Deliverable 2:
Multi-Sectoral Study

Draft

23 November 2020

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1 INTRODUCTION

This is the ‘Multi-sectoral Study’ – the second requested output of the “Multi-Sectoral Study for the 2021-2027 IPA III Cross-Border Cooperation Programme between Republic of North Macedonia and Republic of Albania” project (FWC SIEA 2018- LOT 3: Lot 3 - Human Rights, Democracy and Peace/Europeaid/138778/DH/SER/MULTI).

In accordance with the project’s ToR, this Multi-sectoral Study:

• **Is based on the Review Report** (the first deliverable of the project, approved by the Contracting Authority on October 16th, 2020). The Review Report has incorporated also “the recommendations ... put forward at the focus groups’ meetings” held in each beneficiary country, “involving selected public and private stakeholders and decision makers at national, regional and local level, including civil society”, thereby “taking stock of all the lessons learnt in terms of effectiveness and impact of the IPA CBC programmes implemented in the territorial units concerned”.

• In Chapter 2, provides a quick summary of the **general context and key characteristics of the eligible Programme Area**.

• In Chapter 3, it sums up the “**common constraints for sustainable development within the potential eligible areas**” of the IPA III Cross-Border Cooperation Programme between Republic of North Macedonia and Republic of Albania 2021-2027, “focusing on (regional/municipal) environmental and/or transport infrastructure needs, cultural and natural heritage prospects, and enterprise and tourism development”.

• In Chapter 4, it presents an **overview of the main competencies of local and regional bodies** within the eligible Programme Area in each beneficiary country.

• In Chapter 5, it elaborates on “**broader constraints in the two countries, such as ... existing development plans and the potential for unlocking economic development**”.

• In Chapters 6 and 7 respectively, it proposes a **strategic vision**, as well as **ideas for the upcoming IPA III Cross-Border Cooperation Programme between Republic of North Macedonia and Republic of Albania 2021-2027**.

The Multi-sectoral Study is meant to pave the way and to provide the background documentation for drawing up the project’s final deliverable, “**a first draft of the programming document**” for the IPA III Cross-Border Cooperation Programme 2021-2027.
2 GENERAL CONTEXT

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

- **Pelagonia, Polog and Southwest** in North Macedonia, and
- **Diber, Elbasan and Korce** in Albania.

The programme area includes 27 municipalities in North Macedonia:

- **Pelagonia** region, consisting of the municipalities of Bitola, Demir Hisar, Dolneni, Krivogastani, Krusevo, Mogila, Novaci, Prilep, and Resen;
- **Polog** region, incorporating the municipalities of Bogovinje, Brvenica, Gostivar, Jegunovce, Mavrovo and Rostusa, Tearce, Tetovo, Vrapciste and Zelino;
- **Southwest** region comprises the municipalities of Centar Zupa, Debar, Debarca, Kicevo, Makedonski Brod, Ohrid, Plasnica, Struga and Vevcani.

and 17 municipalities in Albania:

- **Dibra** region consists of the municipalities of Diber, Bulqiza, Mat and Klos;
- **Elbasan** region comprises the municipalities of Elbasan, Belsh, Cerrik, Gramsh, Librazhd, Peqin, Prrenjas;
- **Korca** region includes the municipalities of Korce, Devoll, Kolonje, Maliq, Pogradec, Pustec.

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

The Review Report points out a negative population growth in five out of the six regions (with the exception of Polog, but even there the population is decreasing). This is a negative development from the period when the programming document for IPA II CBC was drafted, when only two of North Macedonian regions (Pelagonia, South West) were registering such a trend, while all three Albanian regions were registering positive natural growth. The Report shows that the main cause for this trend is migration (internal – from remote, peripheral mountainous areas to larger centres and abroad), which in turn is caused by lack of labour opportunities but also lack of appropriate transport infrastructure and low access to health and other basic services.

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

<table>
<thead>
<tr>
<th>Countries</th>
<th>Regions</th>
<th>Size (km²)</th>
<th>% of Country</th>
<th>Population¹</th>
<th>% of Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Macedonia</td>
<td>Pelagonia</td>
<td>4,717</td>
<td>18.3%</td>
<td>228,448</td>
<td>11.0%</td>
</tr>
<tr>
<td></td>
<td>Polog</td>
<td>2,416</td>
<td>9.4%</td>
<td>321,957</td>
<td>15.5%</td>
</tr>
<tr>
<td></td>
<td>Southwest</td>
<td>3,340</td>
<td>13.0%</td>
<td>219,622</td>
<td>10.6%</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>10,473</td>
<td>40.7%</td>
<td>770,027</td>
<td>37.1%</td>
</tr>
<tr>
<td>Albania</td>
<td>Diber</td>
<td>2,586</td>
<td>9.0%</td>
<td>119,963</td>
<td>4.2%</td>
</tr>
<tr>
<td></td>
<td>Elbasan</td>
<td>3,199</td>
<td>11.1%</td>
<td>276,765</td>
<td>9.7%</td>
</tr>
<tr>
<td></td>
<td>Korce</td>
<td>3,711</td>
<td>12.9%</td>
<td>209,124</td>
<td>7.3%</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>9,496</td>
<td>33.0%</td>
<td>605,852</td>
<td>21.3%</td>
</tr>
<tr>
<td>PROGRAMME TOTAL</td>
<td></td>
<td>19,969 km²</td>
<td>36.7%²</td>
<td>1,375,879</td>
<td>28%³</td>
</tr>
</tbody>
</table>

¹ basic demographic indicators as of 30.06.2018
² Percentage of aggregated countries’ sizes
³ Percentage of aggregated countries’ population
The length of the countries’ border covered by the Programme Area is 191 km (151 km over land, 12 km along the Drim River and 28 km in the Ohrid and Prespa lakes).

3 COMMON CONSTRAINTS FOR SUSTAINABLE DEVELOPMENT WITHIN THE POTENTIAL ELIGIBLE AREAS

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

The earlier Review Report has provided an accurate snapshot of the current realities on the ground; on its basis, this section sums up the common constraints for sustainable development within the eligible regions of the IPA III Cross-Border Cooperation Programme between Republic of North Macedonia and Republic of Albania 2021-2027 in a number of key sectors.

3.1 Environmental infrastructure needs

Climate change focuses our attention on the way we interact with our environment and use its resources. Managing environmental risks, reducing the amount of waste and learning to use resources sustainably will help improve environmental standards and quality of life, and will make the regions a more attractive place to live and work.

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

The “Ohrid - Prespa” trans-boundary biosphere reserve shared with neighbouring Greece, protected by UNESCO and designated as a wetland of international importance under the Ramsar Convention, covers a surface of 446.244 ha within the eligible Programme Area on both sides of the border. Its presence is combined with a large number of national parks and protected natural areas, historical and cultural heritage areas and areas of special preservation interest protected by law in the territory of the regions, as well as protected endemic flora and fauna species, that have a substantial potential for developing tourism and improving the regional economies.

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

Insufficient water supply systems are a commonly shared constraint, with water supply systems existing and covering a rather high proportion of the population in some urban areas, but ranging from as low as 20% up to 80% in rural settlements, where the remaining population’s needs for potable water are covered from wells and/or natural springs and with widely varying water quality. Indicatively, in North Macedonia, there are numerous villages in Debar municipality where water supply has not been resolved; the town of Debar itself faces significant problems with water supply. On the Albanian side, the municipalities of Korça and Pogradec (both in Korca region) are the only ones that have secured supply of drinking water to their citizens, having invested in their water purification plants and water supply networks.

The same applies to inadequate waste collection and disposal/management systems across all regions of the cross-border Programme Area, mostly characterised by solid waste disposal in local, so-called municipal landfills which are far from meeting the basic technical and sanitary safety standards. Notably, there are even urban centres which lack even such (e.g. Tetovo, the administrative centre of the Polog Region in North Macedonia, with 53,000 inhabitants). Therefore, an even greatest danger is represented by illegal or informal landfills where industrial and municipal waste is dumped without control and it has a direct impact on environmental pollution, contamination of the soil and underground waters and indirect impact on the citizen’s health.
Wastewater and sewage treatment represent another significant, shared challenge across the Programme's cross-border regions. The coverage of their population with wastewater processing and treatment plants and sewage networks is grim on both sides of the border, even far below the already very low national averages. A small number of wastewater processing stations and sewage networks cover certain urban areas, but in the rural areas the situation is rather dismal and, in most cases, wastewater is merely collected in overflowing cesspits and/or directly released in dry gulches and streams. Wastewater pollution has an impact both on pollution of both soil and underground waters, which then leads to contamination of potable water and agriculture crops.

The additional investments in environmental infrastructure which are needed across the cross-border regions will be significant, far beyond the grasp and budgetary resources of any individual Cross-Border Cooperation Programme, and will have to be carefully planned and implemented overtime, along with a substantial increase in environmental awareness and a much-required enhancement of environmental governance and resources management.

### 3.2 Transport infrastructure needs

With the Ohrid airport being the only air route for passengers in the Programme area, the main road crossing in the entire area is the Pan-European Corridor VIII, linking the Adriatic-Ionian region with the Southern Balkans and the Black Sea and expected to become – upon its completion – a multi-modal transport system comprising sea-, air-, road and rail routes. Commencing via a ferry crossing from the Italian Adriatic coast at Bari or Brindisi, it is designed to link the Albanian Adriatic port of Durres with Tirana and Skopje, running towards Elbasan, crossing into North Macedonia in the southern part of the cross-border area at the Ohrid lake (Qafe Thane-Struga cross-border checkpoint) and then running north to Tetovo, on its way to Skopje. From there the routes cross via Kumanovo into Bulgaria (Pernik - Sofia - Plovdiv – Burgas, and thence to Varna on the Black Sea coast).

Similarly, branch D of the Pan-European Corridor X (which links Northern Europe through Serbia and North Macedonia to the international port of Thessaloniki in Greece) is crossing from Veles into the eastern part of the cross-border region in North Macedonia - to Bitola, then expected to run south into Greece via Florina and to meet the existing Via Egnatia motorway.

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

While the current state of the national and regional roads within the cross-border regions is far from optimal, there are a number of approved transport projects currently underway, funded by the European Union or other donors. However, the situation is much more acute in regard to local roads, in particular in rural areas. Out of a total of 3,292 km of local roads in the three regions in the Republic of North Macedonia only 60% or 1,998 km are coated with asphalt. Similarly, lack of road infrastructure and accessibility are considered among the main factors behind the advancing depopulation and decline in parts of the Dibër and Korça regions in Albania, among the most problematic nationwide in terms of net internal migration and out-migration. Access from the municipalities of Bulqiza and Dibër to markets for their produce and to the rest of the country affects greatly the sustainability of the local economy. Access from the main villages of Korça district (Dardha, Voskopoja, Boboshtica, Vithkuqi, Prespa villages, Lini, Driloni, Tushemisht, Pusteci, Rehova and Borova - which together with the city of Korça and Pogradec constitute the network of settlements designated as tourist destinations) to the key services established in the city of Korça are lengthy and difficult.

Expectedly, inadequate transport infrastructure systems result in poor cross-border connectivity of the two transport systems. There are 5 border crossing points between the Republic of North Macedonia and the Republic of Albania:

1. Ŭafasan (Struga) from North Macedonia through Qaë Thanë leading to (Pogradec) - Librazhd, and Elbasan, Albania;
2. Sveti Naum (Ohrid) from North Macedonia through – Tushemisht leading to Pogradec at the south-eastern end of Lake Ohrid in Albania;
3. Spas (Debar) from North Macedonia through Bllatë (Dibër), leading to Peshkopi, Bulqiza and Burrel, Albania;

4. Debar (Pogradec) from North Macedonia through Pogradec - Bitola, leading to (Ohrid) - Prilep, and (Ohrid) - Debar, leading to Skopje, North Macedonia;
5. Debar (Pogradec) from North Macedonia through Pogradec - (Ohrid) - Skopje, North Macedonia.
4. Stenje (Resen) from North Macedonia through Goricë (Pustec), leading to the northern shores of Lake Prespa in Albania.
5. Džepište (Debar) from North Macedonia to Trebisht (Dibër), Albania

In general, there are several road sections which considerably reduce the speed of transportation, and the overall travel time is significantly prolonged by the long customs procedures at the border checkpoints. Apart from improving the road infrastructure along these segments, rehabilitation of the premises of the border/customs posts and introducing measures to speed up border crossing will significantly enhance and facilitate cross-border connectivity.

### 3.3 Cultural and natural heritage prospects

As highlighted in a previous section of this study, there is a wealth of environmental resources and biodiversity in the Programme’s cross-border regions. They comprise the “Ohrid - Prespa” trans-boundary biosphere reserve, a Ramsar wetland of international importance shared with neighbouring Greece, a large number of national parks and protected natural areas which contain rivers and glacial lakes, caves, and other monuments of nature, mountain landscapes and sceneries of extraordinary beauty etc.

A rich and varied cultural and historical heritage is also abundant throughout the Programme area, in the form of historical and heritage areas – notably among which Ohrid, included in the UNESCO World Heritage List – protected areas of special preservation interest, archaeological sites, traditional settlements of particular architectural value, numerous churches, mosques, monasteries, fortresses, bridges, fishing settlements and other urban and rural monuments.

**Preservation and protection** on the one hand, and **promotion and sustainable valorisation** on the other, of these significant natural and cultural heritage assets together with all other ingredients of cultural offer such as museums, memorial houses, festivals and events, will certainly be of paramount importance in the overall development efforts, to be undertaken in partnership of the public administrative authorities at all levels with the local cultural institutions and in conjunction with the society as a whole.

This, despite various targeted initiatives to this purpose in certain areas in recent years, remains another significant, **common challenge across the Programme's cross-border regions** and may represent a **key component** of the upcoming IPA III Cross-Border Cooperation Programme between Republic of North Macedonia and Republic of Albania for 2021-2027.

### 3.4 Tourism development

Tourism industry, as widely seen, refers to a supposedly single ‘entity’ operating across all places where tourism activities occur. Until recently, i.e. notwithstanding disruption from the current Covid-19 pandemic, it has been one of the largest and fastest growing industries in the world and a key driver that can contribute to sustainable development and growth, exerting considerable economic, political, social and cultural impact to the overall economy and society, thus securing itself a prominent position in the overall development effort.

Despite the wealth of natural, historical and cultural heritage assets briefly described above, tourism development across the Programme area is still in an early stage and leaves much to desire.

According to data the World Travel & Tourism Council (WTTC), the direct contribution of the entire tourism and travel sectors of both counties to their respective gross domestic products (GDP) was rather meagre, at least when compared to the sector’s performance in the neighbouring countries, albeit increasing over time.
Among the regions of the Programme area, in North Macedonia the Southwest region is the absolute leader with a 53.43% share of tourism activities due to the presence of Ohrid and Prespa lakes, whereas the Polog region is the least developed with a share as low as 2.86%. Pelagonia lies in between, with a tourist offer featuring its clean environment, historical urban areas (Bitola, Krusevo) and villages and its cultural legacy and capitalising on touristic attractions such as the Pelisterski Ochi glacial lakes, the Pelister and Galichica National Parks, several protected areas, the archaeological sites of Heraclea and Stibera etc.

In Albania, the three regions of the Programme area are very diverse, alternating with natural lake, mountainous and plain landscapes and related tourist development potentials. Dibër Region is the least developed and still
unexplored in this context. The situation is very different in Korça, ranking amongst the most preferred by local and foreign tourists and with significantly increased capacities for tourism. Nevertheless, tourism offer is fragmented and generally oriented towards seasonal tourism in one destination in the absence of more comprehensive packages and tourist itineraries.

Given the significant potential across the regions of the Programme area, stimulation of investments in tourism, and related infrastructures, development of suitable accommodation and catering capacities and differentiated tourism packages extending along all seasons of the year, compilation of tourist maps and itineraries tailored to – and combining accordingly – the regions’ diversity and respective tourist product offer (classical and alternative forms of tourism activities), remain another key common challenge for the Programme’s cross-border regions and may also represent a key component of the upcoming IPA III Cross-Border Cooperation Programme between Republic of North Macedonia and Republic of Albania for 2021-2027.

3.5 Entrepreneurship and SME development

The two sides of the Programme area have rather different characteristics in terms of their economic development.

In North Macedonia, the regional disparities tend to be significant, in favour of the Skopje Region, which registers the biggest share (42.8%) of the country’s GDP in 2017. As regards the cooperation regions, the share in the gross domestic product is the following: Pelagonia 10.7%, Polog 7.3% and Southwest region 9.8%. This accounts for a total of 27.8% of the GDP, while the population accounts for roughly 37% of the total population.

An analysis of the number of companies (see below) shows, at a glance, that the regions in the Programme area account (in 2017) for 33.33% (as compared to 37.69% for the single region of Skopje) of the total number of companies in North Macedonia. A more in-depth analysis shows, however, that the biggest percentage of companies consists of those that hire fewer than 10 employees, with only a small number of companies with a number of employees in excess of 250.

When comparing the share of the GDP generated in the area with the share of companies it is obvious that the productivity of the companies is rather low.

Number of registered companies in North Macedonia by enterprise size and region (2013 and 2017)

<table>
<thead>
<tr>
<th>Region</th>
<th>Year</th>
<th>Enterprise size, by number of persons employed</th>
<th>Total number of enterprises</th>
<th>Share of total number of enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0-9</td>
<td>10-49</td>
<td>50-249</td>
</tr>
<tr>
<td>Vardar</td>
<td>2013</td>
<td>3 582</td>
<td>245</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>3 547</td>
<td>299</td>
<td>59</td>
</tr>
<tr>
<td>East</td>
<td>2013</td>
<td>3 785</td>
<td>384</td>
<td>121</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>3 752</td>
<td>418</td>
<td>130</td>
</tr>
<tr>
<td>Southwest</td>
<td>2013</td>
<td>5 271</td>
<td>325</td>
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</tr>
<tr>
<td></td>
<td>2017</td>
<td>5 318</td>
<td>340</td>
<td>57</td>
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<tr>
<td>Southeast</td>
<td>2013</td>
<td>4 183</td>
<td>390</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>4 116</td>
<td>435</td>
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<tr>
<td>Pelagonia</td>
<td>2013</td>
<td>5 596</td>
<td>434</td>
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<td></td>
<td>2017</td>
<td>5 501</td>
<td>453</td>
<td>74</td>
</tr>
<tr>
<td>Polog</td>
<td>2013</td>
<td>5 558</td>
<td>268</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>6 260</td>
<td>335</td>
<td>36</td>
</tr>
<tr>
<td>Northeast</td>
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<td>2 853</td>
<td>262</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2 825</td>
<td>258</td>
<td>50</td>
</tr>
<tr>
<td>Skopje</td>
<td>2013</td>
<td>18 544</td>
<td>1 788</td>
<td>283</td>
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<td></td>
<td>2017</td>
<td>18 370</td>
<td>2 034</td>
<td>322</td>
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<tr>
<td>North</td>
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<td>49 372</td>
<td>4 096</td>
<td>713</td>
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<tr>
<td>Macedonia</td>
<td>2017</td>
<td>49 689</td>
<td>4 572</td>
<td>794</td>
</tr>
</tbody>
</table>

Source: State Statistical Office of North Macedonia
In Albania, the regional disparities tend to be more severe. The share of the regions in the gross domestic product is the following: Dibër 0.32%, Elbasan 0.68% and Korçë region 0.55%. This accounts for a total of 1.55% of the GDP, while the population accounts for roughly 21% of the total population.

An analysis of the number of companies (see below) shows, at a glance, that the regions in the Programme area account (in 2017) for 18.4% of the total number of companies in Albania. A more in-depth analysis shows, however, that the biggest percentage of companies consists of those that hire fewer than 10 employees, with only a small number of companies with a number of employees in excess of 250.

There is a noticeable upward trend in the number of companies from 2013 to 2017, with more than double in Korçë and almost double in Elbasan. The numbers show that the entrepreneurial culture in the regions is dynamic, with a significant growth rate in recent years.

### Number of registered companies in Albania by enterprise size and district (2013 - 2017)

<table>
<thead>
<tr>
<th>District</th>
<th>Year</th>
<th>Enterprise size, by employment</th>
<th>Share of total number of enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>0-9</td>
<td>10-49</td>
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<tr>
<td>Berat</td>
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<td></td>
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<td>145</td>
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<td>Durrës</td>
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<td>12 792</td>
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<td>2017</td>
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<td>241</td>
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<td>2017</td>
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<td>5 093</td>
<td>215</td>
</tr>
<tr>
<td>Shkodër</td>
<td>2013</td>
<td>5 600</td>
<td>276</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>11 157</td>
<td>361</td>
</tr>
<tr>
<td>Tirana</td>
<td>2013</td>
<td>44 676</td>
<td>2 113</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>50 254</td>
<td>3 055</td>
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<tr>
<td>Vlorë</td>
<td>2013</td>
<td>9 008</td>
<td>293</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>11 468</td>
<td>393</td>
</tr>
<tr>
<td>Albania</td>
<td>2013</td>
<td>105 078</td>
<td>4 669</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>154 327</td>
<td>6297</td>
</tr>
</tbody>
</table>

### Gross domestic product, by regions, 2017 - North Macedonia

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP (in million EUR)</th>
<th>GDP per capita (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pelagonia</td>
<td>1076.48</td>
<td>4690.73</td>
</tr>
<tr>
<td>Southwest</td>
<td>851.59</td>
<td>3876.07</td>
</tr>
<tr>
<td>Polog</td>
<td>733.16</td>
<td>2282.58</td>
</tr>
<tr>
<td>North Macedonia (total)</td>
<td>10028.78</td>
<td>7834.31</td>
</tr>
</tbody>
</table>

Source: Statistical office
The tables above show the disparities in terms of GDP between the 6 regions in the Programme area, with Polog lagging significantly behind, while Pelagonia is significantly ahead. However, all six regions are lagging behind their national averages.

The most important economic sectors in the Programme area are agriculture (especially Pelagonia and Elbasan), exploitation of mineral resources and tourism (especially the Southwest region, with the highest share of accommodation facilities at national level – 61.87% and Korcë, the second preferred destination of domestic trips for personal or business purposes at national level is with 15.1%).

The main constraints that could be addressed in order to improve competitiveness are:

- Low productivity
- Low value added (e.g. primary agricultural produce)
- Low investments in highly promising sectors (e.g. tourism)
- Lack of recognition of local products and tourism destination

By capitalising on the strengths, such as dynamic entrepreneurial culture, investment in sectors that are highly sought after but not exploited at their real potential, a targeted intervention in competitiveness could bring about an increase in revenue, employment and, eventually, GDP.

4 OVERVIEW OF MAIN COMPETENCIES OF LOCAL AND REGIONAL BODIES

A major development took place since the period when the programming document for IPA II CBC was drafted is represented by the fact that both countries are now candidate countries, with Albania getting candidate country status in 2014.

Since then, both countries are undergoing an extensive process of administrative reforms aimed mainly at decentralisation. The EU integration process is considered a strategic priority by both countries; several studies show that almost 50-70% of the EU acquis has to be implemented by local governments after EU accession; thus EU acquis can have a significant impact on their functioning and service delivery operations.4

In North Macedonia, the administrative reform process started in 2002, with the Law on Local Self-Government defining the competencies of the Local Authorities. It continued with the 2005 Law on Local Government Finance that foresaw a two-phased fiscal decentralisation process. In the first phase, local government units were assigned with the ownership of social sector functions and were provided with earmarked grants to pay for the costs of maintaining these facilities. Under the second phase, local government units that met specific conditions would become responsible for maintaining these facilities but also for paying the wages of their employees.

The law on territorial organization and local government in the Republic of Macedonia (2004), establishes and defines the concrete national territorial organization and division, definition of official boundaries and administrative borders, including the necessary rules and general issues regarding the local government (municipalities, self-government areas) and their powers, obligations and duties. In 2007, the Law on Balanced Regional Development aimed at establishing policy linkages between decentralisation and territorial development in response to the huge disparities in wealth, jobs, demographic growth and social cohesion between urbanised areas (particularly in the Skopje region) and the rest of the country. The Law established 8 planning regions in the Republic of Macedonia for regional development planning and implementing the measures and instruments for its promotion: Vardar, East, Southwest, Southeast, Pelagonia, Polog, Northeast and Skopje, as well as 8 regional development centres.

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4 http://www.bpe.al/sites/default/files/publications/EU-Acquis-EN.pdf
Recognising that regional economic disparities are an important challenge to be addressed by the Government, a number of important measures were adopted in the country over the last 10-15 years such as:

- the law creating the Ministry of Local Self-Government;
- adopting the National Strategy for Regional Development 2009-2019, with an update in 2014;
- the establishment of the National Council for Regional Development as well as Regional Councils, with the Vice PM/Minister for Economic Affairs made responsible to chair the National Council;
- the law by which the Government entered a commitment to invest 1% of GDP into reduction of regional economic disparities;
- the creation of the Bureau for Regional Development at national level and the Centres for Development of Planning Regions at regional level.

However, the development and implementation of all these measures have not yet reached the desired levels. The biggest gap was registered on the 1% target, as public resources to fund potentially important projects were not available. However, nobody could deny the good results in terms of reduced regional disparities in the country.

The government bodies responsible for balanced regional development are the Ministry of Local Self-Government and the Bureau for Regional Development (BRD) subordinated to it.

Activities to be carried out through the Bureau for Regional Development include non-refundable participation in financing of:

- projects in the planning regions;
- projects in areas with specific development needs;
- rural development projects;
- payments of contributions for pension, disability and health insurance to persons who have acquired the right to these payments;

Activities to be carried out through the Ministry of Local Self Goverment cover financing annually the activities and tasks of the development centres and planning regions.

From the start of their activity, the Centres for Development of Planning Regions faced problems in terms of their financing. According to the law, 50% of their revenue should come from the national budget and the remaining 50% should be transferred from the budgets of the local self-government units in the regions these centres were established to serve.

The Regional Development Strategy 2009-2019, elaborated in 2009 through a consultative process with municipalities, has faced major implementation challenges, including low levels of government funding, limited incentives for local authorities to engage and major coordination deficiencies, reflecting limited ownership.\(^5\)

Based on the lessons learned, incorporating both successes and shortcomings, an effort is currently underway to design the next Regional Development Strategy 2020-2029 in such a way that in 2029 North Macedonia will be an EU member state with a sound record of social-economic, spatial and demographic cohesion.

On 17\(^{th}\) June 2020 the Government of Republic of North Macedonia has adopted the Programme for balanced regional development for 2020. This programme regulates the distribution of funds for encouraging balanced regional development for 2020 in the total amount of 7.6 MEUR.\(^6\)

In the resulting decentralised system, there are two levels of governance: central and municipal. The Regions are statistical, set up for planning purposes and do not have administrative attributes. The problem of regional imbalances is still acute. More than half of investments continue to be generated in the most developed region of Skopje. Population growth in most regions is negative. The three least developed regions (Northeast, Polog and Southwest) are facing high unemployment rates and have not improved their respective shares in GDP in the last years.

Municipal bodies include the Council and the Mayor. The Municipality may establish forms of local government, such as urban communities (in cities) and local communities in villages.

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\(^5\)Source: DG NEAR Evaluation of EU support to Local Authorities (2010-2018), as well as interviews from the site visits, Municipalities and competent staff from the relevant ministries

\(^6\)Official Gazette of the Republic of North Macedonia, January 2020
The local self-government level is responsible for urban planning; communal activities; local economic development; environmental protection; water supply and sewerage; local economic development; transport (local roads); culture; tourism; sport and recreation; social welfare and health protection (including children protection); education (preschool, primary and secondary education); civil protection (disaster protection and assistance); fire-fighting and affairs which are delegated from the state bodies to the municipalities.

Municipalities obtain their finances from own revenue sources (approximately 40%) and from grants (approximately 60%). Only 15% of their revenue is used for development initiatives, with the remaining 85% spent on covering administrative costs. These data reflect a high degree of centralisation and a lack of financial sustainability at the local level. Municipalities may borrow at home and abroad, with the consent of the Ministry of Finance.

In Albania, the process of decentralisation started with Law 115/2014 “on the Administrative-Territorial Division of Local Government Units in the Republic of Albania”, which reduced the number of local units from 373 (308 communes and 65 municipalities) to 61 municipalities. It continued with the Law 139/2015 “on Local Self-Government”, which further extends the scope of competencies, adding seven new functions, bringing the total number of local functions to 41. The Law 68/2017 “on Local Government Finance” establishes an ambitious framework in regard to local finances, further deepening the fiscal decentralisation and financial autonomy of the local government. There is still a huge need for substantial efforts to increase the administrative capacity of local government units to carry out their expanded competencies and provide them with the necessary financial resources. These three laws have reshaped the authority of local government in the context of territorial jurisdiction, legal competence and financial resources.

The role of the Regional Council (qark) is stipulated in the Law 139/2015 “on Local Self-Government”. The main functions of the region are the establishment and implementation of regional policies, their harmonisation with state policies at the regional level. The 61 municipalities are split in 12 qarks. The three Albanian CBC regions are, in fact, qarks.

Beyond the administrative and territorial division and statistical regions, other classifications are also used in Albania. By a decision of the Council of Ministers in 2015, the National Agency for Regional Development, three Regional Development Agencies and the Regional Economic Development Agency were established. In 2018, the Government of Albania decided to reorganise the system and the Regional Agencies were abolished by transferring these functions to the Albanian Development Fund.

Currently, the Albanian Development Fund is preparing the Regional Development and Cohesion Plans (2021–2027), for the four regions. Development plans are drafted through a participatory process and consultation with local government units and other stakeholders.

A new law on Regional Development and Cohesion, prepared and approved by the parliament in 2020, regulates the policy and institutional framework for regional development in Albania. The reform is defined as one of the key reforms, which contributes to the fourth pillar of the National Strategy for Development and Integration - Growth through sustainable use of resources and territorial development, and aims at balanced development and cooperation between the regions of the country, thus increasing the country's global competitiveness.

The Ministry of Interior (MoI) is responsible for Local Government issues and Decentralisation Reform through coordinating and monitoring the implementation of the Cross-cutting Strategy for Decentralization and Local Governance 2015–2020 as well as other state policies at the local level.

The Agency for the Support of Local Self Government (ASLG) has been established under the authority of the Minister of Interior. The ASLG is responsible for coordinating the implementation of the general state policy in the field of decentralisation and local government. It monitors the implementation of the Cross-cutting Strategy for Decentralisation and Local Governance as well as the relevant action plan; it provides legal and technical advice to local self-government units in the process of exercising their functions and serves as a centre for identifying and promoting best practices and/or recommendation models for local self-government issues.

An important step forward has been the establishment of a Consultative Council between the central government and local self-governments in 2017. The Consultative Council (CC) serves as an institutionalised consultation platform between central government and local and regional authorities, providing the latter with a forum for advocacy and dialogue with the central counterparts. The Agency for the Support of Local Self Government (ASLG) plays the role of Technical Secretariat for the CC.

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7 According to the law on financing the units of local self-government (2004)
The municipal governments in Albania are responsible for promoting, supporting and fostering local economic, social, environmental and cultural developments and community cohesion and they impact various policy areas and services of general interest i.e. social, public and infrastructure services. According to the Law 139/2015, they are mainly responsible for planning, managing and providing various public and community development services, mainly social protection, poverty alleviation and inclusion of vulnerable groups and the displaced, as well as for the provision of utility services, i.e. water supply, sewage collection and treatment, waste management, local infrastructure and transport and protection of environment.

They are also responsible for territory planning and development, preschool education, land protection, rural development, forestry and pasture protection and development, energy efficiency, civil protection and public safety and security, public health protection, veterinary services, public procurement, employment, protection of human rights and freedoms, state aid, whereby the areas regarding the environment, services of general interest and procurement policy are the most demanding ones as far as funding, regulatory framework and quality of human resources.

The quality of municipal services and infrastructure is still inadequate and in many rural and mountainous areas is very bad or lacking (accessibility, coverage, quality of services provided). The infrastructure needs of the municipalities remain high on their agenda, while the financial and management capacities of the municipal governments are still weak to address these needs also because of inadequate funds to cover the related costs.

### Eligible stakeholders as beneficiaries of the Programme in North Macedonia

<table>
<thead>
<tr>
<th>Local and regional government institutions</th>
<th>Business Operators and SME</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 27 Municipalities part of three Regions</td>
<td>• Local and regional government units</td>
</tr>
<tr>
<td>• Subordinate institutions/local offices</td>
<td>• Tourist service providers</td>
</tr>
<tr>
<td>• ZELS – Non-profit organization</td>
<td>• Networks/clusters of SMEs</td>
</tr>
<tr>
<td>• Universities in the respective regions</td>
<td>• Hospitality industry operators (SMEs)</td>
</tr>
<tr>
<td>• Ministries</td>
<td>• Chambers of Commerce and Industry</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Local/Regional agencies</th>
<th>Civil Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>• BRD/CRD</td>
<td>• Non-Governmental Organisation</td>
</tr>
<tr>
<td>• Public Agencies</td>
<td>• Centre’s as define by local laws</td>
</tr>
<tr>
<td>• Formal and non-formal educational and training institutions</td>
<td>• Residents and their organisations</td>
</tr>
<tr>
<td>• Cultural institutions (museums, libraries)</td>
<td>• Local Associations</td>
</tr>
<tr>
<td>• 3 National Parks Management Institutions</td>
<td></td>
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<tr>
<td>• Environmental regional directorates</td>
<td></td>
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</table>

### Eligible stakeholders as beneficiary of the Programme in Albania
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<table>
<thead>
<tr>
<th>Local and regional government institutions</th>
<th>Business Operators and SME</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 3 Regional Councils/Qarks (Diber, Elbasan, Korce)</td>
<td>• Local and regional government units</td>
</tr>
<tr>
<td>• 17 Municipalities, part of three Regions/Qarks</td>
<td>• Tourist service providers</td>
</tr>
<tr>
<td>• Subordinate institutions/local offices</td>
<td>• Networks/clusters of SMEs</td>
</tr>
<tr>
<td>• Albanian Development Fund (playing the regional development function)</td>
<td>• Hospitality industry operators (SMEs)</td>
</tr>
<tr>
<td>• Universities in the respective regions</td>
<td>• Chambers of Commerce and Industry</td>
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<table>
<thead>
<tr>
<th>Local/Regional agencies</th>
<th>Civil Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>• VET educational institutions (all levels)</td>
<td>• Non-Governmental Organisation</td>
</tr>
<tr>
<td>• Tertiary education institutions</td>
<td>• Centre’s as define by local laws</td>
</tr>
<tr>
<td>• Other formal and non-formal educational and training institutions</td>
<td>• Residents and their organisations</td>
</tr>
<tr>
<td>• Cultural institutions (museums, libraries)</td>
<td>• Local Associations</td>
</tr>
<tr>
<td>• 3 Regional Administrations of Protected Areas</td>
<td></td>
</tr>
<tr>
<td>• Environmental regional directorates</td>
<td></td>
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</tbody>
</table>

Many EU-supported interventions targeting the local level, or the municipalities directly or indirectly sought to adopt inclusive approaches towards civil society and the private sector.

Two bilateral interventions merit specific examination, respectively the programme dealing with: (i) Consolidating Local Self-Government / Improving Municipal Governance8 and (ii) ‘Civil Society for Making Local Democracy Work’, implemented by ALDA (the European Association for Local Democracy) under the 2015 Civil Society Facility North Macedonia, focused on improving the transparency and accountability of LAs in allocating grants to civil society organisations. According to several actors consulted, these projects factored in the prevailing (often sobering) baseline conditions regarding local democracy and governance. They effectively applied a multi-actor approach and pioneered innovative practices of local democracy. The same applies for ReLOaD which focused on restoring trust in local institutions by making LA funding to CSOs transparent. All these interventions created space for more constructive state-society relations at local level. However, the weak point of these interventions is the sustainability as timid project gains are seldom taken further and institutionalised9.

The NGO sector is increasing on both sides of the border. Their willingness to participate combined with their specific experiences and different positions in society can bring new perspectives to local interventions. During the regional consultations conducted by the two national experts it was obvious that their willingness to participate is strengthened by their experience (in some cases) in project implementation but also their knowledge in the specific sector they work in. Their participation in future interventions can lead to an increase in their capacities and rate of survival that can benefit to an increase in local and regional capacity.

We may conclude that the potential for cross-border coordination and synergies on specific sectors or thematic areas is high, as the cross-border eligible area is characterised by similar systems of governance on both sides of the border, comprising the central and local level government (municipalities), with the regional level aimed at establishing and implementing regional policies, harmonising them with national policies. Additionally, in Albania there is a third layer, the qarks, which are part of the local government and exercise attributes delegated to them by the municipalities (establishment and implementation of regional policies, their harmonisation with state policies at the regional level).

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8 It included a component with a number of quantitative progress indicators such as the number of (i) consolidated participatory bodies; (ii) supported CSOs networks; (iii) strengthened partnerships between CSOs and institutions and (iv) new partnerships between CSOs and institutions.

9 Evaluation of EU support to local authorities in Enlargement and Neighbourhood regions (2010-2018) – Case study note – North Macedonia
Other similarities include:

- The local government units (LGU) have comparable attributions towards achieving local economic, social, environmental and cultural development and community cohesion;

- The LGU are expected to take on an increasingly active role towards building territorial cohesion and establishing an enabling environment that promotes local economic growth and meets the actual needs of the citizens;

- The quality of municipal services and infrastructure is still inadequate and in many rural and mountainous areas is very bad or lacking (accessibility, coverage, quality of services provided);

- The infrastructure needs of the municipalities remain high on their agenda, while the financial and management capacities of the municipal governments are still weak to address these needs also because of inadequate funds to cover the related costs;

- The list of potentially eligible institutions for funding under the IPA III CBC is largely similar on both sides of the border;

- More efforts should be made in order to improve cooperation between the local self-government and non-governmental/not-for-profit organisations active in the particular geographical area or sector.

5 BROADER CONSTRAINTS IN THE PARTNER COUNTRIES

For the purpose of this study, a variety of development documents have been reviewed:

- European Union Strategy for the Adriatic and Ionian Region (EUSAIR)
- Environment and Climate Regional Accession Network (ECRAN)
- EU 2018 Strategy for Western Balkans
- Western Balkans Green Agenda and the European Green Deal
- National and Regional/Local Strategies
- Sectoral Strategies

5.1 Analysis of existing development plans

North Macedonia

Each of the three planning regions from the programming area with mutual coordination of their relevant stakeholders and mainly with the support of different international donors has developed their own Regional Development Programmes 2015-2019, based on the existing strategies. The new Development programmes 2020-2017 in the three programming regions are prepared and are in the process of adoption. It is expected these new Development programmes for the three planning regions to be published at the beginning of 2021.

Reviewed existing Development Plans, Local strategies, Action plans covering all sectors, in the Planning regions from the programming area are listed below:

Pelagonia Region

- Programme for Development of the Pelagonia Planning Region 2015-2019;
- Strategy for cooperation with the civil sector and its continuous development for Municipality of Bitola, defining that the Municipality will provide support for application and involvement in joint implementation of projects;
- Local Action Plan for employment, housing, education, health and Roma women, 2018-2020, for the Municipality of Bitola;
- Social Plan for Municipality of Bitola, 2021-2024, This plan realizes the needs for social protection of vulnerable categories of citizens and their greater involvement in society;
Polog Region

- Programme for Development of the Polog Planning Region 2015-2019
- Strategy for local economic development for the Municipality of Gostivar;
- The regional waste management plan for the Polog region;
- Climate change Strategy for the Municipality of Mavrovo and Rostuse 2015-2025 (the methodology of the Green Agenda was applied);
- Strategy for Development of Tourism in Mavrovo and Rostuse, 2019-2028, Integrated Plan for Local development of the Municipality Mavrovo and Rostuse 2019-2022. The integrated plan is a result of the concept of strategic planning in the field of local economic development, which integrates the processes of research, analysis, planning and control in the Municipality.

Southwest Region

- Programme for Development of the Southwest Planning Region 2015-2019;
- Regional Strategy for Innovations defines ways to increase innovation in the region by using the limited local, national and European financial funds, while optimizing the development capacities (both in the education and business sectors), the existing business potential and the capacities of the companies in the area of adoption and use of modern technologies;
- Draft Strategic Environmental Assessment Report has been prepared for the draft Regional Waste Management Plan for the South-West Region
- Strategy for Tourism Development of the Municipality of Ohrid 2020, is a document that leads towards maintaining the continuity of the leading tourist destination in North Macedonia, in which sustainability has recognizable characteristics with optimal use of the already included resources in tourism and activation of new potentials in the direction of improving the conditions for creating tourist products;
- Local Environment Action Plan for Ohrid Municipality, 2019-2025, points out the implementation of environmental protection requests at the local level as well as integration of environmental protection policies into other sectoral policies;
- The Strategy for Rural Development for Municipality of Ohrid, 2019-2025 continuously sets the frameworks for encouraging the development of the rural areas within the Municipality and gives its contribution in the overall improvement of the quality of life of the population and also sets the direction for the future activities in the field of rural development;

Analysis of existing development plans per sector

ENVIRONMENT

Biodiversity of the Republic of North Macedonia is characterized by great heterogeneity and high degree of endemism and is at the very top of the list of European countries, designated as "European Hotspots". The European Green Deal offers a blueprint for joint action to tackle the challenges of green transition, climate change, biodiversity loss, and excessive use of resources and pollution, decoupling economic growth from resource use and environmental degradation.

The Western Balkans Green Agenda, sets out five pillars, and Biodiversity, protection and restoration of ecosystems is stated in pillar five and it has central place in the Green Deal among the set of policy initiatives by the European Commission to make Europe climate neutral by 2050. The commission says that “the ecological transition for Europe can only be fully effective if the EU's immediate neighbourhood also takes effective action.”

The basic legal framework for environmental management is provided by: Law on Environment, Law on Waste Management, Law on Nature Protection, Law on Ambient Air Quality, Law on Environmental Noise Protection, Law on Water and many bylaws acts in the form of Decisions, Rulebooks and Decrees from all areas. Generally, the strengths are represented in hitherto enacted legislation, established international agreements, signed protocols and developed strategies.

State Statistical Office, in cooperation with the Ministry of Environment and Physical Planning, has prepared the seventh edition of the publication on Environmental Statistics, 2019. The publication contains a large set of environmental indicators, which are available in these and in other institutions in the Republic of North Macedonia and which show the quality of the environmental media (water, air, soil), the environmental problems (depletion of the ozone layer and climate changes, environmental protection and loss of biodiversity, waste production and management) and the sector policy making (indicators related to agriculture, forestry, tourism and environmental protection policy instruments).

The National Strategy for Sustainable Development (NSSD), its Part II: Strategic background and analysis comprehensively describes the country's vision for the next 22 years until 2030. Together with the Spatial Planning Strategy from 2004 the NSSD provides the first integrative planning approach in the Republic of North Macedonia.

These two strategies offer the overall umbrella for all other strategies and policies in various fields. Its objective was to lead a participatory process of developing a National Strategy for Sustainable Development, meeting the requirements of EU-accession for the Republic of North Macedonia. A cross-cutting and a comprehensive description of the sustainable development potentials of the Republic of North Macedonia are presented as follows:

- Unique Beautiful Natural Environment and Rich Geo-/Biodiversity;
- Potential for renewable energy sources;
- Huge Variety of Traditionally High Quality Agriculture and Forest Products and Potential for Tourist Products;
- Rich cultural heritage, traditional architecture and craftsmanship products;
- Intellectual Energy and Human Resources Base Potential;
- Regional SD Potential facilitated by Pan-European Corridors X and VIII and their Sub-Corridors;
- Stable Macro-Economic Environment, Favourable Investment Conditions and SME-based Economy;
- Process of Harmonization of Legislation in Compliance with EU Regulations.

National Strategy for Sustainable Development in the Republic of North Macedonia sets its objectives for economically, socially and environmentally balanced development, being firmly anchored at the EU level. At the same time the strategy emphasizes the countries' specific key challenges and key objectives that are defined as follows:

- Good Governance and Better Policymaking;
- Diversification of Income in Rural Regions and Sustainable Development Challenges;
- Economic Prosperity and Job Creation;
- Sustainable Human Settlements;
- Cross-Cutting Policies contributing to a Knowledge Society;
- Climate Change and Clean Energy;
- Sustainable Transport;
- Sustainable Consumption and Production;
- Conservation and Management of Natural Resources;
- Public Health;
- Social Inclusion, Demography and Migration.

Based on the need for change and sustainability, the policy of sustainable environment relies on the following principles:\footnote{Environmental statistics, 2019}

- Environmental goals may be achieved only if the protection of the environment integrates areas that cause damage to the environment;
- Protection of the environment must be founded on shared responsibility, because agreed measures can be fulfilled only with full cooperation among stakeholders;
• Promotion of the environment assumes application of mechanisms and instruments for its protection, as well as encouragement of voluntary approach based on the awareness of daily requirements for active care for the environment.

Nature protection

The National strategy for nature protection and a national strategy for the protection of biodiversity, (2017-2027) were adopted. The annual program for nature conservation for 2019 was adopted by the government. The main objectives of the National Strategy for Nature Protection are identification, study, protection and permanent monitoring of the implementation in the protection of objects and phenomena of protection interest in the area of geodiversity and geological heritage of the Republic of North Macedonia and other components of nature (biological and landscape diversity). The strategy will also have a positive impact on the implementation of the three UN Framework Conventions (Convention for the Protection of Biodiversity, the Convention on Climate Change and the Convention to Combat Desertification), as well as the international ratified documents in the area of nature protection.

The EC report for North Macedonia for 2020 states that some progress was made on mapping natural habitats and identifying potential NATURA 2000 sites. It is noted that the "valorisation studies and management plans have been prepared for several protected areas, but long-term funding is still missing”.

The following strategic documents, plans and Programmes related to the nature protection Strategy have been adopted so far:

• Spatial Plan of the Republic of Macedonia (2002-2020);
• National Water Strategy (2012-2042);
• Water Management Master Plan of the Republic of Macedonia;
• Waste Management Strategy of the Republic of Macedonia (2008-2020);
• National Plan for the Ambient Air Quality Protection in the Republic of Macedonia for the period 2013-2018;
• National Strategy for Sustainable Development (2009-2030);
• Prespa Lake Watershed Management Plan;
• Third National Communication/Climate Change Plan (2014);
• Communication Strategy and Action Plan on Climate Change (2013);
• Programme for the Gradual Reduction of Emissions of Certain Polluting Substances in the Republic of Macedonia (2012);
• National Action Plan for the Strategic Management of Chemicals in the Republic of Macedonia (2010);

Work continues on identifying potential NATURA 2000 sites. Valorisation studies and management plans, required by the Birds and Habitats Directives, were prepared for two protected areas and commenced for two potential protected areas. Steps have been taken to establish ecosystem services.

In accordance with the Law on Nature Protection, Local Self-Governments have competences in the area of nature protection and management. Consequently, they can make proposals for proclaiming a protected area and a natural rarity. They can also be designated as protected area management entities and in that case, they are obliged to develop management plans and annual programmes for nature protection.

Regarding the management of the National Parks, the municipality is directly involved through its representative in the National Park Steering Committee. The municipalities may be involved in procedures
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for conducting the EIA and SEA for various projects and activities, in accordance with the Law on Environment and thus to participate in the planning and protection of natural heritage.

In the area of nature protection, the legislative amendments provided an excellent opportunity for the municipalities to manage the protected areas and possibilities for self-finance. A draft spatial plan was created in 2011 for all existing protected areas and for newly proposed ones, for which valorization plans and protected area management plans need to be prepared. In accordance with the Law on Nature Protection, the strategies for protection and use of natural resources and natural heritage are harmonized with the National Strategy for Nature Protection.

Pursuant to Article 66 of the Law on Nature Protection, six (6) categories of protected areas have been accepted, in line with the categorization of the International Union for Conservation of Nature (IUCN):

- Two strict natural reserves (category I) Ezerani (proclaimed in 1996, covers the northern coastal area of Lake Prespa, habitat of approximately 200 bird species, including wild geese, pelicans, and local moorhens and is included in the World Ramsar list) and Lokvi;
- Three national parks (category II): Mavrovo National Park (established in 1949) covering an area of 73 100 ha, Galicica National park covering an area of 22 750 ha between the Ohrid and Prespa lakes, Pelister National Park (established in 1948) covering an area of 12 500 ha; and
- 17 sites (category III) with most important: two tectonic lakes Ohrid and Prespa Lakes protected as Natural Monuments in 1977 (Ohrid Lake covers an area of 23.000 ha, and Prespa Lake 17.680 ha). The Ohrid Lake is included on the UNESCO List of world heritage in 1979. The hydrological site Vevchanski Izvori (Vevchani Springs) was proclaimed Natural Monument in 1999.

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

Integrated Water Management

With the EU Water Framework Directive 2000/60/EC of the European Parliament and of the Council, the European Union has established a Community framework for water protection and management.

In the SEE 2020 Strategy it is pointed out that the “South East Europe countries have been working in the field of water resources management using the EU Water Framework Directive (EU WFD) as the main instrument that has been transposed into their legal frameworks and is being implemented with varying levels of success”. Implementation of the EU WFD in the SEE presents particular challenges related to water and environmental governance at national level including but not restricted to the following:

- difficulties in preparing and implementing management plans;
- lack of coordination among sectors with competences over water resources management;
- cost of infrastructure necessary for the implementation of measures;
- lack of design,
- implementation and monitoring capacities;
- the fact that basins extend across boundaries leading to the need of advanced cooperation among countries in terms of their management, etc
Water management and the field of water policy are regulated in European and Macedonian legislation. Legislation dealing with water management defines and affects procedures and institutions in the field of water management. The National Water Strategy, 2010 resumes facts from the field of water legal and institutional framework. It comprehends conclusions on state of water with separately investigated general river basin characteristics, state of water use, state of river training and protection against harmful effects of water and state of water protection. State of water analysis is necessary for definition of important water management issues, setting water management objectives and programme of measures. The Republic of North Macedonia is divided on 16 water management divisions.

The EC report 2020 for North Macedonia states that as regards water quality, limited progress was made and that work on wastewater collectors is ongoing. "A system for monitoring quality and quantity of surface and groundwater is needed and more efforts are required to reduce non-revenue water. The country needs to make significant efforts to implement the EU acquis in this area".

The Water Strategy of the Republic of Macedonia sets out how the water sector should look like by 2040, and some of the steps it will need to take to get there.

Law on waters of the Republic of Macedonia defines water as a property of the state and thus gives the right and obligation to manage with them and to preserve them in their natural condition and even improve. These responsibilities and obligations are implemented through appropriate governmental institutions.

Responsibilities and actions in water management are implemented through appropriate governmental institutions. Competencies are divided into six ministries, Ministry of environment and physical planning, Ministry of agriculture, forestry and water-economy, Ministry of economy, Ministry of transport and communications, Ministry of education and science, Ministry of health and the Republic institute for health protection.

Waste management

The EU Strategy for the Adriatic and Ionian Region in its third pillar Environmental quality, address through cooperation at regional level to improve of waste management.

In accordance with the National waste management strategy, 2008-2020 the challenges of solid waste management may be overcome by introducing regional integrated solid waste management, in accordance with EU directives. It reflects the national policy in waste management and represents the basis for preparation and implementation of an integrated and cost-effective waste management system.

The new 2018-2024 National Waste Management plan has been prepared and several laws on special waste streams are pending adoption. The regional waste management structures face a lack of administrative and financial resources and are still not fully operational.

The EC report for North Macedonia 2020 states that "the process of establishing an integrated regional system for waste management continues to face delays due to insufficient administrative and financial resources, and it suffers from lack of ownership". It is also stated that the integrated waste management system is delayed as setting up the regional structures took longer than expected. The Economic incentives to promote recycling are still limited and the lack of an organised extended producer responsibility scheme is hindering the market.

Civil protection

In the field of civil protection, a National platform for disaster risk reduction was set up to improve disaster mitigation and response.

The EC report 2020 states that "some progress was made on civil protection. Some steps have been taken to finalise the technical connection to the Commission's common Emergency Communication and Information System (CECIS)." The country is strongly encouraged to implement recommendations of the 2018 Peer Review, including improving cooperation and coordination between the Protection and Rescue Directorate and Crisis Management Centre.

The recent developments with COVID-19 highlighted the need to strengthen the legal framework and institutional capacities as well as human and financial resources of civil protection authorities also with regard to health emergencies.

Climate change
When it comes to climate change, for example, the most important actions stated in the **Green Agenda for the Western Balkans** are to facilitate a swift alignment with the EU Climate Law and explore options for early inclusion of the Western Balkans in the EU Emissions Trading Scheme (EU ETS).

The **European Green Deal** offers a blueprint for joint action to tackle the challenges of green transition, climate change, biodiversity loss, and excessive use of resources and pollution, decoupling economic growth from resource use and environmental degradation. Particular attention will be paid to the EU commitment to reach **climate neutrality by 2050**. In light of this ambition and their future in the EU, the countries of the Western Balkans – with support from the EU – will have to strengthen their efforts in this regard.

Climate change has emerged as one of the most important issues facing the global community in the 21st century. The goal of the **National Strategy for Clean Development Mechanism**, for the first commitment period of the Kyoto Protocol is to facilitate transfer of investment and technologies through Clean Development Mechanism for implementation of projects that reduce greenhouse gas reduction emissions and contribute to Macedonia’s national sustainable development priorities.

The first goal allows developed countries to achieve part of their greenhouse gas reduction (GHG) obligations through projects in developing countries or countries in transition that reduce GHG emissions through promotion of renewable energy, energy efficiency, improvement of waste management, reforestation/afforestation and other GHG mitigation/sequestration activities.

The EC report states that “The alignment of the legal framework with the EU acquis remains at an early stage”.

The preparation of a climate law and a comprehensive strategy on climate action, consistent with the EU 2030 framework, is ongoing. The preparation of the **National Energy and Climate Plans** in line with Energy Community obligation and on mainstreaming climate action into other sectors in its final stage.

**TRANSPORT INFRASTRUCTURE**

The EU **Strategy for the Adriatic and Ionian Region** (EUSAIR) recognizes the regional transport challenge to include significant infrastructure deficits, notably between long-established EU Member States and the other countries. “The Western Balkan road and rail network, in particular, needs urgent rehabilitation, removal of bottlenecks and missing links, intermodal connections, traffic management systems and upgrading of capacity”. North Macedonia has coordination role in Pillar 2 (Connecting the Region), together with Italy and Serbia. The aim of this pillar is to develop inter-linked sustainable transport and energy networks in the macro-region.

Within the **Guidelines for the Implementation of the Green Agenda for the Western Balkans** it is stated that “The **Transport Community** can be instrumental in identifying the priority transport investments with a focus on the TEN-T, addressing regulatory barriers to green transition, and promoting and developing green mobility strategies and investments throughout the region, as well as mainstreaming the environment in all aspects of transport”.

North Macedonia is actively participating in the working bodies of the **Transport Community**. The Treaty establishing the transport community implies the obligation of the contracting parties to apply the EU acquis regarding the transport sectors (excluding the air transport), with emphasis on acquis concerning social, environmental and public procurement issues, as well as their liability to apply standards with respect to traffic management and safety, along with other technical standards.

The **Connectivity agenda** was established under the Berlin process in 2015 to improve the links within the Western Balkans and between the WB6 (Western Balkan 6) and the EU. The idea of the indicative extension of the TEN-T, goes back from the signing of the MoU for SEETO and now after entering into force of the Treaty will continue under it. In the context of the WB6 the indicative extension of the Trans-European Transport network (TEN-T) including core network, core network corridors and preidentified priority projects for infrastructure investment has been defined.

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14 Guidelines for the Implementation of the Green Agenda for the Western Balkans, 2020
The key strategic documents for the transport sector and its related sectors in North Macedonia are already in place. The new **2018-2030, National Transport Strategy** was adopted in December 2018, but the action plan has not yet been dedicated.

The Strategy is consistent with the EU **Strategy for the Adriatic and Ionian Region** (EUSAIR) which recognizes the regional transport challenge to include significant infrastructure deficits, notably between long-established EU Member States and the other countries. “The Western Balkan road and rail network, in particular, needs urgent rehabilitation, removal of bottlenecks and missing links, intermodal connections, traffic management systems and upgrading of capacity”

As regards Trans-European networks the **EU progress report 2020**, states that the country maintains a “**good level of preparation in the area of transport networks**”, however it is recommended that it is necessary to further strengthen the operational and technical capacity of all management and stakeholder institutions dealing with the development of both Trans-European Transport (TEN T) and Trans-European Energy (TEN E) networks, and harmonise the legal framework with the Trans European Network Regulation.

Extending the TEN-T core network corridors to the Western Balkans ensures closer integration with the EU as well as the basis for leveraging investment in infrastructure, such as EU support through the Western Balkans Investment Framework (WBIF) and the Connecting Europe Facility (CEF).

Only parts of the Comprehensive Network are selected for the Core Network, and the Pan European Corridor 8, lays on the **South East Europe Transport Observatory Core Network**, figure bellow. It means that **Corridor 8** is one of the components of TEN-T with the highest European added value in terms of addressing cross border missing links, key bottlenecks, and multi-modal nodes.

**Figure: TEN-T Comprehensive and Core Road Network to Western Balkans**

Completion of **Pan European Corridor 8 passing through the programming area** is listed among the priority projects in the Multiannual plan of the South East Europe Transport Observatory, predecessor of the Transport Community. Corridor 8 links the Adriatic-Ionian region with the eastern Balkans and Black Sea countries and it represents the main road, crossing in the cross-border region AL-MKD. It links **Tirane/Durres (ALB) – Elbasan (ALB) – Struga (MKD) – Tetovo (MKD) - Skopje (MKD) – Deve Bair/BG border** with length of 546 km. So far, the section Gostivar-Skopje already has the status of a motorway. In the Republic of North Macedonia, the eastern part of the cross-border area is also crossed by a section of the Corridor 10D, linking the north and south Balkans.

**It is expected that Corridor 8 will become a multi-modal transport system and it is planned to to be in place by 31 December 2030.**

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15 SEETO MAP, 2018, National Transport Strategy, North Macedonia, 2018
The sustainability of transport heavily depends on its environmental performance; reducing congestion, dependence on fossil fuels and energy consumption would all promote competitiveness as well as improve the quality of the environment. Overlooking today's environmental impacts risks jeopardising future efforts to improve competitiveness across the region. Achieving climate neutrality by 2050 means making far-reaching changes to the way we live today, which is why the Commission is proposing to cut greenhouse gas emissions 55% by 2030.16

Road sector

The EC progress report states that the legal framework for road transport is broadly aligned with the EU acquis. The legislation on dangerous goods is aligned with the EU acquis, however no progress was noted on the conformity assessment of the existing equipment for the transport of dangerous goods. The report recommends that the action plans on road safety inspection and audit need to be followed up and implemented. The national roads’ network is in a good condition and meets the European standards.

Republic of North Macedonia, following the example of the European Union countries, has been actively involved in taking strategic measures and activities in order to improve road traffic safety. In this regard, two very important strategic documents have been prepared: National Strategy for Improving Road Traffic Safety (2009 – 2014) and Second National Strategy for Improving Road Traffic Safety (2015 – 2020). The main goal of the Second National Road Traffic Safety Strategy is the number of victims in traffic accidents to be reduced to the average number of victims in the member states of the European Union.

Road Safety Management in Republic of North Macedonia is implemented through several institutions and bodies that reflect the concept of multi-sectoral approach to the road safety.

Railways

In the EU progress report 2020, it is noted that the country should implement the connectivity reform measures on rail reform and open the rail transport market, set up a national system to continuously collect data on road crashes, and finalise pending border crossing agreements/protocols.

Progress Report on Implementation of Rail Action Plan for Developing a Regional Rail Strategy in the Western Balkans17 (February 2020, April update), has been published by the Transport Community. The report recommends the following:

- Railway Law should be changed with the aim to provide non-discriminatory access to the public railway infrastructure
- Restructuring process of the national RU should be finished by mid 2020
- Further transposing and implementing of Technical Specifications on Interoperability
- Establishing of Contractual relation between IM and state for the maintenance and operation on public infrastructure

Air Transport

Ohrid is the only airport for passengers in the cross-border region. More than 50 % of the traffic at the Ohrid airport is covered by charter flights, which attests its tourism vocation. The proximity of the Skopje and Tirana airports is also a major asset for the cross-border region.

Inland waterways

The Municipality of Ohrid is connected to the neighboring Municipality of Struga through water transport. The routes are Ohrid - Struga and Ohrid - Radozda. There are two ports on the Ohrid coast, ie the city port and the port in Sv. Nahum. The total number of vessels is: 75 vessels registered for economic activity, and 901 for sports and recreation.18 The Port Authority of Ohrid is responsible for keeping a register of vessels for all natural and artificial lakes on the territory of the Republic of North Macedonia. There are 4 large vessels operating in Lake Ohrid, and three more vessels are in the process of preparing for navigation.19

16 Guidelines for the Implementation of the Green Agenda for the Western Balkans, 2020
19 Captaincy for navigation and stay of vessels on Lake Ohrid, report May 2019
Improving connectivity within the Western Balkans Countries, as well as between the Western Balkans and the European Union, constitutes a key factor for growth and jobs and will bring clear benefits for the region’s economies and citizens.

**CULTURE AND NATURAL HERITAGE**

The National Strategy for Cultural Development, 2018-2022 contains the basic principles of the strategic development of culture such as: equality, access and rights. These principles are based on the right to culture as an inalienable human right. The strategy was adopted in May 2018 and is at an early stage of implementation. The new Law on Protection of Cultural Heritage and the National strategy for the protection of cultural heritage are still under preparation.

The EU Report 2020 states that the "2018-2022 national strategy for culture development is still at an early stage of implementation and work needs to intensify. The adoption of laws on culture and protection of cultural heritage, as well as the national strategy for protection of cultural heritage were further delayed. Awareness-raising, regular, and appropriate budget allocations are necessary to protect cultural heritage. Authorities must intensify inter-institutional cooperation in the protection of cultural heritage and prevent illegal constructions in places with a 'cultural heritage with particular importance' status, such as Ohrid and the Skopje Old Bazaar. Activities to implement the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions were further postponed to 2020."

The Ministry of culture of the Republic of Macedonia lists about 850 archeological sites in the three statistical regions. The natural and cultural heritage of the Ohrid region is inscribed on the UNESCO World Heritage List in accordance with the criteria contained in the Convention for the Protection of the World Cultural and Natural Heritage of the United Nations Educational, Scientific and Cultural Organization. The Ohrid region is also part of the Cross Border Biosphere Reserve of the Ohrid-Prespa region with a unanimous decision of the UNESCO Committee in June 2014.

The natural and cultural heritage of the Ohrid region includes the historical center of the city of Ohrid, the city of Struga, the fishing settlements on the shores of Lake Ohrid, the early Christian spiritual centers and monasteries, as well as over 250 archeological sites covering a period of over 5000 years.

The integrity of the value of good, especially in terms of natural values, is limited to only two thirds of Lake Ohrid. The integrity of the Lake, whose area is divided into two states North Macedonia and Albania is the subject of the "Upstream process started in 2014 coordinated by the UNESCO World Heritage Center in which expert groups from North Macedonia and Albania are working to expand the borders of the protected area, in order to protect Lake Ohrid as a whole.

Other valuable monuments are located in the central and northern parts and attest the cross-cultural influence of Christian and Muslim traditions in the region (e.g. monastery St Jovan Bigorski near Debar, monastery of Lesho, the “painted mosque” and the Dervish Tekke in Tetovo, etc.).

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

A few NGOs, particularly women NGOs, on both sides of the border, began working on the valorization and conservation of this heritage.

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

**Cross-border cooperation in the field of media** (radio, TV, other audio-visual media, printed and electronic media), which has so far only partly exploited its cooperation potential, can contribute to broadening
perspectives for cross-border cooperation, to better understanding of cultural differences and similarities in the programme area, and to presenting the diverse cultural richness to the wider European audiences.

The Cross Border Region is characterized by unique spiritual, material, intellectual, and emotional features. The cultural heritage, both tangible and intangible, testifies about the human creativity and forms the bedrock underlying the identity of the border region. The cultural heritage represents one of the most important assets for the development of the cross-border region. It can provide various opportunities for employment, cultural and heritage promotion and tourism.

ENTREPRENEURSHIP AND SME DEVELOPMENT

In the area of Enterprise and industrial policy according to EC report 2020, North Macedonia is assessed as “moderately prepared with some progress in implementing the strategy to fight the informal economy, increasing financial support to companies and improving the structure of public dialogue with businesses.” It is recommended that the country should consolidate the institutional setup and further clarify the mandates of public bodies. The report calls North Macedonia to ensure the effective implementation, monitoring and evaluation of already adopted and implemented strategies and policy measures.

According to the last SME Policy Index: Western Balkans and Turkey Report, 2019 Republic of North Macedonia has made moderate progress in implementing the Small Business Act (SBA), but the economy continues to offer a business environment receptive to SME needs, as well as a wide range of support programmes which are receiving a growing volume of financial resources.

The Innovation Strategy for 2012–2020, complements existing government documents such as the Strategy for Industrial Policy 2009–2020, the SME Strategy for 2002–2013, the Research and Development Programme of the Government and the current Government Programme. Many policy areas and objectives covered by the Ministry of Economy’s Strategy on Industrial Policy 2009–2020 such as “Applicable R&D and Innovation” are also part of the Innovation Strategy. Furthermore, the Innovation Strategy pays particular attention to increasing the innovative capabilities of SMEs and is hence in line with the national SME policy based on the European “Small Business Act”. Finally, the Innovation Strategy complements the new Government programme on R&D. While the latter has a focus on research institutions, the Innovation Strategy covers research institutions in the context of developing human resources for innovation and establishing linkages and knowledge flows with the businesses sector.

The new SME strategy was adopted in 2018 and the priority areas have been identified based on the last SME Policy Index findings. Additional financial instruments were rolled out in 2018 through the fund for Innovation and Technological Development, substantially increasing government support to strengthening innovation infrastructure, such as incubators and accelerators. North Macedonia fosters one of the most SME-friendly environments in the region for public procurement.

The effective implementation of the Macedonian SME strategy hinges on a strong co-ordination Mechanism that should be set up, giving a leading role to the Agency for Promotion of Entrepreneurship.

The sector of micro, small and medium enterprises on the national level covers over 98% of the existing enterprises and is important for economic growth with approximately 68% GDP share and about two thirds of the employed persons.

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

Key Strategy actions set in Dimension E ‘R&D and Innovation’ within the South East Europe 2020 Strategy are fully in line with the new Macedonian SME strategy:

- Establish a Research Excellence Fund to strengthen research capabilities and promote research excellence by providing stable, transparent and merit-based support for research;

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20 It includes oral history, languages, literature, performing arts, fine arts, crafts, traditional healing methods, celebrations, and material or built forms such as sites, buildings, historic city centers, landscapes, art, and objects
22 Interview with the staff from the Ministry of Economy
23 Programme for Development of the Polog Planning, 2015-2019
24 https://www.rcc.int/files/user/docs/reports/SEE2020-Strategy.pdf
Promote Networks of Excellence to strengthen excellence on a particular research topic;
Introduce a Technology Transfer Programme to stimulate industry-science collaboration, encourage marketable research results and value-creation;
Create an early stage start-up programme using both non-financial and financial instruments to support a viable long-term market for innovation finance.

TOURISM DEVELOPMENT

European Union Strategy for the Adriatic and Ionian Region (EUSAIR) in its fourth thematic pillar notes that “Sustainable tourism is not as developed as it should be in the Region. Tourism activities are not always managed properly, which can have a negative impact on the coastal, marine, and hinterland environment. A commercial yet sustainable approach needs to be developed”. The following actions are listed under this topic of the Strategy that can serve as an excellent example for tourist development in the area:

- creating a network of sustainable tourism businesses and clusters, to stimulate innovation and create synergies with complementary sectors;
- providing funding for innovative and sustainable tourism start-ups, SMEs and university spin-offs that will bring new products and services to the sector;
- promoting the Region in world markets, via marketing and advertising;
- expanding the tourist season to all year-round, by positioning the Adriatic-Ionian as an excellent off-season destination for the older generation, conferences, etc;
- providing training in tourism entrepreneurial skills;

Tourist development trends are very important for creation of development strategies, plans, programmes and activities. The National Strategy for Tourism incorporating Action Plan for 2019-2021 was adopted in 2018.25 The Agency for Promotion and Support of Tourism (APST)26 is promoting tourism resources of the Republic of North Macedonia for foreign markets, as well as management and support of projects aimed at developing tourism in general. APST was founded in 2008 under the Law establishing the Agency for Promotion and Support of Tourism in the Republic of North Macedonia.27

Faculty of Tourism and Hospitality in Ohrid (FTU) is one of the oldest higher education institutions in the field of tourism on the Balkans with 50 years (since 1970) research and educational experience. FTU study programs are modern and designed to meet the dynamic needs of the tourism labour market.

The Macedonian Economic Reform Programme, 2020-2022 recognises “Increasing competitiveness in the tourism and hospitality sector” under measure 7. The measure is aimed at providing support and capacity building for improving the environment and skills along with targeted infrastructure investments, supporting tourism activities and promoting destinations, and will also help to better connect with related industries and SMEs. The support is realised at several potential tourist destinations in the country through a combination of infrastructure investments, technical assistance and capacity building support. This measure is implemented through the Programme for local and regional competitiveness and Programme for increasing employment opportunities in the market.

The analysis of the documents that deal with the subject of sports tourism shows that there are certain forms at all levels. However, they most often apply to either tourism or sport separately. But there are no plans documents that address the integrity between sport and tourism, which treat sports tourism as a separate category.28

While tourism is welcomed almost universally for the benefits and opportunities it creates, there is a growing recognition of the need to see tourism in its environmental context, to acknowledge that tourism and the environment are interdependent, and to work to reinforce the positive relationship between tourism, the environment and poverty reduction.

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25 National Strategy for Tourism Republic of North Macedonia, final version Kohl & Partner, 2018
26 The Agency for Promotion and Support of Tourism in the Republic of North Macedonia is an institution established by the Government of the Republic of North Macedonia, while the Ministry of Economy supervises the legality of the operations of the Agency for Promotion and Support of Tourism.
28 Sub-strategy for development of sports tourism with action plan 2015-2018, Agency for promotion and Support of Tourism in the Republic of North Macedonia
Albania

NATIONAL, LOCAL AND EU STRATEGIES AND REPORTS REVIEWED

- National Strategy for Development and Integration 2015–2020
- Economic Reform Programme 2020-2022
- National Plan for European Integration 2020-2022
- National Sectorial Plan of Integrated Solid Waste Management
- National Cross-cutting Strategy for Decentralisation and Local Governance 2015-2020
- National Strategy for Culture 2019 – 2025
- National Strategy for Sustainable Tourism Development 2019 – 2023
- European Union Strategy for the Adriatic and Ionian Region (EUSAIR)
- 2019 European Commission Report for Albania
- Road Safety Action Plan 2020-2030
- EU 2018 Strategy for Western Balkans
- Western Balkans Green Agenda and the European Green Deal.

QARK/REGION LEVEL STRATEGIES AND DOCUMENTS REVIEWED

Dibra Region:

- Dibra Regional Development Strategy 2012-2016. The process for the preparation of Strategic Development Plan of Dibër Region 2022-2026" is ongoing. The Strategic Development Plan consists in strengthening the local capacities of Dibër Region in the field of regional development planning, empowerment which aims to achieve the improvement of the socio-economic situation of the area.

- Strategy and Action Plan for Tourism in Diber 2018 – 2028 sets out the vision and objectives for the development of tourism in Diber municipality until 2028. This vision is based on the principles of QUALITY and SUSTAINABILITY. Quality and values based on the experience of visitors; quality products and services that represent the unique value in harmony with the environment; and improving the quality of life for the citizens.

- Local Plan for Integrated Municipal Solid Waste Management in the Municipality of Diber, 2017. The purpose of this plan is to set out a clear approach to waste management policies at the local level, assessing affordability and self-sufficiency as established principles from Organic Law no. 139/2015 "On local self-government". The plan evaluates the most variants feasible and affordable, presenting it as technically and financially feasible, that can be afforded by the citizens and the local administration.

Elbasan Region:

- Elbasan Regional Development Strategy 2012-2016, sets the goal "We work for a dynamic, sustainable and inclusive region" and the Vision: "In 5 years Elbasan will be an economically sustainable region that can offer real opportunities to live and work for present and future generations, that will attract foreign investment, promote entrepreneurship and small and medium businesses, where industry, agriculture and tourism will receive adequate support and major environmental issues will be addressed”.

- Tourism Action Plan of Elbasan Region prepared in 2009-2010 as a long-term plan. The Plan Vision for the Tourism development is: “The region of Elbasan, with precious cultural, natural and historical treasures, maintained and developed in a sustainable and well-promoted way, welcomes local and foreign tourists, thus contributing to increasing the well-being of its inhabitants”.

- Strategy for Solid Urban Waste Treatment at the Regional Scale, 2010. Strategy Vision: For cities and municipalities clean of waste urban solid, for a cultured and sustainable environment, less polluted with low level of diseases coming from pollution from urban waste, the period extending to 2020.

Korça Region:
Multi-Sectoral Study for the 2021-2027 IPA III Cross-Border Cooperation Programme between Republic of North Macedonia and Republic of Albania

- **Regional Development Strategy 2015-2019.** The Strategy aims at sustainable socio-economic development of the region, the integration of the community in the region in order to increase the quality of life is the main objective of governance at every level. This objective mainly includes: Economic development and new jobs; Improving the well-being of residents; Social cohesion and good governance, paying special attention to groups in need. This strategy is in the process of being updated reflecting the new legislation in place on Regional Development.

- **Korça Region Guide** is an initiative and contribution to recognize the new structure of the local regional government and concrete aspect for the development of the region. This guide serves as a study, catalogs, guide, panorama cognitive publishers, block data, for community of Korça, Albania and the foreigners who come as visitors, or have interest for the region with great assets of culture, with many resources and unused production investment, tourism, and others.

**National Strategy for Development and Integration 2015 – 2020**\(^{29}\), represents the basic strategic document that combines the EU integration agenda with the country's sustainable economic and social development. This document presents the main foundations and pillars for the realization of NSDI's vision as i) Ensuring economic growth through macroeconomic stability, ii) Ensuring growth through increased competitiveness and innovation, iii) Investing in human capital and social cohesion, and iv) Providing growth through sustainable resource use and territorial development.

**The recent approved Law nr. 102, date 29.7.2020 "ON REGIONAL DEVELOPMENT AND COHESION", aims to:**

a) Determine the special instruments and the institutional and financial framework for Regional Development and Cohesion in the Republic of Albania

b) Define the strategic and institutional framework of drafting long-term regional development policies in implementation of national policies, ensuring the promotion of balanced economic, social and cultural development of the region;

c) Ensure that policy-making authorities coordinate their planning activities to promote harmonized and integrated regional planning;

d) Ensure the harmonization of sectoral strategies in a common regional development policy, supporting it with the relevant budget.

**This law determines that the territory of the Republic of Albania is divided into four development regions.** Development regions are the territories for which the National Policy for Regional Development and Cohesion is drafted, implemented and evaluated. Development regions are not administrative units within the meaning of the legislation in force on local self-government.

The goals of regional development, according to the definition of this law are: (i) Sustainable development, balanced social and economic, as well as territorial cohesion, in the territory of the Republic of Albania; (ii) Reducing inequalities between and within development regions and improving the quality of life for all citizens; (iii) Increasing the competitiveness of development regions, by strengthening their innovative capacities, maximizing the use and evaluation of natural resources, human resources and economic characteristics; (iv) Preserving and strengthening the specific identity of the development region; (v) Supporting inter-local, inter-regional and cross-border cooperation of local self-government units, for the social and economic development of development regions.

**The Albanian Development Fund is the implementing Authority** which provides technical support and acts as the Secretariat of the National Committee for Regional Development and Cohesion on all issues related to regional development and cohesion.

**Regional Development Monitoring Boards** will be established by decision of the representative bodies of the Local Self-Government Units, and approved by decision of the Council of Ministers. The Albanian Development Fund through its respective structures in development regions, will provide technical support and performs the role of the Secretariat of Regional Development Monitoring Boards.

**ENVIRONMENTAL INFRASTRUCTURE NEEDS**

*Nature protection*

\(^{29}\) *National Strategy for Development and Integration 2015 – 2020* is approved by the Council of Ministers, with DCM no. 348, date 11.5.2016 and published in the Official Journal no. 86.
The National Strategy for Development and Integration 2015-2020 sets the vision: “For the sustainable social and economic development of the country while protecting natural resources from pollution and degradation, through their integrated management”. The strategy emphasizes the efficient use of resources and transposes thereby objectives of the “Roadmap to a Resource Efficient Europe”. The objectives of the strategy related to the circular economy include measures to increase eco-designed products, as well as measures to increase the development of the recycling industry. On the basis of the NSDI Mid-Term Review, the same policy directions are expected to remain valid also for the coming years, likely to be reflected in the National Strategy for Development and Integration (NSDI) beyond 2020.

In terms of subcomponents of the environment strategy, specific attention is to be given to those areas identified below. In each of these areas, there is a need to expand the awareness and understanding of the need for environmental protection among all sectors of society. Education is seen as an important means to this end, and might be factored into educational curricula as well as training programs in other sectors (e.g., tourism, agriculture, mining, etc.)

The National Strategic Document for Biodiversity Protection identifies the following objectives:

- Further completion of the legal framework in the field of nature protection and achieving full approximation with the EU acquis in this field;
- Practical implementation of the national legal framework in the field of nature protection;
- Establishment of the Natura 2000 Network of Areas of Interest for the European Community and ensuring their sustainable management;
- Increase the surface area of protected areas, especially marine and coastal protected areas;
- Further enhance and strengthen the capacity of protected area management structures;
- Implementation of management plans for protected areas that have an existing plan as well as drafting and updating management plans;
- Implementation of existing action plans for species and habitats and drafting new plans for endangered species; Rehabilitation of protected areas;
- Strengthening the implementation of the 5-year hunting moratorium and completing the legal framework for this area.

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

Integrated Water Management

The National Strategy for Development and Integration (NSDI) 2015-2020 represents the basic strategic document that combines the European Union integration agenda with the country’s sustainable economic and social development, including the interrelation with the Sustainable Development Goals, under Pillar II, Sustainable Growth through Efficient Use of Resources, strategic priority 5. In order to ensure good management of catchment basins and integrated management of transboundary waters, the following objectives are foreseen i) Fully transpose EU acquis into the national legislation in the area of water resource management; ii) Adopt joint agreements with the Republic of Kosovo, Montenegro, Macedonia and Greece on improving management for transboundary waters; iii) Rehabilitate river and reduce permits for river exploitation.

According to the National Strategy of the Integrated Water Resources Management 2018-2027 (approved by DCM No. 73, dated 7.2.2018) has its vision “Until 2027, Albania will be a country with water efficiency, with a functional integrated management of water resources, including a sound monitoring system, including risks from floods and lack of water. Water use is based on the principles of equality and sustainability for equal economic, social and gender benefits and environmental justice for the current and future generations.”. There are 5 main objectives which consist of: water quality, water quantity, water risk, water information and water management. As per the European Union Strategy for the Adriatic and Ionian Region (EUSAIIR), the Action is coherent with specific objectives foreseen under Pillar 3 “Environmental quality”.

The EC report 2020 for Albania states that as regards water quality, the level of alignment remains unchanged and partial, inter alia in relation to certain important directives. A legal package is in preparation for increasing transposition. Albania should proceed with the completion and adoption of the remaining river basin management plans, including the transboundary consultations. The water quality monitoring and reporting system and the licensing system should be further enhanced and aligned with the acquis requirements. The water monitoring network is extended to rivers, lakes, coastal area and lagoons. The National Environmental Agency should be urgently strengthened for
this purpose. The water supply and sewerage sub-sector is still underperforming. While waste-water treatment plants cater for only about 15% of the population, they still face key concerns such as lack of licensing and tariffing for waste-water treatment, insufficient operation and maintenance and limited environment impact due to underdeveloped networks and connections.

The National Plan for European Integration 2020-2022 states that: “Albania should adopt the national strategy for water supply and sanitation 2019 –2030 and its related acts, water basin management plans and provide the necessary administrative capacities and resources for the responsible agencies.”

With regards to institutional set up, there are different institutions (ministries and agencies), strategies and budget programs covering water management. In addition, local government institutions are responsible for infrastructure at the local level.

Waste management

National Strategy for Development and Integration (NSDI) 2015–2020, sets the vision for waste management. ‘Establishing an efficient and effective system of integrated waste management, which contributes to protection of the environment, protection of health and safety of the people, and which supports the rational use of natural resources through the principles of re-use, reduction, recycling and recovery’. The vision is achieved through three strategic objectives:

i. All-inclusive and strategic management of urban solid waste

ii. Improvement of the overall performance of waste management until 2020

iii. Improvement of accountability on waste management

National Cross-cutting Strategy for Decentralisation and Local Governance 2015-2020 articulates the vision for ‘Empowerment of the local government and decentralisation’, following the principles and standards enshrined in the European Charter of Local Self-Government and the European Administrative Space principle of local government. Third strategic goal on foster sustainable local development in defining strategy results and approach for local government own functions, stipulates that regarding urban waste ‘...New standards will be adopted and applied for the integrated administration and management of urban waste by means of economic mechanisms to encourage the sorting and differentiated collection of wastes at the source. Waste recycling, as an effort to reduce landfills and enable their incineration for purposes of producing electric energy, will be promoted. Local Governments Units will be encouraged to apply PPP types of cooperation. The central government will provide strong support to local governments in the finalisation and adoption of all regional sustainable waste management plans and will closely monitor their enforcement.’


The National Sectorial Plan of Integrated Solid Waste Management was approved by the National Territory Council with Decision No 1, dated 13.01.2020. This document has determined a phased investment plan (2019-2032) for local and regional Integrated Solid Waste Management (ISWM) infrastructure for the short, medium and long term, concerning waste collection and transport, reduction and recycling of waste and treatment and/or disposal facilities. European Union Strategy for the Adriatic and Ionian Region (EUSAIR) in its third pillar on Environmental Quality addresses the issue with respect to marine, coastal and terrestrial ecosystems in the Region. One of the specific objectives of the pillar is: 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.

The Plan is coherent with the EUSAIR Strategy30 specific objectives: Promote the sustainable valorisation and preservation of natural and cultural assets as growth assets in the Adriatic-Ionian area; Enhance the capacity in transnationally tackling environmental vulnerability, fragmentation and the safeguarding of ecosystem services in the Adriatic-Ionian area.

Disaster Risk Management

The 2019 EC report for Albania states that: “...Floods remain a major hazard; however, no progress has been made on the transposition of the floods directive. The early warning system and hydrometric and meteorological

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30The EU Strategy for the Adriatic and Ionian Region (EUSAIR) is a macro-regional strategy adopted by the European Commission and endorsed by the European Council in 2014.
The National Plan for European Integration 2020-2022 recognizes that the adherence to the acquis with around 200 legal acts included in the Chapter 27 “Environment and Climate Changes”, including Civil protection and disaster resilience considerations, requires considerable investment and structured cooperation between all stakeholders, including local authorities, industry and civil society. Furthermore, for the application and implementation of the acquis, a strong and well-equipped central and local administration is necessary.

Priorities are fully consistent with the European Green Deal which states as its overarching purpose “The Green Deal will make consistent use of all policy levers: regulation and standardisation, investment and innovation, national reforms, dialogue with social partners and international cooperation.”. Moreover, a priority is to unlock the full benefits of the digital transformation to support the ecological transition. An immediate priority is to boost the ability to predict and manage environmental disasters.

In the Crosscutting Strategy for Decentralisation and Local Government 2015-2020, the Strategic Goal No.1 is the “Increase of Efficiency of the local structures including: the structures dealing with the environmental issues” and the Strategic Goal No. 4 is the “Good Governance of at local level including also, local government as part of public administration to contribute to achieving European integration objectives by implementing EU standards and good experiences at the local level”.

The fire protection service at the local level as the first, preventive and reactive structure are transferred to the municipalities as its own function and allowing FPRP restructuring as part their organizational chart. This new function is also associated with the transfer of financial resources and capacity building. Legal act no. 152/2015 “On fire protection and rescue” transfers to the local government the operating structure of the fire service and gives all the competencies for the management and strengthening of the capacities of the structure and stations of the fire service. Legal act no. 139/2015 "On local self-government” stipulates in its article 29 that the structure of the fire service is a structure of the municipalities themselves.

The Post Disaster Needs Assessment report for the earthquake that hit Albania in November 2019 (February 2020) concluded that interventions shall strengthen disaster-risk management of the government and communities and reduce risks and vulnerabilities to future disasters.

**TRANSPORT INFRASTRUCTURE NEEDS**

**Road sector**

The Government declared year 2020 as the year of road safety in Albania in the context of the Decade of Action for Road Safety 2011-2020 officially proclaimed by the UN General Assembly in March 2010.

The ‘National Transport Strategy 2011-2020’ is the official documents that frame objectives and achievements in the field of road security. The Road Safety Strategy of Albania is modeled on successful national and local strategic plans implemented in many other countries. This Strategy together with the linked ‘Road Safety Action Plan 2020-2030’ are the fundamental documents that outline the guidelines for achieving the objective of improving road safety in the country, in line with the Regional Road Safety Strategy as developed by SEETO (South East Europe Transport Observatory).

Albania’s Economic Reform Programme (ERP) 2020-2022 states inter alia that ‘The lack of transport infrastructure combined with improper maintenance leads to a very high number of road traffic accidents. The number of vehicles in Albania has increased dramatically within the last ten years, and the overall number of fatal traffic accidents, following a slight decrease in the past, has stagnated in the last 2-3 years.

Coherently with the Sector Approach, the implementation of the Transport Sector Strategy follows the general OECD approach of a multi-sector strategy with all key stakeholder agencies collaborating to implement a coordinated strategy via actions in their areas of direct responsibility. Strategy is also consistent with the European Union Strategy for the Adriatic and Ionian Region (EUSAIR) which recognizes the regional transport challenge to include significant infrastructure deficits, notably between long-established EU Member States and the other countries, resulting in poor accessibility. “The Western Balkan road and rail network, in particular, needs urgent rehabilitation, removal of bottlenecks and missing links, intermodal connections, traffic management systems and upgrading of capacity”.
The World Bank Project-Results-Based Road Maintenance and Safety Project (RRMSP) which is under implementation for the 1400 km of primary roads of national roads network, aims inter alia to introducing improved Road Safety Audit Practices, including conducting independent road safety audits and incorporation of road safety improvements and standards.

**Railway sector**

The EC Progress Report 2019 recommended that Albania implement the revised national transport plan (ANTP3), start developing a national strategy for intelligent transport systems, and adopt legislation to implement the railway sector reform in line with Chapter 14 of the EU accession negotiations. "The new Railway Code aims to regulate rail transport by separating train operations from infrastructure management, in line with the EU acquis. It only partially transposes the recast Directive on a single European railway area and EU safety and interoperability rules. As a result, the unbundling of train operations from infrastructure management has not yet been achieved".

The Transport Community has recently published its 'Progress Report on Implementation of Rail Action Plan for Developing a Regional Rail Strategy in the Western Balkans' (February 2020, April update).[^31]

The Report recommends that: (i) the Albanian authorities complete restructuring of the National Rail Company as well as a model for the other rail institutions; (ii) the Network Statement for service facilities should be published; (iii) Further transposition of EU rail legislation is needed through set of bylaws; (iv) a Rail Infrastructure and Asset Management System (RIAMS) should be set up as an electronic register of vehicles.

The Western Balkans Strategy stipulates a new rail strategy to increase regional connectivity, bring the Western Balkans into the main EU network and market and promote the opening of the regional rail market[^32]. The National Plan for European Integration (NPEI) 2020-2022 establishes the adoption of four laws, currently in preparation, as a priority for the railway sector in line with the Railway Code.

**CULTURAL AND NATURAL HERITAGE PROSPECTS**

National Strategy for Development and Integration (NSDI) 2015–2020, sets the vision: Arts and cultural heritage as a driving force for sustainable social and economic development of the country. Strategic objectives of the NSDI are: Improving and expanding cultural markets through legislation to the benefit of creators, artistic and cultural creativity, and cultural heritage; Preserving and protecting material and nonmaterial cultural heritage as a national asset for future generations of the Albanian people; Supporting creativity of Albanian artists and increasing cultural and art activities; Promoting and representing cultural values of Albanian arts and heritage (material and nonmaterial) in important international events and introduce best practices in Albanian stages; Formulation and implementation of an educational platform through art and cultural heritage institutions, and pre-university system.

National Strategy for Culture 2019 – 2025 was approved in December 2019 setting the Vision: "The arts and cultural heritage of Albania, as a driving force for the sustainable economic and social development of the country". The strategic objectives are: Improving and expanding cultural markets through legislation that will benefit creators, artistic and cultural creativity and cultural heritage; Creating a stable legal and institutional environment for the development of art and culture; Preservation and protection of tangible and intangible cultural heritage. Rehabilitation of architectural heritage, museums and landscape through increasing the number of rehabilitated monuments and museums. Promoting and representing the cultural values of Albanian arts and heritage (tangible and intangible) in important international activities and presenting good practices. Promoting the values of art, cultural heritage and museum funds. Supporting the creativity of Albanian artists and increasing cultural and artistic activities. Increasing public interest in cultural programs through improving infrastructure services, as well as increasing artistic quality. Design and implementation of an educational platform through art and cultural heritage institutions and the pre-university system.

Albania's Economic Reform Programme (ERP) 2020-2022 has assessed that compared to other countries of the Mediterranean basin, tourism sector is still far from the potential represented by the country's natural, historical and cultural resources. However, challenges remain in: (1) increasing rehabilitation of architectural and panoramic heritage; (2) improving standards and quality of services of the National Archeological Parks; (3) improving infrastructure and services of museums for their visitors; (4) improving and enlarging culture and tourism products offered in the parks and museums.

The EU Strategy for the Adriatic and Ionian Region (EUSAIR), where Albania is co-responsible for the coordination of the priority area “Sustainable Tourism”\(^{33}\), with focus on diversified tourism offers (products and services), and sustainable and responsible tourism management (innovation and quality). Albania has adopted the National Action Plan for implementing the Strategy SEE 2020\(^{34}\), which harmonises the sectoral policies with SEE 2020 objectives, in accordance with the dimensions specified in the SEE 2020 Action Plan. Under the EU 2020 Flagship Initiative, “An industrial policy for the globalisation era”, the Commission will work at the EU level to enhance the competitiveness of the European tourism sector to which this action is aligned.

### ENTREPRENEURSHIP AND SME DEVELOPMENT

According to the EC report in 2019, Albania is assessed as being moderately prepared for a market-based economy, which includes its ability to withstand market forces and competitiveness from the EU and its capacity to implement Chapter 20. The report calls on Albania to address the main challenges to the business environment, notably reducing regulatory burden more vigorously, effectively implement the triple-helix action plan, and accelerate the full alignment of its legislation with the Late Payment Directive.

The report highlights that: “Financial intermediation remained undeveloped, and credit growth to the business sector stayed subdued. Credit to the private sector amounted to about 39% of banking sector assets in 2018. Credit growth to business was sluggish due to: (i) banks’ greater risk awareness; (ii) tighter lending conditions; (iii) the low financial literacy of SMEs; and (iv) ’unbankable’ business plans.

The latest SME Policy Index Report (2019)\(^{35}\) concludes that Albania has made moderate progress in implementing the Small Business Act (SBA) and that business support services should be reformed and existing supporting schemes redesigned. Albanian SMEs are eligible for various grant schemes implemented by the Albanian Investment Development Agency (AIDA) but these schemes are not in demand since procedures are cumbersome and the amounts of financial support available is insignificant. Consequently, there is a pressing need for well-designed and properly funded instruments to support SMEs.

In the Commission’s assessment on Economic Reform Programme of Albania 2020-2022, it is observed that the Government shall improve the provision of technical support services for micro, small and medium-sized enterprises, including through the development of a support network to help them upscale, invest, innovate, digitalize and export.

The Economic Reform Programme 2020-2022 foresees that for better and greater integration to regional markets, with the view to increasing the export share to the region, and better addressing the impediments to trade and diversification of exports, a comprehensive approach is introduced in implementing a single strategy and action plan to improve trade performance of the country.

The National Plan for European Integration (NPEI) 2020-2022 states that there is a need to improve the provision of technical support services for micro, small and medium-sized enterprises, including through the development of a support network to help them upscale, invest, innovate, digitalize and export. The Plan also underlines that Albania is to accelerate the implementation of the Triple helix model, focusing on cooperation between academia, business, and government. The NPEI establishes the following priorities for the period 2020-2022:

- Strengthening the institutional capacity of institutions responsible for SME policies;
- Improve the supplier development programmes;
- helping SMEs integrate into European and global value chains;
- Increase support to stimulate e-commerce practices among SMEs.

The strategy is fully coherent with the South East Europe 2020 recommendations and dimensions: Dimension E ‘R&D and Innovation’ and Dimension K ‘Competitiveness’. In order to tap effectively into the regional pool of knowledge and unleash its innovative potential, SEE countries need to invest more and better in research and innovation, prioritizing investments with the direct possibility to leverage wealth generation from other available economic assets, contributing to a ‘smart specialization’ of the region. This, in turn, implies advancing institutional and policy reforms and undertaking strategic investments in four areas, of which the most significant for this Action are: (ii) facilitate science-industry collaboration and technology transfer; and (iii) promote business innovation and innovative start-ups by improving the business environment, providing mentoring services and financial support.

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33 [http://www.adriatic-ionian.eu/about/pillars](http://www.adriatic-ionian.eu/about/pillars)

34 Through the Decision of the Council of Ministers no. 611, dated 17.09.2014

35 [https://www.oecd-ilibrary.org/docserver/1a375be0-en.pdf?expires=1583660728&id=id&accname=guest&checksum=7A131D01EE0AAFE97A3F61A393B11424](https://www.oecd-ilibrary.org/docserver/1a375be0-en.pdf?expires=1583660728&id=id&accname=guest&checksum=7A131D01EE0AAFE97A3F61A393B11424)
The EU Strategy for the Adriatic and Ionian Region (EUSAIR) identified research and innovation as a cross-cutting aspect to boost high-skilled employment, growth, and competitiveness. Cooperation within transnational networks can bring ideas to markets and help develop new products and services. Innovation is included within Goal 9 'Industry, Innovation and Infrastructure' of the 2030 Agenda for Sustainable Development, aiming to promote sustainable industries, and invest in scientific research and innovation to facilitate sustainable development and development expenditure.

The policy documents recognize that Albanian SMEs still face a number of institutional and market obstacles that pose challenges to effective business operations. Five main challenges need to be addressed to pave the way for success under present circumstances: a) an incomplete institutional framework for SME policy; b) limited access to finance for SMEs; c) a skills mismatch in the labour market and low job creation; d) limited export activity by Albanian SMEs; and e) limited innovation activities and research.

**TOURISM DEVELOPMENT**

The National Strategy for Development and Integration (NSDI) 2015-2020 is the main cross-sectoral strategy of the country. The Mid-Term Review of the NSDI confirms the importance of the tourism sector for Albania. Whilst tourism has made an important contribution to Albania's growth performance, the vast size of the regional tourism market indicates a largely unexploited potential. Unlocking this potential will provide a substantial stimulus to economic growth. The full potential of the sector over recent years has been constrained, however, by poor roads and public utilities as well as by unregulated waste disposal, illegal construction and insecure property rights.

Confirmed NSDI priorities are to actively encourage development of middle to high-end sustainable tourism in Albania through the following Strategic Goals:

- establishing an international standard certification system;
- Incentivizing development of (high-end) non-traditional tourism (including in mountain areas), and expansion of tourism services beyond the concentrated summer season;
- focusing public infrastructure provision (especially with regard to managing wastewater and solid waste disposal) in areas of current and potentially high tourist demand and creating a greater international awareness of the magnificence of Albania's natural environment, traditional heritage, gastronomy and traditional hospitality.

The National Strategy for Sustainable Tourism Development 2019 – 2023 sets the strategic framework for the development of the sector. It has five main strategic directions: i) incentives for investment, ii) tourism product development and consolidation iii) enhancement of tourism services, iv) re-orientation of the promotion strategy and v) support for destination management.

The strategic directions aimed at fostering the creation of integrated poles with tourism potential, that will focus on the public investment interventions, extend the geographical focus of destinations, and focus on extending the tourist season outside the summer period. In addition, through the use of regulatory and facilitation instruments, the improvement of the quality of accommodation facilities shall be promoted by supporting the regeneration of the existing ones and encouraging new investments in high-quality facilities, tourism activities shall be integrated by moving towards a consolidated offer as well adding new, sustainable tourism products as an expression of the unused potential of the country.

The Action is coherent with the EUSAIR Strategy pillar 4 Sustainable Tourism specific objectives:

- Diversification of the macro-region’s tourism products and services along with tackling seasonality of inland, coastal and maritime tourism demand.
- Improving the quality and innovation of tourism offer and enhancing the sustainable and responsible tourism capacities of the tourism actors across the macro-region.
- Tourism has the potential to contribute, directly or indirectly to all the Sustainable Development Goals identified in the UN 2030 Agenda for Sustainable Development.

The 2019 European Commission Report for Albania recognizes the importance of the tourism sector for the Albanian economy. The Albanian economy has shifted further to the services sector led by trade and tourism related services, and over the last years, commercial services led by tourism have dominated exports. It highlights that some progress was made by introducing incentives to stimulate investment in the

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36 https://ec.europa.eu/growth/sectors/tourism/policy-overview_en
tourism sector and implementing an innovation support programme; however, access to finance remains a serious challenge for businesses. Despite some improvement in the business environment, SMEs continue to identify among their main challenges the informal economy, notably in the tourism sector.

Albania's Economic Reform Programme (ERP) 2020-2022 has recognised enhancing the competitiveness of Albania's tourism sector as a priority, introducing a new reform measure focusing on increasing service standards in the tourism sector aiming to increase competitiveness by setting and implementing standards in the development of tourism activities, and support the development of sustainable tourism in rural areas through environmental protection, preservation of traditions and promotion of typical products which will in turn contributes to reducing poverty and increasing the well-being of host communities.

The EU has identified four major challenges related to tourism\textsuperscript{37}: (i) security and safety - environmental, political, and social security; safety of food and accommodation; and socio-cultural sustainability threats; (ii) economic competitiveness - seasonality, regulatory and administrative burdens; tourism related taxation; difficulty of finding and keeping skilled staff; (iii) technological – keeping up to date with IT developments caused by the globalisation of information and advances in technology (IT tools for booking holidays, social media providing advice on tourism services, etc.) and (iv) markets and competition - growing demand for customised experiences, new products, growing competition from other EU destinations.

The tourism sector has experienced an immense and unexpected decline in demand due to the outbreak of the coronavirus pandemic; tourism is crucial as a source of much-needed revenue for local communities and individuals and medium- and long-term solutions are needed to address the crisis and create programmes and plans for combating similar threats in the future. The European Parliament resolution on transport and tourism in 2020 and beyond adopted on 19 June 2020 sees the COVID-19 crisis also as an historic opportunity to modernise tourism in the EU and make it more sustainable. The EU should promote and certify environmentally friendly, socially responsible and economically sound travel and tourism.

Although Albania has significant potential for tourism development across the country, it faces challenges associated with lack of coordination, planning and undisciplined development of the tourism industry. The competitiveness of the sector is weakened by the lack of well-defined rules and regulations of tourism activities, the absence of any form of classification, licensing, certification and monitoring system enabling higher standards and quality in the sector, and unfair competition due to high level of informality. Having competitive neighbours, high air transport prices, lack of accommodation facilities with large capacities and harmonised standards compared with regional countries, puts more emphasis on the need to systematically address the sectorial competitiveness aspects\textsuperscript{38}.

- **A key competitive challenge faced by the tourism sector is length of tourist seasons.** Tourism demand (particularly foreign) is reported to be mainly concentrated in the summer months, with 50% of visitors arriving in July and August. There is a strong need to diversify, expand and integrate tourism by offering a variety of attractions, activities and services including cultural heritage which is an attraction of high interest to enhance opportunities for tourists all year round and increase their spending at the destinations they visit.

- **Other key constraints from which the tourism sector suffers in Albania include lack of enabling infrastructure, lack of market information, poor customer care, poor promotion and marketing, absence of destination management systems and a touristic product that is often below the expected standards.**

- **The other challenges to be addressed regarding tourism competitiveness relate to the weak capacity of the Government and the tourism industry to enhance the attractiveness of the country, including its rich cultural heritage and under-visited inland regions.** There has been limited consensus and cooperation about how to prioritise actions to improve quality and innovation and how to ensure sustainable development.

- **From a pre-accession perspective, the tourism industry needs to be supported in delivering products, which can compete with the products of the EU member states.** This includes that good governance principles need to be adopted in Ministries, Agencies and municipalities regarding tourism and cultural and natural heritage to contribute to functioning market economy in the sector. **Albania is not yet a well-known, or a positively regarded tourism destination. There is an opportunity to build on its "undiscovered" reputation and very rich underlying resources in heritage, culture and nature.**

\textsuperscript{37} [https://ec.europa.eu/growth/sectors/tourism/policy-overview_en](https://ec.europa.eu/growth/sectors/tourism/policy-overview_en)

\textsuperscript{38} Economic Reform Program 2017-2019
The tourism sector is complex and is closely connected with other value chains (e.g., transport, agriculture, crafts, creative industries, etc.). This means that any improvements in the tourism sector will have a positive effect also on other interconnected industries and related employment. Therefore, it is important to design interventions for integrated tourism-led local development, with bottom-up, inclusive approaches that are based on priorities and initiatives shaped by local communities.

CULTURE AND HERITAGE

The main challenge for the sector is to give more priority to cultural products as part of the country's social, economic, and development program, and promoting Albanian values outside it. With the view of increasing the role and access of the broad public in arts, promoting spiritual values and those of cultural heritage within the Albanian territory, and digitalization of tangible and non-tangible arts and culture assets, it is important to have a more efficient and effective governance for improving cultural products. Uncertainties over property ownership, lack of formalisation and standardisation in services and poor access to basic infrastructure, energy and waste management remain among the main obstacles to tourism development.

Up to now the interventions to revitalise the historical centres have been focused mostly on discoveries and less on the creation of the appropriate infrastructure to allow access to the sites and provide information. However, such opportunities are still hindered by several needs and challenges, including: lack of financial resources for the enhancement of the cultural sector; lack of public and political awareness of the role of cultural heritage; shortage of expertise and technical know-how for the improvement of sector policies; insufficient institutional capacities; lack of relevant data for evidence-based policy making; limited capacity to assess and monitor the impact of policies and measures in the sector. These undermine the country's capacity to face serious threats, such as the deterioration or loss of important elements of its cultural heritage. Similar challenges face the country's superb natural heritage, including Protected Areas, which have weak institutional protection. Addressing all of these areas is a key part of ensuring Albania's future tourism competitiveness.

Access infrastructure is beginning to be developed and the time is right to put in place cluster /value chain and destination management initiatives which will facilitate tourism product development and diversification, sustainable growth, job creation and a greater sense of pride in heritage amongst Albanian citizens.

ENTREPRENEURSHIP AND SME DEVELOPMENT

According to the 2018 Western Balkans Strategy, further efforts are needed to increase the competitiveness of the Western Balkan economies, to address high unemployment, especially among the young, to increase prosperity and to create business opportunities not least for local players. Stronger skills-based economies. The Commission observes that critical parts of the region's economies are uncompetitive, with too much undue political interference and an underdeveloped private sector. None of the Western Balkans can currently be considered a functioning market economy nor to have the capacity to cope with the competitive pressure and market forces in the union.

Therefore, one of the six flagship initiatives is to enhance support for socio-economic development: this will include expanding the Western Balkans Investment Framework, a significant boost in the provision of guarantees to crowd in private investment, support to start-ups and SMEs and greater trade facilitation. Even though continuously improving, the overall business climate, including access to finance, hampers small and medium sized enterprises (SMEs) to keep pace with the increasing number of tourists and meeting their requirements.

Environmental Protection and Risk Prevention

According to the UN/Sustainable Development Goals, disaster risk reduction (DRR) is an integral part of social and economic development and is essential if development is to be sustainable for the future. The 2030 Agenda for Sustainable Development recognizes and reaffirms the urgent need to reduce the risk of disasters. Targets related to promoting education for sustainable development under SDG# 4, such as building and upgrading education facilities and ensuring healthy lives, as well as targets under SDG#11 (cities) and under SDG# 9 (building resilient infrastructure) reaffirm the interrelationship between disaster risk reduction and sustainable development. amongst others can be cited.

The Sendai Framework for Disaster Risk Reduction 2015-2030 is a global agreement to reduce and prevent disaster risks across the globe. It aims to strengthen social and economic resilience to ease the negative effects of climate change, man-made disasters, and natural hazards. The EU played a key role in the negotiations of the agreement and supports EU Member States and non-EU countries in achieving the seven Sendai targets.
Multi-Sectoral Study for the 2021-2027 IPA III Cross-Border Cooperation Programme
between Republic of North Macedonia and Republic of Albania

The Action Plan on the Sendai Framework for Disaster Risk Reduction 2015-2030 - A disaster risk-informed approach for all EU policies is divided in 4 priorities: 1) "Understanding disaster risk", mainly addressing data, risk and vulnerability assessment; 2) "Strengthening disaster risk governance to manage disaster risks" such as planning for risk management, assessment of capabilities, peer reviews; 3) "Investing in disaster risk reduction for resilience", links to development, humanitarian aid, cohesion, environment, climate change, research and innovation, rural development, employment and construction policies; 4) "Enhancing disaster preparedness for effective response and to Build Back Better" addresses issues covered by civil protection policy (such as early warning, training, exercises, sharing response capacities, host nation support.

The European Commission has adopted the new EU Biodiversity Strategy for 2030 and an associated Action Plan (annex) - a comprehensive, ambitious, long-term plan for protecting nature and reversing the degradation of ecosystems. It aims to put Europe's biodiversity on a path to recovery by 2030 with benefits for people, the climate and the planet. It is also the proposal for the EU contribution to the upcoming international negotiations on the global post-2020 biodiversity framework.

In the post-COVID context, the Biodiversity Strategy aims to build our societies' resilience to future threats such as climate change impacts, forest fires, food insecurity or disease outbreaks, including by protecting wildlife and fighting illegal wildlife trade. A core part of the European Green Deal, the Biodiversity Strategy will also support a green recovery following the pandemic.

Main elements of the Strategy for 203, specific commitments and actions to be delivered by 2030:

- Establishing a larger EU-wide network of protected areas on land and at sea, building upon existing Natura 2000 areas, with strict protection for areas of very high biodiversity and climate value.
- An EU Nature Restoration Plan - a series of concrete commitments and actions to restore degraded ecosystems across the EU by 2030, and manage them sustainably, addressing the key drivers of biodiversity loss.
- A set of measures to enable the necessary transformative change: setting in motion a new, strengthened governance framework to ensure better implementation and track progress, improving knowledge, financing and investments and better respecting nature in public and business decision-making.
- Measures to tackle the global biodiversity challenge, demonstrating that the EU is ready to lead by example towards the successful adoption of an ambitious global biodiversity framework under the Convention on Biological Diversity.

5.2 Potential for unlocking economic development derived thereof

Both theory and policy engagement to reduce regional disparities have a long history. Some countries have managed to reduce regional disparities to a sustainable level, in others the gaps between their richest and poorest regions have grown into major economic, as well as political problems.

As regards Albania and North Macedonia, the Chambers of Commerce, Regional Development Agencies, as well as the Centres for the Development of Planning Regions on the side of the Republic of North Macedonia, will be major actors for fostering cross-border cooperation. However, lack of organised associations in some areas could be an obstacle for the participation of the civil society in the cross-border programme.

The system of priorities for providing public funding for regional development and CBC projects so far has been formulated rather generically, not reflecting sufficiently the target of reducing regional development disparities as well as the most important CBC dimension. Therefore, it allowed Regions and Municipalities to receive public funding for projects not necessarily of this nature, though they obviously represented priority needs of the respective region or the municipality.

The commitment that social, economic and environmental goals should be complementary and interdependent throughout the development process is the heart of the concept of Sustainable Development. Both economies should strengthen policy frameworks to promote green investment and innovation.

The administrative and territorial setup is different in Albania and North Macedonia. This represents an obstacle in the establishment of balanced partnerships between the local government units. Strengthening the NGO network is another issue concerning the institutional development that is common necessity in the cross-border region.

Tourism development
The tourism sector has experienced an immense and unexpected decline in demand due to the outbreak of the coronavirus pandemic; tourism is crucial as a source of much-needed revenue for local communities and individuals and medium- and long-term solutions are needed to address the crisis and create programmes and plans for combating similar threats in the future.

The European Parliament resolution on transport and tourism in 2020 and beyond, adopted on 19 June 2020, sees the COVID-19 crisis also as an historic opportunity to modernise tourism in the EU and to make it more sustainable. The EU should promote and certify environmentally friendly, socially responsible and economically sound travel and tourism.

Tourism is the main potential for the development of the cross-border region and a major concern for most stakeholders, particularly in the southern part of the region. All the regions participating in the programme have individual potentials for developing tourism activities, among which are:

- **Attractive nature and landscape**, national parks, attractiveness of the lakes (Ohrid and Prespa lakes but also mountain lakes) and of world-famous historical sites; There are Seven National Parks in both Countries programme area:
  - Three National parks in the programme area of North Macedonia: Galichitsa, Mavrovo and Pelister;
  - Four National Parks in the Albanian programme area: Prespa, Bredhi i Drenovës, Lura, and Shebenik-Jabllanicë.

- Potential for developing **winter and mountain sports**, existing ski stations in the Republic of North Macedonia (Popova Shapka, Mavrovo, Krushevo, Oteshevo and Pelister) and Albania (Voskopoja, Dardha in Korca, Lura Park in Diber, Mavrovo National Park Shebenik-Jabllanicë, Librazhd, and Korab Mountain, over 2750m, the highest mountain in Albania and Macedonia, near Radomira in the commune of Kala e Dodes);

- **Investing in existing spa and thermal centers on both sides of the border (Debar and Kosovrasti in the Republic of North Macedonia, Dibra, Peshkopi in Albania).**

- **The Prespa Lakes basin will continue to be developed as a model of cross-border cooperation** to the economic and socio-cultural benefit of its inhabitants, and as a model of sustainable and responsible tourism development, building on its superb natural and cultural features.

The tourism sector is complex and is closely connected with other value chains (e.g., transport, agriculture, crafts, creative industries, etc.). This means that any improvements in the tourism sector will have a positive effect also on other interconnected industries and related employment. Therefore, it is important to design interventions for integrated tourism-led local development, with bottom-up, inclusive approaches that are based on priorities and initiatives shaped by local communities.

**Potential for unlocking economic development derived from tourism:**

- Promotion of tourism, further development of alternative forms such as winter, health, monastery, spa, adventure, rural and agro-tourism and protection of cultural heritage;

- Potential for establishment of lake traffic on Ohrid and Prespa lakes;

- Rehabilitation and maintenance of ski resorts in the programming area is an opportunity for development of winter tourism;

- The **Prespa Lakes basin** will continue to be developed as a model of Cross-Border Cooperation to the economic and socio-cultural benefit of its inhabitants.

**Examples for potential common areas of intervention**

**Thematic priority 2 – Environment protection, climate change adaptation and mitigation, risk prevention and management & Thematic priority 5 – Tourism and cultural and natural heritage**

- **The Korab-Koritnik Natural Park (Albania), Shar mountain park and the Mavrovo park (North Macedonia)**

  Current forest management methods result in creation of single species and single age forests. Illegal cutting, irrational use of forests, forest fires as well as failure to reforest barren land has impact on the loss of certain species and appearance of erosion and landslides in certain parts of former forest ecosystems. Additionally, the low public awareness and lack of management plan leads to municipal waste pollution. However, there is great potential for Mountain tourism, Rural tourism, Agro-tourism, Cultural tourism, Sports and adventure tourism.
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- **Thermo-mineral waters**-Spa of Peshkopi and Kosovrasti spa are curative bathing complexes.

  Spa of Peshkopi lies about two kilometers east of the city of Peshkopi (Albania), and Kosovrasti spa is located east of Debar, by the Debar lake, (North Macedonia). The mineral waters of the Kosovrasti spa resort in many small waterfalls and through numerous rocks used to flow into the river Radika.

- **National Park Galichica (North Macedonia) and Shebenik-Jabllanice (Albania)**

  Lake Ohrid, Prespa and artificial Lake Debar as a complex with the National Park Galichica (North macedonia) and Shebenik-Jabllanice (Albania) is a relatively limited area with very rich biodiversity, high degree of heterogeneity and endemism and in that sense is considered a very valuable site in Europe. Their plains, canyons and meadows, provide favourable conditions for fauna and flora and tourism development opportunities. Main intervention to promote tourism: Opening of two Border Crossings: Trebishte-Dzepishte, and Border of Stebleve.

**Product development and quality improvement**

- There is a need to improve the quality of existing tourism products and services, and to increase the diversity in the medium and long term, the product offer, in line with the objective of developing the regions as a high-quality tourist destination that contributes to well-being of citizens.

- Improving existing products and services focuses on the development of tourist areas and surrounding areas and the provision of new products based on the culture and traditions of Dibra, Korca and Elbasan in Albania and the three Planning Regions in North Macedonia.

- The development of products and services aims to increase the diversity of products available to tourists, thereby attracting a wider market and encouraging visitors to stay longer in the programming region.

**Utilization Opportunities and Infrastructure**

- While the cultural and natural resources in the programming area are the bases where tourist experiences will be based, governments and the private sector will provide the necessary utilization and infrastructure.

- Infrastructure such as roads, water, waste management, lighting, and public transportation and places that include museums, art galleries, gardens, sports facilities, and other activities play a key role in the experiences of foreign and domestic visitors. Attracting key infrastructure investments will be necessary to ensure that they are able to provide a quality experience.

**Human resource development and coordination of tourism development**

- People are the main asset of the tourism sector. Qualitative interaction between visitors and hosts is what visitors' value and remember.

- Regions must ensure that have a qualified workforce to meet the demands of a future development of this industry. Sustainable development management is also important.

- Improving cooperation between the public and private sectors and increasing the ability to manage and coordinate the sector over the coming years will be the key to sustainable development and providing visitors with a world-class experience.

**Environmental Protection and Risk Prevention**

According to the UN/Sustainable Development Goals, disaster risk reduction (DRR) is an integral part of social and economic development and is essential if development is to be sustainable for the future. The 2030 Agenda for Sustainable Development recognizes and reaffirms the urgent need to reduce the risk of disasters. Targets related to promoting education for sustainable development under SDG# 4, such as building and upgrading education facilities and ensuring healthy lives, as well as targets under SDG#11 (cities) and under SDG# 9 (building resilient infrastructure) reaffirm the interrelationship between disaster risk reduction and sustainable development amongst others can be cited.

The European Commission has adopted the new EU Biodiversity Strategy for 2030 and an associated Action Plan (annex) - a comprehensive, ambitious, long-term plan for protecting nature and reversing the degradation of ecosystems. It aims to put Europe's biodiversity on a path to recovery by 2030 with benefits for people, the climate and the planet. It is also the proposal for the EU contribution to the upcoming international negotiations on the global post-2020 biodiversity framework.
In the post-COVID context, the Biodiversity Strategy aims to build our societies’ resilience to future threats such as climate change impacts, forest fires, food insecurity or disease outbreaks, including by protecting wildlife and fighting illegal wildlife trade. A core part of the European Green Deal, the Biodiversity Strategy will also support a green recovery following the pandemic.

Still preserved nature and very rich biodiversity in the programming area represents a solid historical background for strategic development if the real environmental values are recognized and promoted. Unique geo-morphology, ancient lakes, pristine high mountain regions and vast highlands and pastures represent the real strength remarkably recognized and appreciated as regional thread mark. Strategic development based on economic and social prosperity that firmly relies on environment in the programming area (eco-tourism and rural development, organic food production, clean energy and transport, etc.) is and will be the real strength for the people in this region.

The protection of nature, where, among other things, the overall social, economic, cultural and spiritual life of people is carried out, implies high awareness among citizens, professionalism of the staff in the institutions and respect for the values of nature on the part of the administrative institutions, and accordingly, adoption of the necessary legislation. Awareness of nature protection must be raised comprehensively – covering social, educational, health, cultural and spiritual aspects. Awareness of nature protection is a benefit that nature repeatedly reciprocates.

In the past few years in the Ohrid-Prespa region, there has been significant cooperation between the Republic of Macedonia and the Republic of Albania for the nomination and establishment of a transboundary biosphere reserve Ohrid-Prespa.

In the last decade, the floods that have occurred in the region have increased in frequency and intensity. As a result of intense rainfall and increase in the level of groundwater, combined with inadequate maintenance of river basins, floods occur in the programming area Polog and Pelagonia and Korca and Elbasan. The frequency affected population and high economic losses indicate that the region is vulnerable to floods, in terms of their size and intensity.

The cases of unplanned construction of certain tourist facilities, which degrade neighbouring ecosystems intensive infrastructure activities in the coastal area as of Ohrid and Prespa Lakes pose a serious threat. However, the most advanced cross-border initiatives between the two countries are related to environmental issues.

Potential for unlocking economic development related to environment

- Protection of the environment by controlled utilization and management of natural resources.
- Protection of lakes and rivers is a good base and huge potential for cross-border cooperation.
- Water, wastewater and waste management infrastructure will increase significantly the regions’ attractiveness as a destination for investment.
- Civil protection and implementation of international standards and European directives in the field of rescue.

Entrepreneurship and SME development

According to the 2018 Western Balkans Strategy, further efforts are needed to increase the competitiveness of the Western Balkan economies, to address high unemployment, especially among the young, to increase prosperity and to create business opportunities not least for local players. Stronger skills-based economies. The Commission observes that critical parts of the region’s economies are uncompetitive, with too much undue political interference and an underdeveloped private sector. None of the Western Balkans can currently be considered a functioning market economy nor to have the capacity to cope with the competitive pressure and market forces in the union. Therefore, one of the six flagship initiatives is to enhance support for socio-economic development: this will include expanding the Western Balkans Investment Framework, a significant boost in the provision of guarantees to crowd in private investment, support to start-ups and SMEs and greater trade facilitation.

In order to reduce unemployment, it is necessary to create preconditions for motivating the demand for labour, i.e. open new jobs by improving the business climate. In future special attention should be given to developing entrepreneurship, SMEs, family businesses, crafts, self-employment and attracting investments.

Seeking to reduce youth unemployment and better link education and skills policies to the workplace a transboundary apprenticeship system could be supported by the Cross-Border Cooperation Plan. Apprenticeships and other work-based training opportunities provide an effective mechanism to build stronger connections between training providers and employers, while ensuring that individuals receive a good mix of
The local authorities could help efforts to identify local companies who can take a leadership role in reaching out to other employers to promote the benefits of VET and advise training institutions on curriculum development and delivery.

In order to escape the low to middle-income trap, the economies of both countries need to transition towards higher value-added products and services that include greater innovative and knowledge-based content. Insufficient financial support for Research and Development, weak support for technology diffusion and weak linkages between businesses and academia are further aggravated by a lack of incentives for business creators as well as continuous “brain drain”.

**Potential for unlocking economic development related to Entrepreneurship and SME development**

- Creating a business-friendly environment, and developing an effective innovation ecosystem;
- Enhancing youth Entrepreneurial and employment potential through networking and Capacity building;
- Development of modern education, human resource development and raising the level of social development;
- Promotion of active employment measures, retraining of staff, promotion of programs to encourage entrepreneurship, self-employment and craftsmanship.

**Transport infrastructure**

The impact of the missing transport infrastructure links in the Programming area for both counties is shown with the evidence that the lowest part of passenger trips share is of only 9% among North Macedonia and Albania. This is directly creating an impact in all sectors.

The future development of the programming area will be obstructed if the current level of development and quality of road infrastructure remains. It is necessary to modernize existing roads of different categories, but also to invest in further development of the road infrastructure.

The facilitation of transport around and, in some cases, possibly across the Prespa Lakes, would enable both residents and visitors to benefit from all the potentiality of the area and its surroundings, including regionally. Cross-border travel and acceleration of identity check operations at customs and entry/exit points are key to improving movement to/from the Prespa area. This necessarily involves high levels of bilateral cooperation and border management agreements.

**Potential for unlocking economic development related to infrastructure:**

The development, improvement and finally construction of missing links - both road and rail - of the corridor VIII in future is a major potential for economic development related to all sectors in both countries.

- Improving infrastructure and affordability will increase participation in early childhood education;
- Improvement of border crossing points related to facilitation of movements of people and goods;
- Necessity for improvement of waste water systems, waste management, sewage systems, water supply systems and local road network is a priority in both countries;
- Investment in digital skills development and awareness-raising campaigns for e-business adoption would significantly enhance the positive impact of digitalisation.

### 6 Proposed Strategic Vision for the IPA III Cross-Border Cooperation Programme between North Macedonia and Albania 2021-2027

For the first pillar of preparing this multi-sector study, the experts examined the statistical data pertaining to the six regions of the Programme area, reviewed a large volume of strategic documents, consulted with a variety of stakeholders and produced a review report to draw upon.

The other pillar of this study is the financial package that will be made available to finance a 7year Cross-Border Cooperation Programme (followed by two additional years of implementation).

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39 Study for Sustainable Economic Development Possibilities in the Wider Prespa/Prespes Lakes area, 2019
40 National transport strategy North Macedonia, 2018, pg.70
The needs of the Programme area are significant and beyond any CBC Programme’s capacity to provide financially; the remoteness and peripheral nature of the regions make the infrastructure issues affect heavily the quality of life of their citizens.

The financial package for the previous Programmes was 14 million Euro for IPA I 2007-2013 and 11.9 million for IPA II 2014-2020 and there is no reason to expect that the next one will be more significant. If anything, due to a variety of factors, such as allocation of resources to financing the response to the Covid-19 crisis, it can be even reduced.

However, with a limited amount of money and smart planning, aimed at a number of carefully selected thematic priorities, at least some needs can be addressed and more importantly, the two sides of the border can work closer together, in an attempt to reduce the disparities that cause them to lag behind.

Cooperation between partners from North Macedonia and Albania does not happen organically, due to their different languages, as well as the insufficient transport and communication infrastructure connecting them. These external factors are aggravated by lack of local capacities, the governance systems still having a long way to go from the point of view of planning, administrating and financing activities.

The financial allocations are attractive and the stakeholders are interested in having their share. However, it is usually at the last moment that they attempt to find a partner (because it is a sine qua non condition, not because the necessity and benefits of it are fully understood) and the partnerships come to an end as soon as the project is implemented (if not sooner, in many cases).

The proposed strategic vision for the IPA III CBC Programme comprises an appropriate mix of interventions in the areas of environment, tourism and competitiveness, along with actions targeted at solving border crossing shortcomings as a catalyst for promoting cooperation and encouraging citizens and institutions to work together. The thematic priority 7 of IPA III CBC, mainstreamed across the Programme, offers the framework and incentive to address governance, planning and administrative capacity building of local and regional authorities, encouraging better relations between citizens and institutions on the one hand and between institutions from across the border on the other. This could lead to a boost in confidence for all stakeholders to participate in CBC-type of interventions and make working relations with partners across the border more attractive and mutually beneficial.

The technical assistance allocation for the programme can be used to follow up on previous/on-going activities, with an emphasis on:

- Encouraging and supporting building new partnerships, based on two strong partners on each side of the border (local self-government) and reinforced with NGOs from various sectors, education and employment agencies, regional and local development agencies, chambers of commerce and other business support organisations etc.
- Training all members of the partnership in project identification, development, implementation, financing and monitoring. The follow up for this training should be mainstreaming it into the wider society: universities (especially public administration faculties, economics, finance etc.), last grade high-school students, business support associations etc.
- Creating a pipeline of fully mature projects, relevant to the thematic priorities, well in advance of the launch of the call for proposals.

Taking stock of the proposed strategic vision, the proposed overall objective for the IPA III CBC Programme is to improve the quality of life and enhance the attractiveness of the border regions as better places to live and work in, through protecting their sensitive environment and utilising their endogenous potential for tourism development. In this context and in agreement with the stakeholders’ views so far, the selected thematic priorities are:

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

- **Thematic Priority 2 – Protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management**
- **Specific objective: Enhancing the protection of the regions’ sensitive environment and increasing resilience to climate change.**
  - Protection of the environment by controlled utilization and management of natural resources.
  - Protection of lakes and rivers is a good base and huge potential for cross-border cooperation.
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- Water, wastewater and waste management infrastructure will increase significantly the regions’ attractiveness as a destination for investment.
- Civil protection and implementation of international standards and European directives in the field of rescue

**Thematic Cluster 4: Improved Business Environment and Competitiveness**

- **Thematic Priority 5 – Tourism and cultural and natural heritage**
  - Specific objective: *Enhancing of the cross-border regions’ development through tourism activities utilising their wealth of natural attractions and cultural heritage*
    - Promotion of tourism, further development of alternative forms such as winter, health, monastery, spa, adventure, rural and agro-tourism and protection of cultural heritage;
    - Set up of a network of boat itineraries on Ohrid and Prespa lakes;
    - Rehabilitation and maintenance of ski resorts in the programming area is an opportunity for development of winter tourism;
    - The Prespa Lakes basin will continue to be developed as a model of Cross-Border Cooperation to the economic and socio-cultural benefit of its inhabitants.

- **Thematic Priority 8 – Competitiveness, business and SME development, trade and investment**
  - Specific objective: *Supporting local entrepreneurship and enhancing endogenous production capacities and access to broader markets to strengthen the local economies on both sides of the border*
    - Creating a business-friendly environment, and developing an effective innovation ecosystem;
    - Enhancing youth entrepreneurial and employment potential through networking and capacity building;
    - Development of modern education, human resource development and raising the level of social development;
    - Promotion of active employment measures, retraining of staff, promotion of programs to encourage entrepreneurship, self-employment and craftsmanship.

For purposes of better focusing the interventions and financial allocation, the three thematic priorities will be further reduced to two, based on a decision of the Joint Task Force (JTF).

To assist decision making, the experts propose the following criteria for selecting the most suitable thematic priorities, combining the actual needs of the Programme area and the financial envelope:

- **Strong cross-border value**
- **Potential to create most synergies and multiplier effects with other thematic priorities**
- **Most benefits for the people**
- **Institutions in place ready to undertake the interventions**
- **Best use of a limited financial envelope, as compared to the multitude of needs**

A ranking of the thematic priorities based on scoring them according to the above-mentioned criteria can be found in the table below:
An attempt at the indicative ranking of Thematic Priorities

<table>
<thead>
<tr>
<th>Thematic Priorities</th>
<th>Strong cross-border value</th>
<th>Potential to create most synergies</th>
<th>Most benefits for the people</th>
<th>Institutions in place</th>
<th>Best use of a limited financial envelope</th>
</tr>
</thead>
<tbody>
<tr>
<td>TP2: Protecting the environment, promoting climate change adaption and mitigation, risk prevention and management</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>TP5: Encouraging tourism and cultural and natural heritage</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>TP8: Enhancing competitiveness, business and the development of SMEs, trade and investment</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

As an additional tool for selecting the thematic priorities, the experts identified potential synergies between the Environment and Tourism on the one hand and Tourism and Competitiveness on the other, as shown in the tables below:

**Environment & Tourism**

Potential common areas of intervention (examples)

- **Lura National Park and/or Korab-Koritnik Natural Park (Albania), Shar mountain park and the Mavrovo park (North Macedonia)**
  - The parks have scientific, aesthetic, landscape, tourist values very attractive for local and foreign visitors. Natural and biological riches, landscape beauties are great potentials for tourism development.
  - Current forest management methods result in creation of single species and single age forests. *Illegal cutting, irrational use of forests, forest fires* as well as failure to reforest barren land has impact on the loss of certain species and appearance of erosion and landslides in certain parts of former forest ecosystems.
  - Additionally, the low public awareness and lack of management plan leads to *municipal waste pollution*.
  - There is great potential for *Mountain tourism, Rural tourism, Spa tourism, Agro-tourism, Cultural tourism, Sports and adventure tourism*

- **Thermo-mineral waters-Spa of Peshkopi and Kosovrasti spa are curative bathing complexes**
  - The Spa of Peshkopi lies about two kilometers east of the city of Peshkopi (Albania), and the Kosovrasti spa is located east of Debar, by the Debar lake, (North Macedonia). The mineral waters of the Kosovrasti spa resort in many small waterfalls and through numerous rocks used to flow into the river Radika

- **National Park Galichica (North Macedonia) and Shebenik-Jablanice (Albania)**
  - Lake Ohrid, Prespa and artificial Lake Debar as a complex with the National Park Galichica and Shebenik-Jablanice is a relatively limited area with very rich biodiversity, high degree of heterogeneity and endemism and in that sense is considered a very valuable site in Europe. Their plains, canyons and meadows, provide *favourable conditions* for fauna and flora and *tourism development opportunities*
  - Main intervention to promote cross-border tourism: Opening of two border crossings: Trebishte-Dzepishte, and Border of Stebleve
Thematic Cluster 5: Improved capacity of local and regional authorities to tackle local challenges

- **Thematic Priority 7 – Governance, planning and administrative capacity building of local and regional authorities**

- **Specific objective:** to strengthen local and regional governance by enhancing the institutional capacity of public authorities and promote efficient public administration, with an aim to solve legal and other obstacles in border regions
  
  - Enhancing the planning and administrative capacity of local and regional authorities
  - Promoting local and regional governance
  - Building capacities of local authorities, targeting especially small, weaker, remote local self-government units
  - Support for good governance measures increasing the participation of citizens’ associations in planning applications and decision making
  - Promoting and implementing sound financial management, ethics and anti-corruption measures
  - Promoting legal and administrative cooperation and cooperation between citizens and institutions on the one hand and institutions on both sides of the border in order to solve legal and other obstacles in border regions

**Strategic projects approach**

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

Strategic projects can be selected through calls for strategic projects or outside calls for proposals. In the latter case the programme partners will jointly identify and agree on any strategic project(s). In both cases the received proposals will be evaluated on the basis of pre-defined and non-discriminatory selection criteria.
Strategic projects shall deliver clear cross border impacts and benefits to the border area and its people. The following shall also be observed: relevance and contribution of the project for the programme specific objectives and expected results, maturity and feasibility of the project sustainability of results. 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 proposals before the strategic project award decision. All contract and payment issues are the responsibility of the Delegation of the European Union to the Republic of North Macedonia, as contracting authority (CA) of this programme.

CBC Programmes proposed by IPA beneficiaries may allocate a maximum of [.....%] of the overall CBC programme budget for strategic projects. These will need to be presented (summary and budget) already in the programme document. Their implementation will be subject to prior assessment of their relevance and maturity by the Commission.

An initiative to select potential strategic projects was conducted under IPA II CBC technical assistance. This resulted in the collection and assessment of 19 projects undertaken in 2020.

The projects submitted for examination were assessed and ranked, according to their level of maturity; only 4 of them were shortlisted for further examination, with two of them being submitted to the decision of the Operating Structures.

<table>
<thead>
<tr>
<th>No.</th>
<th>Title of the project</th>
<th>Lead partner</th>
<th>Partner across the border</th>
<th>Duration (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&quot;Rehabilitation and reconstruction of the Bllatë (Dibër) - Spas (Debar). Border Crossing Point and surrounding areas&quot;*41</td>
<td>Albanian Development Fund (ADF), Albania</td>
<td>NMK: (1) Municipality of Debar, Local government unit (2) Municipality of CentarZupa, Local government unit AL: (1) Creative Business Solution (CBS), Non-governmental organisation, Tirana (2) Municipality of Diber, Local government unit</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>&quot;Ohrid-lake&quot;-Bridging Two countries toward One destination</td>
<td>Organisation of Employers of Macedonia, Non-governmental organisation, Skopje, North Macedonia</td>
<td>NMK: (1) Municipality of Struga, Local government unit AL: (1)ANPBC Association ALBANIA, Non-governmental organisation (2)Pogradec Municipality of Pogradec, Local government unit</td>
<td>4</td>
</tr>
</tbody>
</table>

During the preparatory phase of this study, the stakeholders have been invited to submit project ideas in a simplified concept note format. Their proposals, together with the above mentioned 4 shortlisted projects, are listed below, in chapter 7. Their level of maturity varies widely and, in some cases, there are not even

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*41 This project has been assessed as "Medium to high maturity, medium to high risk incidence reduction and medium simplicity" by the assessment team June 2020
partnerships behind it, but in some cases, they might be developed into more shapely proposals (see recommendations in Annex 1).
### ANNEX 1. IDEAS FOR THE IPA III CROSS-BORDER COOPERATION PROGRAMME BETWEEN NORTH MACEDONIA AND ALBANIA 2021-2027

1. **Full list of project ideas\(^{42}\)**

<table>
<thead>
<tr>
<th>No.</th>
<th>Title of the project (and short description, where the title is not self-explanatory)</th>
<th>Lead partner</th>
<th>Partner across the border</th>
<th>Budget (EUR)</th>
<th>Duration (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&quot;Wastewater Treatment Plant&quot; - Stopping the current practice of discharging untreated wastewater into the Debar Lake.</td>
<td>Municipality of Centar Zhupa, North Macedonia.</td>
<td>Municipality/is located along the border of North Macedonia and Albania</td>
<td>N/A</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>&quot;Water supply for settlements of Municipality of Bogovinje&quot; - Increase the level of water supply in the area of Bogovinje through improving the water distribution system.</td>
<td>Municipality of Bogovinje, North Macedonia.</td>
<td>N/A</td>
<td>N/A</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>&quot;Krushevo and &quot;X&quot; Albanian Municipality – acknowledged adventure tourism destinations&quot; Create cross-border integrated touristic attraction offers and improve local economic development in the area of Krushevo and cross-border Albanian municipality/ies.</td>
<td>Municipality of Krushevo, North Macedonia</td>
<td>NGOs from the Pelagonia region, Albanian NGOs and municipalities</td>
<td>2,000,000</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>&quot;Sport Tourism Development in CBC region&quot; Connecting cross-border municipalities through integrated sports tourism offers.</td>
<td>Municipality of Ohrid, North Macedonia</td>
<td>Association Golf Club Ohrid, North Macedonia and Municipality of Korca, Albania</td>
<td>2,370,000</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>&quot;Urban, Heritage and Tourism Revitalization of the Municipality of Elbasan&quot;</td>
<td>Municipality of Elbasan, Albania</td>
<td>N/A</td>
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<td>&quot;Creating an Archeological Museum and Promoting Prehistoric Settlements&quot; - raising awareness on regional cultural heritage and increasing/improving tourism in the region.</td>
<td>Municipality of Maliq, Albania</td>
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<td>2,250,000</td>
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<td>&quot;Improving public infrastructure and interconnection&quot; - Revitalizing and boosting the economy between regions, through small public infrastructure investments and technology.</td>
<td>Municipality of Mat, Albania</td>
<td>Municipality of Struga, North Macedonia</td>
<td>776,000</td>
<td>1.5</td>
</tr>
<tr>
<td>8</td>
<td>&quot;Pogradec Castle, its re-evaluation and revitalization in the framework of the inclusion of the Albanian part in UNESCO&quot;</td>
<td>Municipality of Pogradec, Albania</td>
<td>Municipality of Struga, North Macedonia</td>
<td>1,500,000</td>
<td>3</td>
</tr>
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<td>9</td>
<td>&quot;Creation of ecovillages in the Jablanica mountain&quot;</td>
<td>Municipality of Prrenjas, Albania</td>
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<td>1,500,000</td>
<td>3</td>
</tr>
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<td>10</td>
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<td>Municipality of Pustec, Albania</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>11</td>
<td>&quot;Creative Park of Thermal - Cultural tourism heritage through traditional and innovative initiatives&quot; E-TOURPARK To encourage the integrated development of a new strategy for thermal sector by contributing to the economy with cultural and</td>
<td>Regional Council of Korce</td>
<td>(1) Regional Council of Debar (2) Municipality of Gostivar</td>
<td>2,400,000</td>
<td>3</td>
</tr>
</tbody>
</table>

\(^{42}\) This table comprises the concepts notes submitted as part of the IPA III CBC NMK-AL programming exercise (1 to 16) and the projects assessed and short-listed by a team of evaluators under the IPA II Technical Assistance as potential strategic projects (17 to 20) in June 2020.
<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Implementing Body</th>
<th>Responsible Bodies</th>
<th>Amount (€)</th>
<th>Duration (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>“Strengthening capacities for tackling money laundering and terrorist financing”</td>
<td>Financial Intelligence Office, North Macedonia</td>
<td>General Directorate for Prevention of Money Laundering, Albania</td>
<td>300,000</td>
<td>2</td>
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<td>(1) Ministry of Defence of Rep. of North Macedonia (2) Relevant equivalent institution in Albania</td>
<td>800,000</td>
<td>1.5</td>
</tr>
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<td>14</td>
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<td>Municipality of Devoll, Albania</td>
<td>(1) Municipality of Pustec, Albania (2) Municipality of Resen, North Macedonia (3) National Agency of Protected Areas</td>
<td>1,000,000</td>
<td>2</td>
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<td>“Better tourism, better countries, better lives”. Construction of a cable car from Fushe-Stude to (nearby) the highest part of the Shebenik-Jablanice National Park (5 km air distance).</td>
<td>Municipality of Librazhd, Albania</td>
<td>(1) Municipality of Struga, North Macedonia</td>
<td>1,400,000 - 2,000,000</td>
<td>N.A.</td>
</tr>
<tr>
<td>16</td>
<td>“Creating joint mechanisms for the prevention of wildfires and erosion through improvement of the sustainable natural resource management in the Jablanica mountain”</td>
<td>P.I National park Mavrovo, North Macedonia</td>
<td>(1) National Agency for Protected Areas- Regional Agency Dibër, Albania</td>
<td>500,000</td>
<td>2-3</td>
</tr>
<tr>
<td>17</td>
<td>“TEC Training, Equipment, Cooperation - Albanian - North Macedonian transboundary wildfire protection and prevention”</td>
<td>Municipality of Vevchani, North Macedonia</td>
<td>(1) Municipality of Librazhd, Local government unit (2) Environmental Centre for Studies and Implementation, Non-governmental organisation, Librazhd (3) EDEN Centre, Non-governmental organisation, Tirana</td>
<td>787,101</td>
<td>3-4months</td>
</tr>
<tr>
<td>18</td>
<td>“TEC Training, Equipment, Cooperation - Albanian - North Macedonian transboundary wildfire protection and prevention”</td>
<td>Crisis Management Center, Public institution, Skopje, North Macedonia</td>
<td>NMK: (1) Municipality of Ohrid, Local government unit (2) Municipality of Struga, Local government unit (3) Municipality of Vevcani, Local government unit (4) Municipality of Resen, Local government unit (5) Regional Fire Monitoring Centre (RFMC)/Regional Southeast Europe/Caucasus Wildland Network (RSECWFN), Non-governmental organisation, Skopje AL</td>
<td>4,444,650</td>
<td>3.5</td>
</tr>
</tbody>
</table>
### Multi-Sectoral Study for the 2021-2027 IPA III Cross-Border Cooperation Programme

between Republic of North Macedonia and Republic of Albania

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#### Multi-Sectoral Study

(1) National Directorate for Fire Fighting - Ministry of Interior (MZSH), Public institution in Tirana

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<table>
<thead>
<tr>
<th>No.</th>
<th>Title of the project</th>
<th>Lead partner</th>
<th>Partner across the border</th>
<th>Budget (EUR)</th>
<th>Duration (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>&quot;Ohrid-lake&quot;-Bridging Two countries toward One destination</td>
<td>Organisation of Employers of Macedonia, Non-governmental organization, Skopje, North Macedonia</td>
<td>NMK: (1) Municipality of Struga, Local government unit AL: (1) ANPBC Association ALBANIA, Non-governmental organisation (2) Pogradec Municipality of Pogradec, Local government unit</td>
<td>2,319,276</td>
<td>4</td>
</tr>
<tr>
<td>20</td>
<td>&quot;Rehabilitation and reconstruction of the Bllatë (Dibër) - Spas (Debar). Border Crossing Point and surrounding areas&quot;</td>
<td>Albanian Development Fund (ADF), Albania</td>
<td>NMK: (1) Municipality of Debar, Local government unit AL: (2) Municipality of Centar Zupa, Local government unit AL: (1) Creative Business Solution (CBS), Non-governmental organisation, Tirana (2) Municipality of Diber, Local government unit</td>
<td>4,247,865</td>
<td>3</td>
</tr>
</tbody>
</table>

#### 2. Proposals selected as potential strategic projects for IPA III CBC:

The projects in this table were selected as potential strategic projects by the team of evaluators in June 2020.

This project has been assessed as "Medium to high maturity, medium to high risk incidence reduction and medium simplicity" by the assessment team June 2020.

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### 3. Project ideas recommended for further development into strategic projects:

<table>
<thead>
<tr>
<th>No.</th>
<th>Title of the project (and short description, where the title is not self-explanatory)</th>
<th>Lead partner</th>
<th>Partner across the border</th>
<th>Budget (EUR)</th>
<th>Duration (years)</th>
<th>Programming experts’ comments</th>
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<tbody>
<tr>
<td>11</td>
<td>“Creative Park of Thermal - Cultural tourism heritage through traditional and innovative initiatives” E-TOURPARK</td>
<td>Regional Council of Korce</td>
<td>(1) Regional Council of Debar (2) Municipality of Gostivar</td>
<td>2,400,000</td>
<td>3</td>
<td>A proposal with a very strong CBC dimension, clearly established partnership and relevance for the priorities of the Programme. It focuses on tourism, using thermal waters for SPA and health through an innovative approach. A pre-feasibility study is prepared and no issues of land permission as they belong to Municipalities authority. With prior TA support to prepare a full feasibility study and design for the investments needed, it can be developed into a strategic project. Recommended to be taken into consideration as a reserve strategic project.</td>
</tr>
</tbody>
</table>

### 4. Project ideas recommended for further development for regular calls for proposals:

<table>
<thead>
<tr>
<th>No.</th>
<th>Title of the project (and short description, where the title is not self-explanatory)</th>
<th>Lead partner</th>
<th>Partner across the border</th>
<th>Budget (EUR)</th>
<th>Duration (years)</th>
<th>Programming experts’ comments</th>
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<tr>
<td>9</td>
<td>“Creation of ecovillages in the Jablanica mountain”</td>
<td>Municipality of Prrenjas, Albania</td>
<td>Municipality of Struga, North Macedonia</td>
<td>1,500,000</td>
<td>3</td>
<td>The proposal has a strong CBC dimension and is relevant for the priorities of the Programme, but it is in the very early stages of development. The activities are just a sketch and so is the budget. The two municipalities need strong support from the central government, with relevant permits/licenses needed. However, with a good partnership from the two municipalities, a reexamination of the budget and support</td>
</tr>
</tbody>
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Multi-Sectoral Study for the 2021-2027 IPA III Cross-Border Cooperation Programme
between Republic of North Macedonia and Republic of Albania

Multi-Sectoral Study

<table>
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<th>No.</th>
<th>Title of the project (and short description, where the title is not self-explanatory)</th>
<th>Lead partner</th>
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<th>Duration (years)</th>
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<td>Municipality of Devoll, Albania</td>
<td>(1) Municipality of Pustec, Albania (2) Municipality of Resen, North Macedonia (3) National Agency of Protected Areas</td>
<td>1,000,000</td>
<td>2</td>
<td>The proposal is not developed enough yet, but it has a strong CBC dimension and an obviously strong partnership. The interventions foreseen are a priority for the Programme area, especially as it covers the National park Prespa. Further development is required, but it is a viable proposal. With closer examination of the proposed budget, it can be developed as a proposal for a current or future regular call for proposals.</td>
</tr>
<tr>
<td>16</td>
<td>Enabling rural development and eco-tourism through valorizing and protecting natural resources in the cross-border area Mavrovo National Park in N. Macedonia and: Lurë - Mali i Dejës National Park in Albania</td>
<td>PI National park Mavrovo, North Macedonia</td>
<td>(1) National Agency for Protected Areas-Rregional Agency Dibër, Albania</td>
<td>500,000</td>
<td>2-3</td>
<td>This proposal consists of two distinct projects – one regarding nature monitoring and protection and the other promotion and development of agro-tourism. The partnership is strong and both parts of the proposal are relevant for the Programme. The budget seems rather underestimated, considering there is a list of equipment’s to be purchased and a series of products to be developed, for a two- or three-year period. The proposal is worthy of reviewing and developing for a current or future call for proposals. Recommended to be split and developed into two distinct projects, one under the Environment priority and the other under the Tourism priority, emphasizing synergy and relevance. The partnership as shown here is relevant for the Environment priority, while for the agro-tourism it should also involve municipalities. The budget should be reexamined.</td>
</tr>
</tbody>
</table>

5. Reserve project ideas (needing further investigation):

<table>
<thead>
<tr>
<th>No.</th>
<th>Title of the project (and short description, where the title is not self-explanatory)</th>
<th>Lead partner</th>
<th>Partner across the border</th>
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<th>Duration (years)</th>
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<td>Customs Administration of Republic of North Macedonia</td>
<td>(1) Ministry of Defence of Rep. of North Macedonia (2) Relevant equivalent institution in Albania</td>
<td>800,000</td>
<td>1.5</td>
<td>The proposal is relevant for the Programme, but it is in an incipient stage, with no partner on the Albanian side. Activities are mainly investments for the improvements of conditions of the border Cross Point in Sveti Naum, beneficial for both countries. Should the applicant create a partnership with Albania and develop the proposal in line with the priorities of the Programme, it can be submitted under the current or future regular call for proposals, as the budget is not exceeding the maximum amount allowed for a call for proposals.</td>
</tr>
</tbody>
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Multi-Sectoral Study for the 2021-2027 IPA III Cross-Border Cooperation Programme between Republic of North Macedonia and Republic of Albania

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<tr>
<th>No.</th>
<th>Title of the project (and short description, where the title is not self-explanatory)</th>
<th>Lead partner</th>
<th>Partner across the border</th>
<th>Budget (EUR)</th>
<th>Duration (years)</th>
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<td>Municipality of Librazhd, Albania</td>
<td>(1) Municipality of Struga, North Macedonia</td>
<td>1.400.00 - 2.000.00</td>
<td>N.A.</td>
<td>A proposal with clear CBC dimension and a well-established partnership. The proposed intervention is in line with the priorities, especially as it covers the National Park Shebenik-Jabllanice and border crossing Džepište - Trebišht, Stebleve. It lacks maturity and readiness, as it is a highly technical project, but it is relevant for the priorities of the Programme. It needs substantial TA support to develop it into an actual project.</td>
</tr>
</tbody>
</table>

6. Project ideas not recommended for any further action:

<table>
<thead>
<tr>
<th>No.</th>
<th>Title of the project (and short description, where the title is not self-explanatory)</th>
<th>Lead partner</th>
<th>Partner across the border</th>
<th>Budget (EUR)</th>
<th>Duration (years)</th>
<th>Programming experts comments</th>
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<tbody>
<tr>
<td>1</td>
<td>&quot;Wastewater Treatment Plant&quot; - Stopping the current practice of discharging untreated wastewater into the Debar Lake.</td>
<td>Municipality of Centar Zhupa, North Macedonia.</td>
<td>Municipality/ies located along the border of North Macedonia and Albania</td>
<td>N/A</td>
<td>2</td>
<td>As stated by the applicant itself, this is just an idea, not a project proposal. Although relevant (Debar Lake being part of the border between the two countries), it lacks a CBC dimension, since it doesn’t even mention a similar initiative on the other side of the border or a potential partner, suggesting only that the municipalities on the Albanian side will benefit from having cleaner waters. The only step forward for this idea is creating a CBC partnership with mutual benefits and reshaping it into an actual project.</td>
</tr>
<tr>
<td>2</td>
<td>&quot;Water supply for settlements of Municipality of Bogovinje&quot; - Increase the level of water supply in the area of Bogovinje through improving the water distribution system.</td>
<td>Municipality of Bogovinje, North Macedonia.</td>
<td>N/A</td>
<td>N/A</td>
<td>1</td>
<td>This project idea lacks any CBC dimension, no benefit for the other side of the border. It is just a pressing need of the municipality, that needs financing but it cannot be financed from the CBC Budget.</td>
</tr>
<tr>
<td>3</td>
<td>&quot;Krushevo and “X” Albanian Municipality – acknowledged adventure tourism destinations” Create cross-border integrated touristic attraction’ offers and improve local economic development in the area of Krushevo and cross-border Albanian municipality/ies.</td>
<td>Municipality of Krushevo, North Macedonia</td>
<td>NGOs from the Pelagonia region, Albanian NGOs and municipalities</td>
<td>2,000,000</td>
<td>3</td>
<td>It is a project idea that is taking stock of activities already underway in the municipality of Krushevo, but does not do even the slightest effort to identify a potential partner, even by name. The budget has no breakdown, so it is hard to appreciate what the 2 million Euro will be spent on. Although relevant for the CBC priorities, it needs serious reshaping and developing, especially for the estimated budget.</td>
</tr>
<tr>
<td>ID</td>
<td>Proposal Title</td>
<td>Municipality 1</td>
<td>Municipality 2</td>
<td>Budget</td>
<td>Score</td>
<td></td>
</tr>
<tr>
<td>----</td>
<td>-------------------------------------------------------------------------------</td>
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<td>----------------</td>
<td>---------</td>
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<td></td>
</tr>
<tr>
<td>4</td>
<td>&quot;Sport Tourism Development in CBC region&quot; Connecting cross-border municipalities through integrated sports tourism offers.</td>
<td>Municipality of Ohrid, North Macedonia</td>
<td>Association Golf Club Ohrid, North Macedonia and Municipality of Korca, Albania</td>
<td>€2,370,000</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>At a first glance, this concept has a well-defined CBC-type partnership and aims to improve the tourism offer in the area. It is hard to assess how realistic the proposal is, since it envisages the construction/reconstruction (it is not clear which) of an airport, the complete refurbishing of a golf club, the reconstruction of a number of buildings (1 to 3, it is not clear how many) and a number of paths (biking, hiking, etc.), with a budget of 2.37 million Euro. Furthermore, the applicants state wrongly that the construction/reconstruction of the airport does not require any permits/licenses, since the land belongs to the municipality. The purpose and use of the airport is represented in different ways in different parts of the concept note. There is no maturity and/or realism behind the idea.</td>
<td></td>
<td></td>
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<td>5</td>
<td>&quot;Urban, Heritage and Tourism Revitalization of the Municipality of Elbasan&quot;</td>
<td>Municipality of Elbasan, Albania</td>
<td>N/A</td>
<td>€2,000,000</td>
<td>2.5</td>
<td></td>
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<tr>
<td></td>
<td>The municipality of Elbasan intends to refurbish its castle, which is part of its cultural heritage. There is no CBC dimension; although the applicant states that the municipality of Ohrid might be a partner, there is no involvement of the latter, nor any obvious related activities/benefits. The budget is inadequately explained. The proposal depends heavily on permits/licenses.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>&quot;Creating an Archeological Museum and Promoting Prehistoric Settlements&quot; - raising awareness on regional cultural heritage and increasing/improving tourism in the region.</td>
<td>Municipality of Maliq, Albania</td>
<td>Municipality of Mogila, North Macedonia</td>
<td>€2,250,000</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>It is not clear what this proposal aims at. The title states that it intends to create an archeological museum; the activities reduce this aim to creating an exhibition inside the cultural center. All this for a rather unrealistic budget and with no benefits for the North Macedonia side. It has no CBC dimension and no maturity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>7</td>
<td>&quot;Improving public infrastructure and interconnection&quot; - Revitalizing and boosting the economy between regions, through small public infrastructure investments and technology.</td>
<td>Municipality of Mat, Albania</td>
<td>Municipality of Struga, North Macedonia</td>
<td>€776,000</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The proposal consists in creating bus stations on both sides of the border, together with an app for schedules and tickets. It is not very clear how this is justified under the priorities of the Programme.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>10</td>
<td>(1) &quot;Construction of a proper hospital and qualification of human capacities for health in the area of Pustec&quot; (2) Establishment of a Youth Center in Pustec</td>
<td>Municipality of Pustec, Albania</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>There is no CBC dimension of the proposal, no focus of activities - building a hospital, qualifying staff for it and establishing a youth center, all on the Albanian side. It is an obvious need of the municipality, but with no connection to the Programme.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Financial Intelligence Office, North Macedonia</td>
<td>General Directorate for Prevention of Money Laundering, Albania</td>
<td>€300,000</td>
<td>2</td>
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<td>The proposal is not relevant for the Programme, as it concerns strictly central government institutions and the sector lies outside the focus of the Programme.</td>
<td></td>
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</tbody>
</table>
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