 2015-2018. Due to the COVID-19 pandemic, Kosovo’s GDP growth in 2020 is estimated to shrink by 8.8 %, while a rebound of 3.7 % is to be expected in 2021[[56]](#footnote-56) mainly attributed to consumption and investment. Sectoral contribution to GDP in 2020 is led by construction, manufacturing, trade and financial activities, while agriculture, forestry and fishing have continued to decline albeit at a moderate rate compared to 2019[[57]](#footnote-57). Kosovo continues to suffer from an imbalance of payments with imports significantly dominating exports. This is mainly due to the fact that Kosovo’s MSMEs are not internationally competitive[[58]](#footnote-58). Kosovo qualifies as a lower middle-income country with a GDP per capita of € 3 959 in 2019. Public debt registers a modest level of 17.5 % of GDP, but it could grow as high as 25 % of GDP during 2020 due to Government’s adequate response to the COVID-19 pandemic economic and social effects.

Kosovo needs to improve its competitiveness and business environment, as well as support the private sector to reduce unemployment – the latter remained rather high at over 25 % in 2019[[59]](#footnote-59). Kosovo’s economic policies need to be aimed at a sustainable economic development, shifting away from its current consumption-based growth model, sustained mainly by remittances. The recurrent under-execution of capital investments hinders the enhancement of a production base. As the pandemic crisis is expected to extend its effects in the mid-term, the recovery related policies need to focus on growth-enhancing activities, including privatisations, and on stimulating private investment into higher value-added sectors, instead of real estate that has attracted major investors so far. A sound business environment necessary for economy and employment to grow demands further measures to tackle the weak rule of law and corruption.



**Figure 3: 2018 GDP by regions in Albania**

**Economic features of the programme area**

Regional differences in terms of economic and social development are evident not only across the programme area, but even within regions. The programme area shows economic and social disparities. It has a predominantly agrarian-industrial and services economy, with industry more developed on the Kosovo side, while the Albanian regions are dominated by agriculture, services and tourism. For the time being, economic growth is modest, but however there are signs of economic recovery after a period of stagnation. Some important factors representing a constraint for the economic development of the region are, inter alia, the lack of technological know-how and labour skills necessary to respond to the market demand for high-quality services and products. Local products from both sides of the border have little or no access to regional and international markets. Business support mechanisms are weak and insufficient on both sides of the border.

In **Albania** regional disparities are evident. The socio-economic development of the country leans heavily in favor of the central regions. Tirana and Durrës regions account for over 52 % of the Albania’s GDP in 2018[[60]](#footnote-60). The contribution to the country’s GDP of the regions pertaining to the programme area – Kukës at 1.7 % and Lezhë at 3.1 % is sixteen times lower compared to that of Tirana and Durrës. It indicates that economic and social development in these two regions is below their development potential, as they have yet to find ways and opportunities to concentrate on their comparative advantages.

**Kukës** remains the poorest region of Albania. It’s GDP per capita in 2018 stands at € 2 838, accounting for 63.4 % of the national average of € 4 476. The Kukës region is also the poorest of the two regions included int the programme area - having a GDP of € 218 million or equal to 1.7 % of the country’s GDP[[61]](#footnote-61). The region’s agriculture contributes with 35.6 % in the formation of its GDP for the year 2018. The share of trade, hotels, transport and communication amounts to 12.7 % of the region’s GDP. The share of the financial and real estate sectors is calculated at 6.4 %, followed by other services accounting for 13 % of the region’s GDP for 2018. The extraction, processing and energy amount to 17.5 % of the region’s GDP in 2018. It is important to point out that the share of public administration, health and education amounts to 19.1 %, much higher compared to the 13.2 % of Albania’s average, indicating how small and slow economy of the Kukës region is.

The **Lezha** region’s GDP for the year 2018 amounted to € 334 million or about 3.7 % of the country’s GDP[[62]](#footnote-62). Its per capita GDP amounts to € 3 165, or 29.3 % lower than the national average. Its main economic sectors are agriculture, forestry and fisheries accounting for 31.6 % of the total GDP, followed by trade, hotels, transport and communication accounting for 16.5 %. The share of GDP of public administration stands at 14.1 % and that of the financial and real estate sector is calculated at 10.4 %. The contribution of the construction sector is measured at 11.9 %, above the national average which is estimated at 10.3 %, while industry is the smallest contributor to Lezha’s economy, accounting for 8.8 % of the region’s GDP in 2018.

Agriculture retains a high degree of importance for the economic development and employment in the programme area in Albania, as a large portion of the population still resides in rural areas, despite significant movements towards urban areas. Besides agriculture, the sector trade, hotels, transport and communication is more important in Lezha region, whereas energy production drives the economy in the Kukës region.

In **Kosovo**, economic and private sector development has been largely small-scale and not very capital intensive. The GDP growth in 2020 is estimated to shrink by 8.8 %, while a rebound of 3.7 % is to be expected in 2021[[63]](#footnote-63) mainly attributed to consumption and investment. Sectoral contribution to GDP in 2020 is led by construction, manufacturing, trade and financial activities, while agriculture, forestry and fishing have continued to decline albeit at a moderate rate compared to 2019[[64]](#footnote-64). Kosovo continues to suffer from an imbalance of payments with imports significantly dominating exports. This is mainly because Kosovo’s MSMEs are not internationally competitive. Weak export-oriented MSMEs hinder their contribution to GDP, job creation and economic growth. In Kosovo, there are no data on GDP contribution by regions, or regional GDP per capita, but based on other macro-indicators, the Central Economic Region is providing the biggest contribution to the overall development of Kosovo’s economy, while the two South and West Economic Regions contribute more or less at the same level.

The Kosovo side of the programme area has an industrial-agrarian economy. Services, agriculture, trade, construction and food processing are generating the majority of local turnover and revenues. Remote areas of the programme area are underdeveloped. Currently, the major strengths of the South and West Economic Regions lie in their geographical location as a gateway to neighbouring countries (Albania and Montenegro) with which they have a long tradition of trade. The regions have a relatively developed food industry with enterprises supplying the Kosovo market and exporting to the neighbouring countries. Both regions are very rich with forest products which are very much required in the external market and the timber industry is reviving.

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

**Private Sector**

Economic operators in the programme area are extremely fragmented and small in size, mirroring the enterprise structure at country level, indicating that business is mostly family based and self-employment prevails. The enterprise structure is dominated by very small units, employing 1-4 persons, which account for over 90 % of the total number of enterprises in the eligible area. In the whole programme area, as of end-2019, there are 48 537 enterprises, out of which around 85 % are located on the Kosovo side.

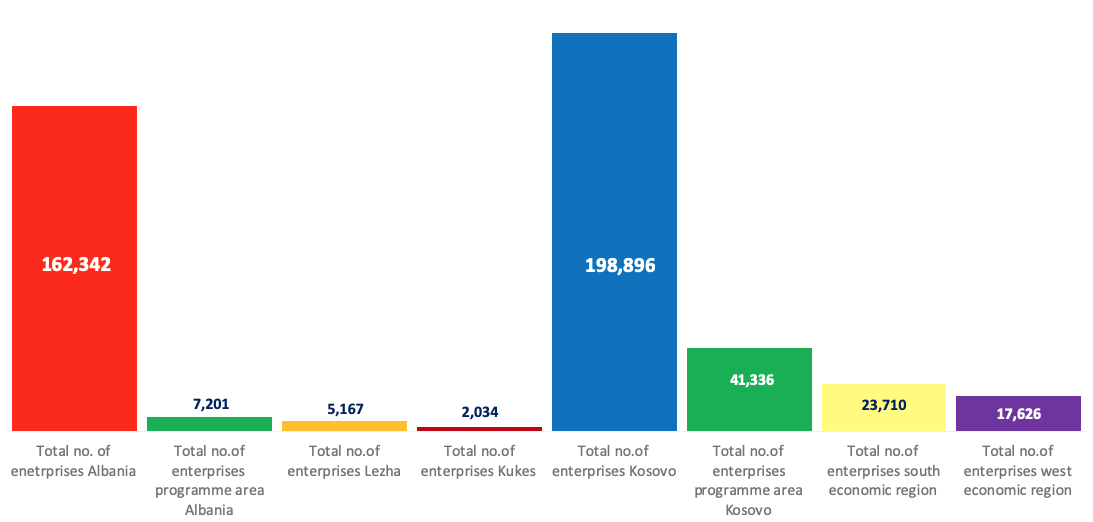
At the end of 2019, the Albanian programme area had 7 201 registered enterprises[[65]](#footnote-65) or about 4.5 % of the total number of enterprises in the whole country for the same period.

The total number of enterprises in the **Kukës** region at the end of 2019 amounted to 2 034[[66]](#footnote-66), accounting for about 1.3 % of the total number of enterprises in Albania. About 51.7 % of the enterprises registered in the Kukës region operated in the services sector; about 21.1 % in the trade sector, whereas 224 enterprises or 11.9 % in the hotels and restaurants sector. The production sector registered a total of 981 enterprises, the majority of which operated in the agriculture sector – 81 %, followed by 134 enterprises or 13 % registered in the industry sector and the remaining ones in the construction sector.

About 89.3 % of the enterprises in the Kukës region employed 1-4 workers, with only 29 enterprises employing more than 50 workers. The share of enterprises managed by females in the Kukës region was 19.1 %, lower compared to the national average of 25.4 % but higher compared to 17.5 % in the Berat region or the much more developed Fieri region (17.9 %).

The total number of enterprises in the **Lezha** region at the end of 2019 amounted to 5 167[[67]](#footnote-67), representing 3.2 % of the total number of enterprises registered in Albania. Most of these enterprises, 67.9 % of them, operated in the services sector. About 1 687 or 32.6 % of them operated in the trade sector, while 762 in the hotels and restaurants subsector of services. The production sector registered 1 655 enterprises, or less than 1/3 of the total enterprises in the Lezha region. Most of these enterprises belonged to the following production sectors: agriculture, forest, fisheries sector (1 150 units or 69.5 %), industry (314) and construction (191). About 89.6 % of all enterprises in the Lezha region employed 1-4 workers, while there were 54 enterprises which employed more than 50 workers. About 28.9 % of the enterprises in the Lezha region are managed by females, a higher rate in comparison to the national average of 25.4 %.

**Figure 4: Number of enterprises in Albania and Kosovo and in each respective programme area**



In **Kosovo**, the programme area had a total of 41 336 registered enterprises[[68]](#footnote-68) at the end of 2019, accounting for around 25 % of the total number of enterprises registered in the country (198 896[[69]](#footnote-69)). The latter number in 2018 was 165 815. About 99.2 % of those registered in 2019 were micro-enterprises.

In the **South Economic Region** there were 23 710 registered enterprises, out of which 20 500 were individual businesses, about 2 076 limited liability companies and 390 shareholding companies. A number of 1 309 enterprises[[70]](#footnote-70) were registered anew during 2019, accounting for about 13 % of the total number of enterprises registered in Kosovo during the same period. The majority of these new enterprises - about 58.8 % - were registered in Prizren, followed at distance by 211 in Suhareka/Suva Reka. In 2019, the main economic activity of the companies in the South Economic Region was trade with about 24.5 % of them, followed by production (20.6 %).

The **West Economic Region** had, at the end of 2019, 17 626 registered enterprises, out of which about 87.5 % or 15 432 units were individual businesses, followed by 1 732 limited liability companies and only 332 shareholding companies. About 1 314[[71]](#footnote-71) new enterprises were registered in the West Economic Region during 2019, or 13.1 % of the total amount of new enterprises in the whole territory of Kosovo. About 22.4 % of the enterprises registered operated in the trade sector, followed by 16.7 % of them in the production sector and about 15.3 % in the accommodation and restaurants sector. Peja/Peć and Gjakova/Đakovica are the municipalities driving the business activity in the West Economic Region. The 500 ha American Economic Zone established in Gjakova/Đakovica has yet to become operative.

One of the factors representing a constraint for MSMEs development in the programme area is the small number of enterprises operating in the information and communication domain. This is an indicator of the lack of technological know-how and labour skills necessary to respond to the market demand for high-quality services and products. In the food industry, poor branding and lack of quality standards are major constraints not only for export but also for supplying the national markets.

**Tourism**

Tourism has made an important contribution to the growth of the programme area, but it still remains a largely unexploited potential. Unlocking this potential will provide a substantial stimulus to economic growth of both sides of the border. The programme area offers a variety of local features that are suitable for tourism activities, such as: beautiful nature and spectacular landscapes, and some world-famous cultural and historic sites.

The mountains, national parks, protected areas and forests are renowned for their beauty and wilderness and could be of great interest to tourists and offer the possibility to organise winter and outdoor sports. The sea coastline, numerous lakes and rivers provide an excellent opportunity for resort and adventure tourism.

**Albania** is estimated to have hosted 5.9 million touristsduring 2019[[72]](#footnote-72), out of whom 2 million visitors or 35% of them originated from Kosovo[[73]](#footnote-73). Tourism has become so important for the Albanian economy that it is expected to account for 1/3 of GDP in 2028. Despite infrastructure improvements over the last years, the tourism infrastructure remains insufficiently developed, and the existing rich potential of natural and cultural resources has yet to unfold. Both Kukës and Lezha regions have high individual nature, cultural and historical touristic potential, which is largely unexploited for developing an all-year round tourism. The programme area has 38 km of coastline (Lezha region), suitable for further tourism development. Improved road infrastructure has made this coastline easily accessible, especially by tourists from Kosovo. The existing hosting structures, mostly privately owned, have difficulties coping with the boost in the number of tourists, especially in Shengjin-Lezha – Kosovo tourists in 2018 spent on average 4.3 days in Albania spending € 43 per day, arriving by road transport. Both Kukës and Lezha regions intend to develop harmonised tourist packages including nature and cultural heritage sites (Lezha has 98 tourist attractions, whereas Kukës has about 108 attractions – natural, heritage[[74]](#footnote-74)).

In **Kosovo**, the statistical data indicate a significant growing trend of visitors of about 36.8 % in 2019 as against 2014 – the number of domestic and foreign visitors in 2019 amounted to a total of 287 083 persons[[75]](#footnote-75). The programme area retained about 44.6 % of the total number of tourists in Kosovo during 2019. 65 099 tourists visited Peja/Peć, followed by 55 107 tourists in Prizren.

Tourism development potential in the **South** **Economic** **Region** is still underutilized[[76]](#footnote-76) despite the abundant natural resources that are attractive for tourism purposes as well as rich cultural and historical heritage. The region has potential to develop sustainable mountain and rural tourism. Prizren remains the most important tourism attraction in the South Economic Region region hosting over 95 percent of the visitors. Sharr Mountains represent a major tourist attraction especially during wintertime along with the Mountains of Koretnik and Pashtrik. The region is rich with rivers that could be home to water sports and fishing activities. Other cultural and culinary activities are also activities that attract tourists throughout the year. The **West Economic Region** is one of the areas with a great development potential. Mountain and sports tourism potential exists in Peja/Peć, Deçan/Dečani, Junik, Gjakove/Đakovica and Istog/Istok. Curative and wellbeing tourism potential that still needs to be further developed revolves around the thermal waters in Istog/Istok. Explorative tourism is developed in Peja/Peć, Deçan/Dečani, Gjakove/Đakovica and Klina. Agro-tourism, alongside cultural and heritage attractions, is in place, necessitating support to improve the tourism offer and enhance employment and revenues from this sector.

Some key factors that limit accessibility of tourism in the programme are on both sides of the border include: infrastructure in poor condition (roads, energy, water, and sanitation as well as tourism infrastructure); poor urban planning; damaging of forests and other environmental problems; lack of marking of hiking and/or cycling trails, poor quality and, in general, low level of tourists’ services and accommodation standards; inadequate branding, and appropriate marketing of the diversified tourism potential, and poor use of information technology and digital services[[77]](#footnote-77).

### **Agriculture**

Agricultural land covers 24.2 %[[78]](#footnote-78) of Albania’s territory which accounts for 0.22 ha per capita whereas in Kosovo’s agricultural land accounts for 38.6 % of the country’s territory or 0.23 ha per capita. The share of agriculture in the Albania’s GDP is important as it amounted to 21 % of the GDP in 2018, while in Kosovo the agriculture sector share of the GDP was 11.2 %.

Pastures, forests and meadows make up for about 75.8 % of the total ***Albanian territory***, representing an unexploited opportunity for livestock production, 11.9 % of which is situated in the programme area. Agriculture accounted for 31.6 % of Lezha’s GDP in 2018, while for Kukës the share of agriculture in the region’s GDP amounted to 35.6 %, while at national level this share averaged 21.1 %.

Agriculture land in the programme area on the Albanian side of the border accounts 14.9 % of the total respective territory. Lezha accounts for over 58 % of the agricultural land of the programme area, Kukës, on the other hand, is more dominated by mountains. Forests and pastures account for about 85 % of the total surface of the programme area on the Albanian side of the border.

Rural population dominates the programme area with about 54 %. The region with the highest rural population is Kukës, which despite migratory movements of population towards other urban areas has a rural population of 65.6 %, followed by the Lezha region with 46.2 %.

Agriculture in the programme area is a family-based activity, oriented toward subsistence needs, with a highly fragmented land - farm size is as high as 0.89 ha in Lezha as against Albania’s average of 1.20 ha.

The terrain in the programme area is mostly mountainous and rugged, significantly restricting the areas where agriculture potential can retain some comparative significance. Such areas are mainly situated in the Kukës region where the landscape and climatic conditions are favourable for livestock raising, but the region cannot fulfil even its own needs. Kukës and Lezha regions share respectively only 4.2 % and 4.6 % of the total livestock production of Albania[[79]](#footnote-79). The Lezha region has a tradition for pig farming as it has 36.2 % of the total country’s inventory.

***On the Kosovo side***, the programme area covers about 48.8 % of the total agriculture land of the country while it has more than 50 % of the pastures and meadows. The area is rich also with water resources. Rural population dominates the programme area with about 67.3 % of its total population. Agriculture activity is more a family based, subsistence oriented economic activity, and characterised by a rather high land fragmentation. The size of agriculture farms is in average 1.5 ha. The South Economic Region has a total of 95 108 ha of agricultural land[[80]](#footnote-80) out of which 13 380 are forests, whereas the West Economic Region has about 89 246 ha of agricultural land, while forests amount to about 12 729 hectares. The area offers optimal conditions for diversified production: vegetable, field crop production, livestock, fruit and wine. The South Economic Region is renowned for its wine production, especially in Rahovec/Orahovac, Prizren and Suhareke/Suva Reka. Fruit trees are also a traditional occupation for the entire region.

The situation of agriculture in the programme area on both sides of the border displays persistent structural deficiencies resulting in low productivity and low competitiveness. Food processing is almost inexistent while struggling to meet the demanding food safety standards. While in Kosovo the food processing is comparatively developed – it exports beer and wine, processed soft blackberries. Yet, the most typical characteristics of agriculture in Albania and Kosovo are: i) highly fragmented and small-scale holdings which constraint production and profit; ii) prevalence of subsistence production; iii) rudimentary processing of agricultural products and underdeveloped food industry.

Despite having abundant water resources, and a strong demand for agricultural products, the programme area has limited potential for agricultural development. Road infrastructure has been upgraded in the programme area, improving to a large extent access to markets. However, an integrated approach promoting agriculture, tourism and economic activity in one package seems appropriate to develop agriculture in the programme area, especially in view of the negligible farm sizes. Improvement of rural infrastructure and better management of water resources could also be priorities in the programme area. Modernizing agriculture, upgrading production processes and establishing the EU compliance food safety standards, enhancing traditional agricultural production and supporting cooperation among producers are challenges to be coped with in the programme area that can also be supported by cross-border initiatives.

**Infrastructure**

Given the geographical location of the programme area the transport sector is strategically important for competitiveness and economic growth.

***Roads***

Kosovo and Albania are part of the SEETO network[[81]](#footnote-81), with the Route 7 (314 km) crossing them[[82]](#footnote-82). Both countries heavily rely on road transport. The road Durrës-Pristina that crosses the area has increased the flow of transport across the border, and substantially reduced the time commuting between different cities. The bridge and tunnel Morine – Kukës was completed in 2018. Travelling time to Lezha, and ultimately to Kukës from Pristina and other cities of the Kosovo eligible area has been reduced by 2.5 times. The road infrastructure in the programme area needs to further improve, particularly Route 7, which is important for linking Kosovo with the Port of Shengjin, facilitating export-import of goods through maritime transport.

In the landlocked Kosovo, road transport accounts for 90 % of the transport infrastructure in length (2 015.5 km) and 98 % in terms of providing services[[83]](#footnote-83). Road transport is similarly important for Albania. Investments carried out in the past on the local road infrastructure in all of the programme area, in particular in the Albanian territory, require maintenance and improvement as regards the road quality. The maintenance system is well developed in particular in national roads, but it is insufficient for regional, urban and rural roads. In the Kosovo area, the South Economic Region has a developed road infrastructure, which benefits largely by the Durrës – Pristina road and a developed local road network; whereas the West economic region has a good, but comparatively less developed, local road network[[84]](#footnote-84).

Economic and social development in the programme area is well facilitated by the road transport infrastructure on both sides of the border.

***Railways***

There is no railway connection between Albania and Kosovo. Albanian railway system is rudimentary. Its railway network operates below its capacity, due to lack of investment, maintenance operations and outdated network. On the contrary, Kosovo railways system covers the entire territory and important parts of the network are being upgraded, especially in those lines that connect Kosovo with Serbia and North Macedonia. In the programme area there are some railway lines such as the line Milot–Rubik–Rrëshen (in the Albanian part) and two railway lines crossing through Prizren – Xërxë - Fushë Kosovë (South Economic Region) and Klinë to Fushë Kosovë (West Economic Region). Lack of investments on the railway infrastructure is considered as an impediment for the economic development of the economic regions.

***Ports***

In the programme area there is the port of Shengjin (Lezha region) which serves the needs of the northern part of Albania for maritime transport, and can be used by economic operators of the Kosovo programme area as well.

***Airports***

There is no international airport operating in the programme area. However, there are two airports situated in the area: one in Kukës, not yet in operation – in March 2019 the authorities approved the concession contract to the “Kukës Airport ltd” for its rehabilitation and operation during 35 years; and the other located near Gjakova/Ðakovica, which is yet to become functional. The nearest airports are those of Tirana and Pristina.

***Energy***

Theprogramme area is the biggest energy generator in both countries thanks to hydric and lignite’s resources.

**Albania** heavily relies on hydropower production, which represents an advantage as regards the use of green and renewable energy, but it can be vulnerable in unfavourable hydrological conditions. The current installed capacity in Albania is 1 466 MW[[85]](#footnote-85), representing a utilization rate of only 35,4 % of its hydropower potential. Most hydropower energy, about 92 %, is generated in the programme area which has the four biggest hydropower plants of Albania: Fierza, Koman, Ashta and Vau i Dejes with a respective installed capacity of 500 MW, 600 MW, 48.2 MW and 250 MW. Albanian’s energy system is characterized by a low efficiency in the use of electricity power. Use of electricity for heating purposes is widely spread. The programme area has a high potential to become an energy exporter for the neighbouring countries, once all 253 concessions of hydropower plants in Albania become operative in the coming years, and the electricity transmission system is properly modernized.

The energy generation in **Kosovo** is mainly provided by thermo power plants (TPP), with the two biggest ones named Kosovo A and Kosovo B, with an overall production capacity of 740-840 MW (and an installed capacity of 1 478 MW)[[86]](#footnote-86). Over 90 % of the energy is produced by these two TPPs, located in its Central Region.

An integrated regional market will undoubtedly be beneficial for both countries and ensure and improve the security of energy supply. Renewable and energy efficiency issues are being considered as important in both countries.

An interconnection line of 400 kW between Albania and Kosovo was completed in June 2016; its total length is 241 km, out of which 151 km run on the Albanian side of the border and 90 km on the Kosovo side. This interconnection line is still dormant pending the start of implementation of the agreement between Kosovo’s KOSTT and the European Transmission System Operators for Electricity (ENTSO-E). This agreement’s implementation will also make functional the Common Energy Market between KOSTT and Albanian OST, signed in December 2019.

**SOCIAL**

**Demography**

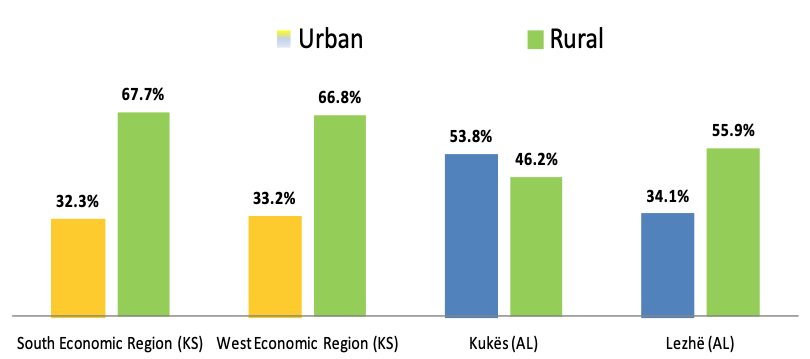
The programme area has 936 029 inhabitants by end 2019. It accounts for almost 52.5 % of the total population of Kosovo and 7 % of Albania’s.

Kosovo’s estimated population in the programme area is more than three times Albania’s. Kosovo regions compose 76.5 % of the total population of the programme area, whereas Albanian regions just hold 23.4 %. Within Kosovo’s eligible area, the South Economic Region has 43.7 % and the West Economic Region 34.5 % of the total area covered by the programme. Albania’s regions have 9.1 % (Kukës) and 14.3 % (Lezhë) of the population of the programme area.

The population **density** is much higher (1.8 times higher) in Kosovo than in Albania. The highest density is in the South Economic Region with 203 inhabitants per km2, while the lowest in the Kukës region with 36 p/km2.

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

**Figure 5: Urban and rural population of the programme area**



The whole programme area has a relatively **young population** (about 51 % in the age group up to 27 years old). In Kosovo, the population living in the programme area has a relatively young age structure, with children (under 14 years old) accounting for nearly 1/3 of the total eligible population (27 %), and the youth group (15-27 years old) composing 24 %. In Albania, the area has a relatively similar structure with 24 % (under 14 years old) and 26 % of its population in the group 15-29 years old.

In Kosovo, the area is known for its **ethnic diversity**. The majority of the population is composed of Kosovo Albanians (West Economic Region 93.52 % and 86.4 % in the South Economic Region[[87]](#footnote-87)). Other ethnic minorities include Serbs, Roma, Montenegrins, Bosnians, and Egyptians. On the Albanian side, ethnic Albanians are fully predominant: 99.79 % in Lezha and 97.50 % in Kukës.

### **Education**

Education remains one of the major priorities in the programme area. It is provided at all levels primary, secondary and tertiary (university). The education system at national and local level requires reform, including teacher training, quality assurance measures, transparency and practical learning experiences. There is need to orient the education system towards market demands, to enable its contribution towards increasing market competitiveness and improve citizens’ life. Some key important requirements include higher relevance of the education curricula to market needs, proper development of the framework of qualifications, and amongst other, establishment of better links with enterprises for internships. Higher spending on Research and Development is needed to support economic and social development in the programme area.

There are 517 schools for 111 478 pupils attending ***primary education*** in the programme area[[88]](#footnote-88). Out of the total, 138 schools are in the Albanian area and 379 in Kosovo’s. On the Albanian side of the border the average pupil/teacher ratio is 11, whereas it is slightly higher in the Kosovo programme area at 12 pupils per teacher. Internal migration has somehow increased the pressure on school infrastructure, especially in urban areas where schools are often obliged to work in shifts.

There are 91 ***secondary education*** schools in the programme area, out of which 40 in Albania and 51 in Kosovo. There is 1 ***vocational school*** in Lezha attended by 1 053 students. There are 8 vocational training centres in Peja/Peć and Gjakova/Đakovica that offer various vocational training programmes for adults. Only 11.2 % of all pupils in secondary education attend lessons in vocational schools in Albania. Infrastructure and equipment in secondary schools need to be upgraded, particularly in rural and remote areas.

There are institutions of ***higher education*** in the programme area, all situated in Kosovo, namely: 3 universities located in Peja/Peć, Gjakova/Đakovica and Prizren. The university of Peja/Peć has 9 613 students, followed by Prizen with 3 776 students, and Gjakova/Đakovica with 1 653 students. All together they represent about 30 % of the total number of students of the country.

In Albanian eligible area there are 187 kindergartens (94 in Kukës and 93 in Lezha) hosting a total of 6 782 children, with an average ratio of 16 children/teacher. In Kosovo, there are 18 kindergartens in the eligible area[[89]](#footnote-89), attended by 1 001 children and 132 teachers, registering an average ratio of 8 children per teacher.

The capacity for ***research and development*** remained very low in the programme area. In Kosovo, research and development remains under-funded, with government research spending amounting to only 0.1 % of GDP[[90]](#footnote-90), despite a 0.7 % target mandated by law. The funding and efforts of the Ministry of Education are geared to providing full or partial scholarships for students to study abroad, mostly for master’s courses and only very few opportunities for PhD/postgraduate research. A Smart Specialisation Strategy is being developed but it is still at an early drafting stage. Albania’s public spending on research remains negligible at 0.03 % of GDP[[91]](#footnote-91) and the proportion of companies investing in R&D (about 18 %) is the second lowest in the region competitiveness index.

Both countries have to devote greater efforts to increase the quality of education at all levels.

**Labour Market**

The employment rate in Albania stood at 61.2 % at the end of 2019. The female employment rate was 54.4 % while the male stood at 68.2 %[[92]](#footnote-92). Employment in the public sector accounted for 15.9 % of total employed, whereas in the private sector was 84.1 % of the total employed[[93]](#footnote-93). Services and agriculture had the highest share of employment with respectively 43.5 % and 36.4 % of total employment. Unemployment in 2019 was reported at 11.5 %, showing a balance between 11.6 % for men and 11.4 % for women, whereas the youth unemployment in Albania was 27.2 %. However, unemployment figures are expected to increase in 2020 following economic recession with an 8.8 % shrinking of the GDP. Employment in the Lezha region accounted for 3.8 % of the total number of employed in Albania, or 48 108 persons, while registering an unemployment rate of 19.2 %, well above the national average. Lezha registered the second highest unemployment rate in Albania. The number of employed in the Kukës region was reported at 32 916 or 2.6 % of the total employed in Albania; the unemployment rate reported for the Kukës region stood at 7.5 %, below the national average[[94]](#footnote-94).

The situation on the labour market[[95]](#footnote-95) in Kosovo presented in 2019 an employment rate of 30.1 %, showing gender imbalances as it stood at 13.9 % for women and 46.2 % for men. About 70 % of the employed worked for the services sector and about 14.3 % in the industry sector[[96]](#footnote-96). About 30.8 % of the employed were in the public sector, while 69.2 % in the private sector[[97]](#footnote-97). The unemployment rate was rather high at 25.7 %. Unemployment was higher among women at 34.4 %, while being 22.6 % for men. The unemployment rate was higher among the youth – it stood at 42 % in the age group 15-24 years old in 2019. In both regions is observed a lack of unemployment data, which creates mismatches between the number of unemployed and jobs available. In the West Economic Region, the number of unemployed was reported at 17 500 persons[[98]](#footnote-98) while there were 1 520 job openings. Similarly, the South Economic Region reported 18 037 unemployed, as against 1 588 job openings.

**Poverty**

The Albanian and Kosovo economies are service based and have a consumption growth model, thus being more vulnerable to the COVID-19 pandemic crisis.

Albania’s economy was hit hard recently, first by an earthquake in November 2019 and then by the Covid-19 in 2020. Despite measures undertaken by the authorities to tackle these two crises, as unemployment rose during 2020, poverty is also expected to increase by 6 percentual points in 2020 and reach a rate of 41.5 % of people living with $ 5.5 per day as against 35.6 % in 2019, or 36.7 % in 2018[[99]](#footnote-99).

Regional disparities in Albania are evident, although it looks like poverty has migrated from the northern area towards the coast area. There are no data available regarding the regional poverty situation, as the latest measurement dates back to 2012. Those data indicated that Kukës was the poorest region of the country averaging a 21.8 % poverty rate, followed by the region of Lezha with 17.5 %. Many families rely on remittances and social transfers.

Despite **Kosovo’s** Government response to COVID-19 pandemic, employment is expected to fall and poverty expected to rise in 2020, while the recovery will also be slow in 2021. Measures to protect jobs and incomes were not able to contain a rise in poverty – the number of people living with $ 5.5 per day is expected to increase by 5 percentual points in 2020. The povertylevel is expected to be 22.9 % in 2020 as against 17.9 % registered in 2019, or 19,7 % in 2018. There are no data related the poverty rates by economic regions of Kosovo.

**Health**

In **Albania**, primary health care is provided at municipal level, while secondary health care is mainly located in the biggest urban centres of the programme area as part of the regionalization of the hospital health services. In the programme area, there are 321 primary health care centres, and 6 hospitals[[100]](#footnote-100). An ambulatory care service is available in rural areas with the aim of providing a better and faster primary healthcare service to rural population. There are 48 general practitioners in Kukës and 85 in Lezha. Kukës has 124 ambulatory care units, while Lezha has 148. Hospitals in Kukës provide 361 beds served by 54 physicians and 235 nurses: whereas in Lezha there are 323 hospital beds served by 70 physicians and 254 nurses[[101]](#footnote-101). However, due to poor infrastructure and large distances from hospitals located in urban areas, timely transportation of patients to hospitals is still a challenge. While there is a good distribution of primary healthcare service throughout the region, there is a shortage of specialties in the regional hospitals. Furtherance of the primary healthcare in both urban and rural areas, improvement of hospital services in various specialties and use of modern technologies in diagnosis and treatment of diseases are needed. Continuing education of nurses through vocational education is also required.

The health-care system in **Kosovo** provides health-care protection on three levels: primary[[102]](#footnote-102), secondary and tertiary. About 233 physicians work in the primary health care in the South Economic Region, while for the West Economic Region this number is 219[[103]](#footnote-103). Public Health Houses and Family Health Centres are established in all towns in the programme area. The municipal health care -primary- faces difficulties due to poor infrastructure, lack of investments and limited budget resources. In the programme area secondary health care is provided in three regional hospitals situated in Gjakova/Ðakovica (418 beds), Peja/Peć (376 beds), and Prizren (521 beds, the main hospital centre for the South Region). There are 99 specialised physicians in the hospital of Gjakova/Ðakovica, 106 in Peja/Peć and 168 in Prizren. While there is a good coverage of the programme area with health facilities the problem of underfunding in the health sector persists.

Throughout the programme area the healthcare system should respond in a more efficient and effective way, comparable to other European countries and in line with EU standards. The health sector remains substantially underfunded, hampering the proper implementation of the public health legislation and policies, especially in ensuring access to health services of the disadvantaged groups, people with disabilities and the population in rural and remote areas[[104]](#footnote-104). Public spending on health has increased by 6 % in 2020, in Kosovo, but further investments in the health sector (infrastructure, quality and delivery) are required to ensure access to health services for all citizens – especially the population most vulnerable and in poor conditions, in view of the rather high private out-of-pocket expenditure necessary to ensure proper health services[[105]](#footnote-105).

**Culture**

The programme area is rich in religious and historical sites and monuments, as well as in its own traditions and folklore. The historical and cultural heritage is one of the most important assets of the programme area. Strong bonds exist between the people of the two sides of the programme area; they have centuries’ old common roots and intense human, cultural and commercial relations. Numerous cultural events and festivals are organised, and there are diversified culinary traditions and handicrafts that could play an important role in the promotion of tourism that have started to be exploited but could benefit from more targeted activities. Cultural exchanges present a great opportunity to boost implementation of cross-border cooperation. Both countries participate in the Creative Europe Programme, but they don’t benefit enough from this initiative.

**Kosovo’s programme area has a diverse** cultural heritage in relation to other regions in Kosovo. There are many cultural attractions, landmarks and facilities to support cultural activities and cross-border exchanges. The programme area is home to Prizren, the town is considered an “open sky museum” with its very rich material and spiritual heritage and civic values. The Old Çarshia in Gjakova/Ðakovica is the hub of many outdoor activities, cultural events and street parades, several of which are organized annually for many years. Other important cultural institutions include the Institute for Protection of Culture Monuments, the Archaeological Museum, the Memorial Complex of the Albanian League of Prizren, the Regional Historic Archive in Prizren, the Ethnographic Museum Archives, the Institute for the Protection of Monuments and the Archives, Regional Museums, Inter-Municipal Library, Culture Palace in Peja/Peć and the Culture House in Istog/Istok. There are several libraries, theatres and cinemas. There exist a few amateur cultural-artistic associations (writers' clubs, painters' associations, etc.) and many NGOs active on culture and arts.

In the **Albanian** programme area, the Kukës region has a wide range of cultural and artistic events, such as festivals, fairs, exhibitions, feasts (of chestnut, potato, the day of crafts, honey etc.), the week of art, including cross-border events with Kosovo. To support such activities there are a variety of cultural facilities such as 3 museums (Kukës, Has, Tropojë), 4 libraries (2 in Kukës, 1 Tropojë, 1 Has), concert halls (Kukës, Has, Tropojë), several sports facilities, 4 main religious buildings, the Hasan Rexhepi house, Bushat castle, Old school of Bicaj, Villa castle. Lezha is home to the Gjergj Katrioti memorial tomb, and the ancient castle of Lezha. To support cultural life and activities in the Lezha region there are 3 palaces of culture (Lezhë, Laç, Rreshen), 3 cultural centres for children (Lezhë, Laç, Rreshen), the National Historical Museum in Lezha, one museum in Mirdite, 3 folk groups, 3 state libraries (Lezhë, Rreshen, Laç). In terms of sports, it has one stadium, 16 sports fields, one sports palace, sports clubs of volleyball and football.

Traditional folklore of the programme area represents unique common opportunities and intangible **cultural heritage**, such as: i) Djubleta – as a unique technology and remaking of handicrafts and the forms of its use, located in northern Albania; ii) Tropoja’s folk dance choreographic folklore) – as a typology of the Albanian national spiritual heritage; iii) Songs of Frontier Warriors – the north Albanian epos sung to this day by elderly Albanian men playing a one-stringed instrument. The epic songs in this epos are literary reflections on the struggles of historical or legendary heroes of the past; and iv) Transhumance) – the seasonal movement of livestock and shepherds from one grazing ground to another in a seasonal cycle. It’s an economic activity and it involves shared rituals and social practices, shaping relations among people, animals and ecosystems.

**Civil Society**

**Albania**’s CSO sector remains concentrated in the capital and major towns. Civil society is weakly represented in all rural and remote areas and their absorption capacity is limited. There are about 11 426 CSOs registered with the first instance court in Albania by the end of 2018, although less than 1/5 of them (about 2 180 CSO) appear to be active. CSOs engage in networking and coalition building, although the sector remains fragmented, underfunded and project based. The main activities of CSOs are advocacy and research in the fields of promoting human rights, the protection and rights of children, democracy and good governance, as well as policy think tanks and economic development. In the program area, CSOs are mostly working in the social field, with vulnerable groups, environment, culture and tourism promotion. Movements with strong grassroots bases have yet to develop. As of 2010, the National Agency of Support of Civil Society is an overarching structure which provides support to CSOs in Albania through public funds.

Civil society in **Kosovo** is comprised mainly of registered non-governmental organisations (NGOs). There were about 9 545 CSOs registered in Kosovo in 2018, although a fraction of them (about 1 000) were active[[106]](#footnote-106). The monitoring of local governments continues to be a positive trend, with active support to CSOs from international organizations such as in Prizren, Peja/Peć and there is positive evidence of cooperation between civil society and local government.

The challenge for the civil society sector in the whole programme area remains to make CSOs more proactive in public life and increasing their capacities at all levels, both institutional and operational. Networking, cooperation and dialogue between CSOs and between CSOs and local government units needs to be strengthened and supported by governments, central and local, as well as by the donor community.

**Environment and nature**

The programme area offers a rich biodiversity and climate from sea to mountains, hills plains rivers and lakes. The demographic shifts in both Albania and Kosovo, associated with the social and economic changes of recent years, have put pressure on protecting and preserving the environment and biodiversity in the programme area. Forests are damaged due to abusive logging and overgrazing. Enforcement of environmental protection standards remains a priority to ensure proper urban development, expansion of tourism and health protection, in view of increased pressure for unregulated development. Both countries are exposed to various potential natural disasters, such as extreme temperatures, pollution from urban waste, which represent an opportunity for cooperation in the field of natural disaster and other disasters management.

The Albanian programme area is home to 7 natural parks and a number of protected zones. Protected areas in the Lezha region concern Berzane, Kune-Vain-Tale, Patok-Fushekuqe-Ishem, which are all Managed Nature Reserves and also some 4 745 ha of protected landscapes. The most important protected area in the Lezha region is the Kune-Vain-Tale complex of lagoons, with the 125-ha sand island of Kune on the right side of the river Drin delta. This area has a rich flora and is home to about 70 bird species, 22 reptiles (out of 33 at national level) and also 6 types of amphibians out of a total of 15 at national level. The Kukës region is rich with forests and is home to over 500 medicinal herbs. It is also very rich in water and hydric sources. What makes it of interest is the collection of all streams, flows and rivers running into the river Drin, starting from Prespa and Ohrid Lakes and ending with the unification of the rivers Drin and Buna. Fierza Lake is the centre of all flows and water environments and is suitable for cultivating various fish species.

In the **Kosovo** programme area, there are two national parks (Sharr Mountains and Bjeshkët e Nemuna) and nearly 90 natural monuments. There are 16 mountainous lakes in the area of Sharri Mountain Range that reach up to 2 750 m high. The mountains of Koritniku/Koritnik and Pashtriku/Paštrik also present great natural potential for development of mountain tourism. The Mirusha waterfall is a protected monument of nature of special importance because of its scenic string of pools and waterfalls as well as high plant diversity (more than 800 different species). The river Mirusha has carved a 10-kilometre-long canyon near its convergence with the river White Drin and has created 16 river lakes with waterfalls in between them. The West Economic Region is located at the foot of the impressive national park Bjeshkët e Nemuna. There are thermal and mineral hot-springs, 3 karstic rivers, a very powerful waterfall called the White Drin Spring making it a tourist attraction. The territory of Bjeshkët e Nemuna (the Accursed Mountains) presents one of the most important areas in terms of natural landscape. The Gjeravica peak with an altitude of 2 656 m is the highest summit in Kosovo.

Deforestation, pollution and land degradation are a common problem in the programme area. Industrial pollution and hotspots in the Lezha region still remain problematic. Water pollution due to the waste disposal at the Fierza lake and the river Drin remains a concerning issue for the Kukës region. There is a risk of de-forestation due to illegal wood cutting; badly managed pastures; rivers and lakes risk pollution from illegal landfills as well as from the intensive use of pesticides in agriculture. Poor industrial and urban waste management is a problem to be tackled by the authorities on both sides of the programme area. There are landfills on both sides, but no wastewater treatment plants, so surface waters in and near big towns are polluted from untreated waters. Access to water supply and water quality needs to be improved especially in the rural areas of both participating countries.

Nature in the programme area is rich and diverse. It has a contrasted geographic profile. It is rich with mountain ranges, plains, valleys, rivers and lakes and has a sea coastline of 38 km. It has plenty of wood, wild animals and pastures (forests and grassland pastures cover over 50 % of the total surface). It is a traditional area for sheep breeding and is considered to be among the largest pasture areas in Europe. It has many minerals like chrome, coal, iron-nickel, copper, chalk, quartz sand and marble and contains numerous natural monuments.

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

The area is the richest part of Kosovo in water resources, with the river Drin flowing to Albania and the rivers Bistrica, Lumëbardhë and Lepenec crossing the mountain relief. Several lakes (such as Livadhi, Strbacko and Jazhnica) and the Brod canyons are resources with great potential for development of winter sports, fishing and other tourism activities. The Sharr Mountains, one of the two national parks in Kosovo, lie across the three municipalities of Prizren, Dragash/Dragaš and Suhareka/Suva Reka.

Albania is dominated by the chain continuation of the Dinaric mountains. Its main rivers are the Drin, coming from Kosovo, and the Valbonë. There are natural and artificial lakes, which are of potential value for tourism; the most important are two artificial lakes in the region of Kukës, Koman and Fierzë. The river Drin, which flows through the territory of Albania and Kosovo, represents an opportunity for cross-border cooperation. Another significant part of the area consists of valleys, plains and highlands, which differ in size, density of population, vegetation and altitude and offer favourable conditions for the cultivation of cereals, forage, vegetables and fruits. The largest and more fertile plains on the Kosovo side are found in the Dukagjini basin. The most fertile agricultural lands on the Albanian side lie in the region of Lezha.

The climate of the programme area ranges from transitional-continental in the mountains, to transitional-Mediterranean along the Adriatic coast and plains with cold and wet winters and hot, dry summers.

**2.2 SWOT ANALYSIS**

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| **CLUSTER 1**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **IMPROVED EMPLOYMENT OPPORTUNITIES AND SOCIAL RIGHTS** | **STRENGTHS** | **WEAKNESSES** | **OPPORTUNITIES** | **THREATS** | | * Relatively low-cost labour force * Relatively young population and positive growth rates * Provision of vocational education and training (formal and non-formal) * An enthusiastic young generation eager to learn and prosper * Common language for most of the population in the area | * Unemployment rate remains high, especially amongst the young population and women * Widespread poverty and large number of households dependent on remittances from abroad * Lower level of education among the unemployed and the rural population * Limited health access for poor households. * Weak labour promotion institutions at local level * Curriculum not aligned with labour market demand and inefficient employment-oriented vocational training * Low penetration of ICT | * Better matching of vocational education and training with labour-market demands * Programmes for increasing accessibility in the labour market of rural population and especially of women and marginalised groups * Development of digital skills and entrepreneurship * Development of research & development actions by using existing research and higher education centres * ICT promotion to improve the access to education in rural areas and enhancing virtual cross-border contacts and cooperation * Strengthening labour market institutions and measures * Development of joint programs to enhance education and youth activities, including festivals, sports tournaments and cultural events. | * Prolonged COVID-19 economic crisis which increases unemployment, with major spill over effects onto less educated and vulnerable groups * Migration of youth due to lack of opportunities * Increased level of informal economy * De-population and outflow of skilled and educated people in rural parts of the programme area * Poor or inexistent rural ICT infrastructure, augmenting regional disparities and the gap in digital skills | |

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| **CLUSTER 2**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **GREENER AND IMPROVED RESOURCE EFFICIENCY** | **STRENGTHS** | **WEAKNESSES** | **OPPORTUNITIES** | **THREATS** | | * Rich with water resources * High potential for using renewable energy sources (hydroelectricity, wind power, solar energy and biomass) * Rich natural biodiversity, untouched and attractive environment, diversity of natural landscapes * Existence of several protected areas and national parks appropriate for the development of eco-tourism * Wide attractive and beautiful forest areas * Clean area without industrial pollution, especially the coast and mountainous areas of Albania | * Poor management and control mechanism for protection of natural resources and the fight natural disasters and man-made hazards. * Poor enforcement of environment regulations and standards * Inadequate solid waste management and lack of wastewater treatment systems * Inappropriate land management and de-forestation * Insufficiently exploited natural resources * Low awareness of environmental issues * Management of natural disasters and other disaster infrastructure. | * Local interest for producing green energy * Better management of forestry and protected areas * An increase of actions focused on environmental protection, forestry, sustainable agriculture, solid waste and wastewater, etc. * Development of joint programmes for waste treatment * Increased public awareness on environmental protection measures under the pressure of eco-tourists demands * Improved mechanisms to manage natural disasters and other disasters. | * Uncontrolled exploitation of natural resources (timber, river gravels, forest fruits) * Pressures on the coastal environment and infrastructure due to high tourist frequentation * Pollution of land and water resources due to inadequate or inexistent solid waste and wastewater treatment systems * Uncontrolled and out of standards urbanisation process | |

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| **CLUSTER 3**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **IMPROVED PUBLIC INFRASTRUCTURE / CONNECTIVITY** | **STRENGTHS** | **WEAKNESSES** | **OPPORTUNITIES** | **THREATS** | | * Strategic geographic position in the wider region and participation in European Transport Networks * Highway connection Durrës-Kukës-Pristina * Improved border-crossing infrastructure and services * Port of Shengjin, as an important economic asset for the region * Increasing percentage of population actively using ICT technology | * Poor infrastructures and insufficient capacities for wastewater treatment, sewerage and solid waste, particularly in rural areas * Rural and secondary road network and railways infrastructure in poor conditions * High maintenance cost and limited budgets available * Poor reliability and shortage of electricity supply, heavily dependent on hydro resources (AL) * Incorrect applications of urban planning standards * Limited internet accessibility * Poor research and innovation practices of universities and other operators in the programme area * Modest Internet penetration * Poor computer literacy * Poor ICT used by businesses | * Improving and diversifying infrastructures that connect Albania with Kosovo – road, energy, digital – to increase connectivity between economies and people * Increased investment in water supply, sewerage system and waste treatment (solid and water) * Development of alternative energy production * Improvement of internet accessibility and development of e-services and mobile services * Improvement of local and rural roads * Investment in ICT and R&D programmes that would fit private sector development needs * Strengthening research, technology and innovation in the programme area | * Insufficient financial resources for the re-construction and maintenance of deteriorated local infrastructure * Lack of properly developed – tender ready - infrastructure project proposals – feasibility studies, cost-benefit analysis, environmental impact, etc. * Illegal construction, putting additional pressure on infrastructure development in the programme area * Unresolved property issues which impede investments in infrastructure * Underdeveloped urban planning, including planning for sustainable means of public and private transport * Lack of national strategies promoting ICT and R&D * Limited financing for the Research and Development * Insufficient interest of private sector for technological development and modernisation of production processes | |

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| **CLUSTER 4**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **IMPROVED BUSINES ENVIRONMENT AND COMPETITIVENES** | **STRENGTHS** | **WEAKNESSES** | **OPPORTUNITIES** | **THREATS** | | * Favourable tax regime for hotels * Increase tourism promotion especially during the Covid-19 Pandemic – “Pusho shqip” campaign * Pleasant continental climate enabling diverse types of tourism throughout the programme area and the seasons * Rich and diverse nature, well suited for outdoor leisure and activities * Rich cultural and historical heritage * Multicultural diversity, and tradition in cultural exchanges * Rich culinary traditions suitable for agro-tourism * Existence of free-trade agreement under CEFTA * Overall legal and institutional frameworks favourable to FDIs attraction * Natural resources, and cultural heritage as potential for development of economic activities * Investments in road infrastructure have substantially facilitated exchanges with and across the border areas and shortened the connectivity with Tirana, Pristina as well as the sea cost of Albania | * Underdeveloped tourism infrastructure in view of international standards * Insufficient efforts and funding for the protection and preservation of nature and of historical and archaeological heritage * Limited skills and poor services related to tourism * Inadequate diversification of tourism attractions – eco tourism – coastal, mountains and rivers * Lack of proper protection of cultural and historical monuments and sites * Inadequate infrastructure * Atomized structure of economy, small size of firms and farms, that hamper productivity gains * Low competitiveness of businesses, low productivity and insufficient know-how * Continuous migration and outflow of skilled labour force * Limited exposure to international markets * Limited entrepreneurial culture and skills dominated by short term trade or service activities rather than long term capital investments * High inequality in urban and rural development * Low level of technology penetration * Poor research and innovation practices in the programme area | * Promote initiatives for improving tourism infrastructure and skills * Promote the cultural heritage in the tourism offer; specific culinary traditions and agro-food products to contribute to strengthening the identity of the area * Developing and strengthening local institutional capacities related to promotion of tourism, cultural and natural assets * The development of eco-tourism related type of outdoor “experiences” as an integrated package (e.g. mountaineering, rafting, trekking, biking) * Promotion of cooperation between tourist agencies to provide integrated tourist packages across the border * Various mechanisms and instruments aiming at facilitating the establishment of business partnerships for cross border initiatives * Specialisation of MSMEs and strengthening the added value of their products to increase productivity * Identification of some special products of the area that could be further branded nationally and internationally * Further development of agriculture productions and agro-processing industry * Investment in ICT and R&D programmes that would fit private sector development needs | * Prolonged economic recession due to Covid-19 pandemic * Limited recognition of the potential of historical and cultural heritage as a source of income through tourism and culture activities * Limited international recognition of the region as attractive touristic destination * Deterioration of business climate due to political uncertainties and intense polarisation * Poor contract enforcement and a non-functioning judiciary * Delays in reconstruction of the damaged area from the 2019 earthquake – Durrës and Tirana, and areas close to Lezha * Environmental pollution in areas with a high potential for eco-tourism * Lack of understanding of the cultural and historical heritage potential of the programme area * Illegal buildings close to the seashore, natural parks and cultural heritage sites * Limited access to credit system for farms and MSMEs may slow down the economic development * Dominant mountainous relief can have a negative impact on local economic development * Informal economy competing unfairly with the formal sector * Considerable level of corruption * Brain drain due to migration to more developed regions | |

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| **CLUSTER 5**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **IMPROVED CAPACITIES OF LOCAL AND REGIONAL AUTHORITIES TO TACKLE LOCAL CHALLENGES** | **STRENGTHS** | **WEAKNESSES** | **OPPORTUNITIES** | **THREATS** | | * Exiting cooperation agreements between Albania and Kosovo * Existence of a regional development strategy for all regions * Existence of regional and municipal development plans * Decentralisation process on-going | * Limited capacities of the local government units to implement development policies * Insufficient financial resources to finance development goals * Lack of proper knowledge by the local administration to obtain and implement EU funds * Understaffed and under equipped local self-government administrations | * Participation of Local government units into joint initiatives or programs to enhance their technical and administrative capacity * Enhancing planning and administrative capacities of local authorities for regional development | * Financially weak local government units * Lack of funding for training of local and regional government administration to increase their capacity to formulate and implement policies * Lack of cooperation between proper regional structures | |

1. \* This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence. [↑](#footnote-ref-1)
2. The eligible cross-border area is determined in accordance with article 88 of the IPA implementing regulation [↑](#footnote-ref-2)
3. Kosovo Cadastral Agency, 2013 [↑](#footnote-ref-3)
4. The eligible cross-border area is determined in accordance with article 88 of the IPA implementing regulation. [↑](#footnote-ref-4)
5. Kosovo Agency for Statistics: Kosovo in figures 2012 [↑](#footnote-ref-5)
6. Population and Housing Census 2011, INSTAT, Albania [↑](#footnote-ref-6)
7. Kosovo Cadastral Agency, 2013 [↑](#footnote-ref-7)
8. Nomenclature of Units for Territorial Statistics [↑](#footnote-ref-8)
9. Albania’s Annual Budget 2021 [↑](#footnote-ref-9)
10. EBRD Responding to the Coronavirus Crisis. Update on Albania(13/11/20) [↑](#footnote-ref-10)
11. OECD, https://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Albania.pdf [↑](#footnote-ref-11)
12. IMF https://www.imf.org/en/Publications/CR/Issues/2021/02/17/Republic-of-Kosovo-2020-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-50104 [↑](#footnote-ref-12)
13. OECD, <https://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Kosovo.pdf> [↑](#footnote-ref-13)
14. IMF https://www.imf.org/en/Publications/CR/Issues/2021/02/17/Republic-of-Kosovo-2020-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-50104 [↑](#footnote-ref-14)
15. Women and Men in Albania 2020 INSTAT [↑](#footnote-ref-15)
16. Women and Men in Kosovo 2018/2019, KAS [↑](#footnote-ref-16)
17. EU4 Innovation II in Albania-IPA 2021-2024; EU for circular economy and green growth in Albania IPA 2021-24; EU support to start-ups in Kosovo IPA 2018; EU4 Innovation in Kosovo IPA 2020; EU4 small businesses recovery following Covid 19 crisis IPA 2020; and EU for trade and internal market IPA 2021 in Kosovo. [↑](#footnote-ref-17)
18. South-East Europe Transport Observatory. [↑](#footnote-ref-18)
19. The Route 7 directions include: Lezhe (Albania) – Pristina (Kosovo) – Doljevac (Serbia). [↑](#footnote-ref-19)
20. EU for a cleaner environment IPA 2018 in Albania; Support protection of irreplaceable nature IPA 2021 -24 in Albania; EU support to waste management in Kosovo – IPA 2018; EU4 Environment, Climate Action and Energy IPA 2020 in Kosovo; and EU4 Environment under IPA 2021 in Kosovo [↑](#footnote-ref-20)
21. Women and Men in Albania 2020, INSTAT [↑](#footnote-ref-21)
22. Women and Men in Kosovo 2018/2019, KAS [↑](#footnote-ref-22)
23. EU4 Agriculture and Rural Development, IPA 2021 in Kosovo [↑](#footnote-ref-23)
24. IPA 2018 EU for Economic Development – Tourism led development with focus on cultural heritage [↑](#footnote-ref-24)
25. Albania Progress Report 2020, EU [↑](#footnote-ref-25)
26. Regional Annual Statistics, 2019 [↑](#footnote-ref-26)
27. Annual Statistic Report 2019, Kosovo. [↑](#footnote-ref-27)
28. Kosovo Progress Report 2020, EU [↑](#footnote-ref-28)
29. Kosovo Progress Report 2020, EU [↑](#footnote-ref-29)
30. Regional Development Strategy 2020 – 2030, Kosovo. [↑](#footnote-ref-30)
31. IPA 2019 EU for Social Inclusion in Albania; EU4 Employment and Education IPA 2020 in Kosovo [↑](#footnote-ref-31)
32. ECA Economic Update, World Bank, Fall 2020 [↑](#footnote-ref-32)
33. Labor Market Survey Q4 2020, INSTAT, Albania [↑](#footnote-ref-33)
34. EU for Social Inclusion – IPA 2019 in Albania; EU4 Social protection following Covid-19 crisis, IPA 2020 in Kosovo; EU for Inclusive socio-economic development IPA 2022, in Kosovo [↑](#footnote-ref-34)
35. EU for Education IPA 2018, in Kosovo [↑](#footnote-ref-35)
36. Education Statistics 2019-2020 in Kosovo; Annual Regional Statistics 2019 [↑](#footnote-ref-36)
37. EU4 Cultural Heritage and Rural Development IPA 2020, in Kosovo [↑](#footnote-ref-37)
38. ### Regional Cooperation Council, Study on climate change in the Western Balkans region 2018

    [↑](#footnote-ref-38)
39. Signatories of the Tirana Declaration on joint regional protocols to support sustainable tourism recovery and growth in the Western Balkans 6, on April 8th 202, are: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia and representatives of Regional Cooperation Councli (RCC) and European Commission. [↑](#footnote-ref-39)
40. The cooperation with EU MS regions and/or municipalities could have any of the following purposes:

    Support regarding issues of EU approximation

    Fight against fraud and corruption, particularly when public utility services are involved

    Enforcement of EU legislation

    Sharing of EU good practices

    As these entities are ineligible as applicants in IPA III CBC between two beneficiaries, they would participate in operations either as service providers or associates. Please note that in some countries the provision of services by these bodies require the approval of the national government of the beneficiary. [↑](#footnote-ref-40)
41. This could be regulated with the enforcement of a maximum percentage for this purpose out of the total eligible costs of the action. [↑](#footnote-ref-41)
42. COM 2020/ 641 Economic and Investment Plan for the Western Balkans [↑](#footnote-ref-42)
43. Brussels, 6.10.2020 SWD(2020) 223 final Commission Staff Working Document: Guidelines for the Implementation of the Green Agenda for the Western Balkans/ [↑](#footnote-ref-43)
44. Signatories of the Tirana Declaration on joint regional protocols to support sustainable tourism recovery and growth in the Western Balkans 6, on April 8th 202, are: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia and representatives of Regional Cooperation Council (RCC) and European Commission. [↑](#footnote-ref-44)
45. Regional Statistics 2019, INSTAT; Regional Development Strategy 2020-2030 [↑](#footnote-ref-45)
46. Kosovo Agency for Statistics: Kosovo in figures 2012 [↑](#footnote-ref-46)
47. Population and Housing Census 2011, INSTAT, Albania [↑](#footnote-ref-47)
48. Kosovo Cadastral Agency, 2013 [↑](#footnote-ref-48)
49. Nomenclature of Units for Territorial Statistics [↑](#footnote-ref-49)
50. 2014-2020 National Strategy for Development and Integration (NSDI) [↑](#footnote-ref-50)
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