

ANNEX 1

Cross-border cooperation action programme Albania – Kosovo* for the year 2014

1 IDENTIFICATION

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| Beneficiaries | Albania and Kosovo |
| CRIS/ABAC Commitment references | 2014/ 037-622 |
| Union Contribution | EUR 840,000 |
| Budget line | 22.020401 |
| Management mode | Direct management by the European Commission (EU Delegation to Albania) |
| Responsible Structures | For Albania: Ministry of European Integration For Kosovo: Ministry of Local Government Administration |
| Final date for concluding <u>Financing Agreement(s)</u> with the IPA II beneficiary countries (tripartite) | For the budgetary commitment of year 2014 at the latest by 31 December 2015 |
| Final date for concluding <u>procurement and grant contracts</u> | 3 years following the date of conclusion of the Financing Agreement (signature by the last party) with the exception of the cases listed under Article 189(2) Financial Regulation |
| Final date for operational implementation | 6 years following the date of conclusion of the Financing Agreement (signature by the last party) |
| Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed) after the acceptance of the accounts | 12 years following the conclusion of the Financing Agreement (signature by the last party) |
| Programming Unit | ELARG Unit C4 |
| Implementing Unit/ EU Delegation | For Albania: EU Delegation to Albania, Operation Section |

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

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 OVERVIEW OF THE 2014-2020 CROSS-BORDER COOPERATION PROGRAMME

The cross-border programme area covers a territory of 8,335 km² with a population totalling around 936,761 inhabitants, of which 76% live in the Kosovo territory and 24% in the Albanian side of the programme area. The length of the borderline is 114 km. In Albania the eligible areas include the regions of Kukës and Lezha (8 municipalities with a total of 362 settlements), covering 48% of the programme area. In Kosovo, the eligible areas include the West Economic Region and the South Economic Region (12 municipalities), covering 52% of the programme area.

The border region has a predominately agrarian economy, with industry more developed on the Kosovo side, while the Albanian regions are more based on agriculture and services. The agriculture sector retains a high degree of importance for economic development and employment, as a large portion of the population still resides in rural areas, despite significant recent movements towards urban areas. Agriculture activity is mainly a family-based and subsistence-oriented economic activity also because land fragmentation is rather high and the size of agriculture farms is on average 1.5 ha. Improvement of rural infrastructure and better management of water resources are important priorities to increase the productivity of the sector.

Competitiveness and know-how are quite low throughout the programme area and require further investment to expand both nationally and internationally. Labour skills do not respond to the market demand for high-quality services and products. Light industry, particularly food processing, has considerable potential to accelerate economic growth. SMEs of less than 4 employees dominate the businesses map, while business network and business cooperation across the border is still unexploited. Local products have little or no access to regional and international markets. Business support mechanisms are weak and insufficient, being slightly more active in Kosovo.

Unemployment remains at a disturbing rate for the population of the programme area, especially on the Kosovo side where there is much higher unemployment especially amongst youth, rural population and women (in some areas it exceeds 50%). Social services are poorly and unevenly developed. Improving the educational system at all levels is a major priority for the programme area, particularly in rural areas. Joint actions could be undertaken to establish a network of vocational training centres and foster cooperation across higher education institutions, research agencies and organisations. Advantages coming from the common language should be further exploited in developing educational curricula.

The area's rich historic-cultural-artistic heritage is an asset for the economic development but tourism is still a missed opportunity. Different types of tourism (mountain, culinary and agro-tourism) can be developed; historical and cultural sites deserve higher visibility and traditional peculiarities can be better promoted.

Environmental protection needs serious consideration. Natural resources valorisation is a key issue to increase the attractiveness of the border region and improve the quality of life for citizens. Key challenges to cope with for local authorities are the reduction of pollution, management of urban waste, quality of drinking water, protection of the land

from natural and man-made destruction, strategic urban planning process and efficient use of energy resources.

Considering the problematic aspects affecting the economy of the area and its sustainable development, the programme will focus on the following thematic priorities, where cross-border cooperation initiatives can have a real added value:

- (1) Environment protection, climate change adaptation and mitigation, risk prevention and management;
- (2) Tourism and cultural and natural heritage;
- (3) Youth and education with a focus on employment generation.

Key recommendations from interim evaluations and audits on the 2007-2013 CBC programmes have been taken on board in the development of this programme. Thus, the 2014-2020 CBC programmes are more focused as regards the number of thematic priorities addressed and the geographical eligibility, which will help to achieve better results and increased impact. Additionally, the implementation of the CBC programmes has been simplified mainly by having a single contracting authority and a single financial envelope per programme.

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS 2014

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|-----------------|--|--------------------|
| Action 1 | Cross-Border Cooperation Operations | EUR 840,000 |
|-----------------|--|--------------------|

Description of the action, objective, expected results

The programme will finance cross-border cooperation operations in the border region in the fields of (1) environment, climate change adaptation and mitigation, risk prevention and management; (2) tourism and cultural and natural heritage and (3) youth and education with a focus on employment generation.

The objective of the programme is to foster socioeconomic development and strengthen the neighbourly relations in the programme area through the implementation of cross-border cooperation operations such as:

- (1) joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness;
- (2) joint actions to encourage tourism and promote cultural and natural heritage;
- (3) joint actions for designing and implementing education and vocational training schemes and supporting youth initiatives.

Over its duration, the programme is expected to produce the following results:

- (1) Environment resources and biodiversity are better managed and promoted.
- (2) The quality of tourism services and products is improved and more competitive; cultural, historical and natural heritage is better preserved and promoted;

(3) Access to education for young people is improved; skills are strengthened to meet the demand of the labour market; youth networking and exchanges are enhanced.

Assumptions and conditions

As a necessary condition for the effective management of the programme, the beneficiaries shall provide proper and functioning offices and staff for the Joint Technical Secretariat and the Antenna Office, in case the latter will be established (to be set up under a separate Financing Decision)

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

Essential elements of the action

Grant – Call for proposal: EUR 840,000

a) The essential eligibility criteria:

The following list is a summary indicating the main eligible actions/operations:

(1) Environmental awareness campaigns; small scale environmental infrastructure interventions and procurement of equipment; integrated environmental monitoring systems; preparation of regional strategies and action plans for solid waste management, soil erosion and prevention and mitigation of man-made hazards and natural disasters (e.g. re-forestation and civil emergency services); joint studies in the field of energy efficiency; small-scale renewable energy projects.

(2) Small-scale reconstruction, modernisation and restoration interventions to facilitate tourist attraction (e.g. upgrade of potential touristic sites) and procurement of equipment; development of joint touristic thematic routes; joint tourism promotion initiatives; integration of historical heritage within tourist offers; touristic mapping (e.g. historic and gastronomy); development and promotion of existing/new regional brands of typical local products (e.g. agro-food products and handicrafts); promotion of new tourism marketing techniques (e.g. use of ICT and multi-media); organisation of local festivals, fairs and competitions.

(3) Youth empowerment and self-employment initiatives; support to innovative start-up businesses; common initiatives to prevent school drop-outs; joint curricula and vocational and educational training programmes for young generations; teachers' exchanges and training for new qualifications; joint activities of employment agencies; networking activities (e.g. sports tournaments, culture and music festivals and events).

The beneficiaries shall be legal entities and be established in an IPA II beneficiary participating in the CBC programme.

Potential beneficiaries could be: local authorities, local governments and their institutions, associations of municipalities, development agencies, local business support organisations, economic factors such as SMEs, tourism and cultural organisations, NGOs, public and private bodies supporting the workforce, vocational and technical training institutions, bodies and organisation for nature protection, public bodies responsible for water management, fire/emergency services, schools, colleges, universities and research centers including vocations and technical training institutions.

b) The essential selection criteria are financial and operational capacity of the applicant.

- c) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- d) Maximum rate of EU co-financing for grants under the calls is 85% of the eligible cost of the action.
- e) Indicative amount of the call(s): at least EUR 840,000. The responsible structures may, however, decide to add the 2014 allocation with the forthcoming annual allocations.
- f) Indicative date for launch of the call(s) for proposals: tentatively in the first semester of 2016.

3 BUDGET

(The tables in this section shall be based on the financial tables included in the cross-border programme in Annex 2)

| 2014 | | | |
|-------------------|---------------------|------------------------------|--------------------------|
| | Union Co-financing* | beneficiary/ies Co-financing | Total expenditure |
| CBC Operations | 840,000 | 148,000 | 988,000 |
| in % | 85 | 15 | 100 |
| TOTAL 2014 | 840,000 | 148,000 | 988,000 |

* The Union contribution has been calculated in relation to the eligible expenditure, which is based on the total eligible expenditure including public and private expenditure. The Union co-financing rate at the level of each thematic priority shall not be less than 20% and not higher than 85% of the eligible expenditure. The co-financing of the thematic priorities will be provided by the grant beneficiaries. Grant beneficiaries should contribute with a minimum of 15% of the total eligible cost of the project.

4 IMPLEMENTATION

4.1 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

DIRECT MANAGEMENT:

This programme shall be implemented by direct management by the Commission / by the Union Delegations 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.

5 PERFORMANCE MONITORING ARRANGEMENTS

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, 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 National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Enlargement and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by the Joint Monitoring Committee, which will ensure a monitoring process at programme level.