

# Balkan-Mediterranean

## 2014-2020

Approved by the European Commission



European Territorial Cooperation Programmes are co-funded  
by the European Union and National Funds of the cooperating countries

<b>CCI</b>	2014TC16M4TN003
<b>Title</b>	TNCP Balkan – Mediterranean 2014 – 2020
<b>Version</b>	1.3
<b>First year</b>	2014
<b>Last year</b>	2020
<b>Eligible from</b>	01.01.2014
<b>Eligible until</b>	31.12.2023
<b>EC decision number</b>	C(2015) 6619
<b>EC decision date</b>	25.09.2015
<b>MS amending decision number</b>	
<b>MS amending decision date</b>	
<b>MS amending decision entry into force date</b>	
<b>NUTS level covered by the cooperation programme</b>	Hellenic Republic Republic of Albania Republic of Bulgaria Republic of Cyprus The former Yugoslav Republic of Macedonia

## Table of Contents

SECTION 1. STRATEGY .....	6
1.1 Strategy for the contribution of the “Balkan – Mediterranean 2014 – 2020” programme to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion. ....	6
1.1. 1 Description of the programme strategy.....	6
Geography & Landscape .....	6
Analysis of needs and challenges for the programme .....	7
Transnational key challenges related to demography and economic development.....	7
Demography .....	7
Active population profile.....	8
The unemployment challenge.....	9
Inclusive growth at stake .....	10
The role of the SMEs .....	12
Dominant economic sectors .....	13
Transnational challenges related to accessibility & connectivity .....	14
Environment and climate change .....	16
Natural and cultural heritage .....	19
SWOT analysis .....	21
Strategy to address needs and challenges: the programme objective.....	24
Programme priorities .....	25
1.1. 2 Justification of the choice of Thematic Objectives and Investment Priorities.....	27
1.2 Justification of the financial allocation.....	32
SECTION 2. PRIORITY AXES .....	35
2. A. Description of the priority axes other than technical assistance.....	35
2. A. 1 Priority Axis 1: Entrepreneurship & Innovation .....	35
2. A. 2. Justification for the establishment of a priority axis covering more than one thematic objective.....	35
2. A. 3. Fund and calculation basis for Union support .....	36
2.A. 4. 1) Investment priority 3a .....	36
2. A. 5. Specific objectives corresponding to the investment priority and expected results... ..	36
2. A. 6. Actions to be supported under the Investment Priority.....	38
2. A. 4. 2) Investment priority 3d .....	41
2. A. 5. Specific objectives corresponding to the investment priority and expected results... ..	42
2. A. 6. Actions to be supported under the Investment Priority.....	43
2. A. 4. 3) Investment priority 10 .....	47
2. A. 5. Specific objectives corresponding to the investment priority and expected results... ..	47
2. A. 6. Actions to be supported under the Investment Priority.....	49
2. A. 7. Performance framework .....	52
2. A. 8 Categories of intervention per priority axis .....	53
2. A. 2 Priority Axis 2: Environment.....	55
2. A. 2. Justification for the establishment of a priority axis covering more than one thematic objective.....	55

2. A. 3. Fund and calculation basis for Union support .....	56
2. A. 4. 1) Investment priority 6c.....	56
2. A. 5. Specific objectives corresponding to the investment priority and expected results...	56
2. A. 6. Actions to be supported under the Investment Priority.....	58
2. A. 4. 2) Investment priority 6f .....	63
2. A. 5. Specific objectives corresponding to the investment priority and expected results...	63
2. A. 6. Actions to be supported under the Investment Priority.....	64
2. A. 4. 3) Investment priority 11 .....	69
2. A. 5. Specific objectives corresponding to the investment priority and expected results...	69
2. A. 6. Actions to be supported under the Investment Priority.....	70
2. A. 7. Performance framework.....	73
2. A. 8 Categories of intervention per priority axis .....	74
2. A. 9 Summary of planned use of Technical Assistance to support participation per priority axis.....	76
2. B. Description of the priority axes for technical assistance .....	77
2. B. 2 Fund and calculation basis for Union Support .....	77
2. B. 3 Specific objectives and expected results.....	77
2. B. 4 Result indicators.....	77
2. B. 5. Actions to be supported and their expected contribution to the specific objective ...	78
2. B. 6 Categories of intervention .....	80
SECTION 3. Financing Plan .....	81
3.1 Financial appropriation from the ERDF (in EUR) .....	81
3.2. A. Total financial appropriation from the ERDF and national co-financing (in EUR) .....	81
3.2. B. Financial plan by priority axis and thematic objective.....	82
SECTION 4. Integrated Approach to Territorial Development.....	83
4.1. Community led local development .....	83
4.2. Sustainable urban development .....	83
4.3. Integrated Territorial Investment (ITI) .....	84
4.4. Contribution of planned interventions towards macro-regional and sea basin strategies, subject to the needs of the programme area as identified by the relevant Member States and taking into account, where applicable, strategically important projects identified in those strategies (where appropriate) .....	84
Analysis of the EU Strategy for the Danube Region (EUSDR).....	84
Analysis of the EU Strategy for Adriatic – Ionian Region (EUSAIR) .....	85
Analysis of the Black Sea area .....	86
SECTION 5. Implementing Provisions.....	88
5.1 Relevant authorities and bodies .....	88
5.2 Procedure for setting up the Joint Secretariat.....	91
5.3 Summary description of management and control arrangements .....	91
5.4 Apportionment of liabilities among participating countries in case of financial corrections imposed by the managing authority or the Commission.....	99
5.5 Use of the euro.....	101
5.6 Involvement of partners.....	101
SECTION 6. Coordination between Funds.....	106

6.1 Coordination with other ESI Funds .....	106
6.2 Coordination with other Union instruments.....	108
SECTION 7.Reduction of Administrative Burden for Beneficiaries .....	111
At programme level.....	111
At project level .....	112
SECTION 8.Horizontal Principles .....	114
8.1 Sustainable development.....	114
8.2 Equal opportunities and non-discrimination .....	114
8.3 Equality between men and women .....	115
SECTION 9.Separate Elements .....	116
9.1 Major projects to be implemented during the programming period.....	116
9.2 Performance framework (summary table) .....	116
9.3 List of relevant partners involved in the preparation of the programme.....	118
9.4 Applicable programme implementation conditions governing the financial management, programming, monitoring, evaluation and control of the participation of third countries in transnational programmes through a contribution of ENI and IPA resources .....	118
Annexes .....	120

## INTRODUCTION

The Transnational Cooperation Programme (TNCP) “Balkan-Mediterranean 2014-2020” supports the sharing of experiences, knowledge and the improvement of public policies between national, regional and local authorities and other territorial actors of eligible regions of the Balkan-Mediterranean area.

It includes regions from three (3) different EU countries and two (2) candidate countries.

The Programme is co-financed by the European Regional Development Fund (ERDF) as well as by the Instrument of Pre-Accession Assistance (IPA) and has a total budget of 39.727.652,11 millions of Euros for the 2014-2020 programming period.

Its main purpose is to contribute to the long term development of the Balkan-Mediterranean area and strengthen transnational cooperation between regions and participating countries.

This first section of the cooperation Programme provides an overview of the context of the Programme with regard to the Regulations, territorial and policy needs and challenges, and lessons from previous cooperation Programmes. The second section presents the overall strategy and objectives of the Programme.

### Geographic coverage

The list of eligible regions and areas for the transnational strands of the European Territorial Cooperation (ETC) objective, the TNCP “Balkan-Mediterranean 2014-2020” covers the following areas:

a) The ERDF countries:

- ✓ Bulgaria: the entire country
- ✓ Cyprus: the entire country
- ✓ Greece : the entire country

b) The IPA countries:

- ✓ Republic of Albania: the entire country
- ✓ The former Yugoslav Republic of Macedonia: the entire country

### Partners from the Balkan-Mediterranean area

The partners of the “Balkan-Mediterranean area” are located a) in the areas of the European Union and b) in the areas of the Balkan IPA countries (candidate to the EU) that participate with another financial instrument, **IPA funds (Instrument for Pre-Accession Assistance)** all of which are covered by the “Balkan-Mediterranean 2014-2020” Operational Programme.

### Partners from the European Union area & IPA partners

The participation of Partners from other countries is possible under the 20% flexibility rule. These partners may participate under the condition of geographical coherence and integration and the acceptance of the thematic objectives of the Programme.

Moreover, according to Article 20 of Regulation (EU) No 1299/2013, in the context of cooperation Programmes and in duly justified cases, the Managing Authority may accept that all or part of an operation is implemented outside the Union part of the Programme area, provided that the conditions of Article 20 of Regulation (EU) No 1299/2013 are satisfied.

The total amount allocated under the cooperation Programme to operations located outside the Union part of the programme area shall not exceed 20% of the support from the ERDF at programme level. The 20% threshold of ERDF at programme level will be brought down to the project level.

## SECTION 1. STRATEGY

(Reference: Article 27(1) of Regulation (EU) No 1303/2013 and point (a) of Article 8(2) of Regulation (EU) No 1299/2013)

### 1.1 Strategy for the contribution of the “Balkan – Mediterranean 2014 – 2020” programme to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion.

#### 1.1.1 Description of the programme strategy

The “Balkan-Mediterranean 2014-2020” transnational cooperation programme (TNCP) brings together five (5) yet quite diverse countries in many aspects. Diversity and geography include a strong cooperation potential that can bring into better focus important concerns shared by all five (5) participating countries: Albania, Bulgaria, Cyprus, the former Yugoslav Republic of Macedonia and Greece.

#### Geography & Landscape

The overall programme area accounts for about 306,7 km<sup>2</sup> (6,8% of the EU 28 member states countries) with Greece and Bulgaria representing together *circa* 80% of the whole programme geographical coverage: Greece 43% and Bulgaria 36%.

Cyprus is a small island state sharing maritime border with the EU and accounts for only 3% of the programme area.

Albania, a new EU candidate country represents 9% of the programme area surface and the former Yugoslav Republic of Macedonia, the sole country with no seashores (mainland central Balkan country) accounts for 8% of the programme area surface.

Programme Area Surface		
Participating country	Km <sup>2</sup>	% of programme area
Albania	28.748	9%
Bulgaria	110.994	36%
Cyprus	9.250	3%
The former Yugoslav Republic of Macedonia	25.713	8%
Greece	131.957	43%
Total programme area	306.662	100%
EU (28 countries)	4.509.921	
% from EU-28	6,8%	

The South-eastern Mediterranean Sea is the uniting element of the Balkan Peninsula and Cyprus. The maritime area of the programme serves as a common identification basis across the region and constitutes a joint environmental and economic asset. At the same time, it brings transnational challenges, in relation to environmental protection and competitiveness. The programme area includes mainland as well as coastal areas and numerous islands that constitute an attraction pole for tourism but are also vulnerable to environmental risks and climate change.

The programme can build on the experience of former cooperation programmes and promote further integration of the region as it addresses actors nationwide and not just border regions.

After a long period of various cooperation forms in the area, the “Balkan-Mediterranean 2014-2020” transnational cooperation programme has been identified by all participating countries as a structured tool to strengthen cooperation through thematic focus, allowing capitalisation of experiences and results achieved so far. This approach has been jointly acknowledged by the European Commission and participating countries and forms the basis of the transnational cooperation added value of the programme.

### Analysis of needs and challenges for the programme

The main needs and challenges of the TNCP “Balkan-Mediterranean 2014-2020” can be grouped in the following headings: socioeconomic development and demography, environment and climate change, natural and cultural heritage.

### Transnational key challenges related to demography and economic development

#### Demography

The programme population summarises *circa* 24 million of people representing less than 5% of the EU 28 total population. Again Bulgaria and Greece account for the highest part (more than 75% of the total population) while Cyprus represents less than 4% of the programme population. The main demographic feature of the programme area is a serious population loss during the last decade due to significant outward migration. In the former Yugoslav Republic of Macedonia in particular from 1998 to 2011, some 230,000 people (more than 10% of the country’s population) left the country due to poverty and high unemployment. While in Greece, the economic crisis contributed further to the population decline with the “*brain drain*” phenomenon.

Programme Area Population		
Participating country	2013 (millions)	Population trend 2007-2013
Albania	2,9	– 3%
Bulgaria	7,3	– 4%
<b>Cyprus</b>	<b>0,9</b>	<b>14%</b>
The former Yugoslav Republic of Macedonia	2,0	1%
Greece	11,0	– 1%
Total Programme population	24,1	
EU-28	505,7	
<b>% programme population as of EU-28</b>	<b>4,8%</b>	

Yet there is a notable exception in this important demographic decline with Cyprus demonstrating 14% positive population trend from 2007 to 2013 due to immigration. Cyprus holds the second highest proportion (after Luxembourg) of both, foreigners (20% of its total population) and EU nationals (13% of its total population). If we consider Cyprus’ insularity and remoteness from the European continent these percentages are of quite importance demonstrating among other the country’s openness.

**Ageing population** is an overall trend due to both, low fertility rates and migration. Albania is an exception to this rule as it is ranked among the countries with the youngest population with only 9% of population age over 65, as compared to the EU-27: 17% (Eurostat 2011).

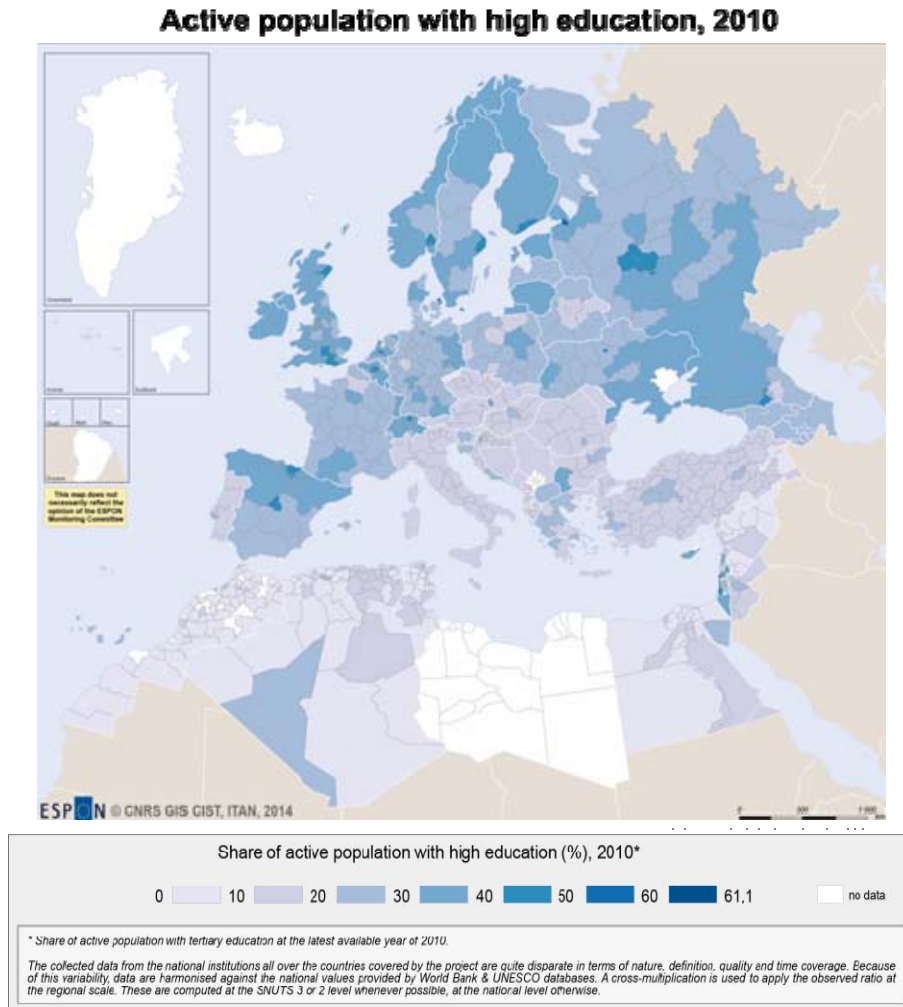
Furthermore, high **urbanisation trends** progressively leave mountainous regions sparsely populated. In the three EU member states capital cities accounts for *circa* one third of the total population (BG 27,3%, CY 32,3%, GR 33,5%) while Skopje with more than 580,000 inhabitants



gather already 29% of the country’s population. Only Albania seems to still resist urban appeal with Tirana accounting +/- 17% of the total population.

**Active population profile**

There are important disparities of the active population profile between the five (5) participating countries with Cyprus being far above the EU average with *circa* 40% of labour force holding high education credentials. Yet, this is not the case for the majority of the programme area where only 20% to maximum 30% can attest high qualification standards, as depicted in the ESPON map below.



Source: ESPON [www.espon.eu](http://www.espon.eu)

**High education attainment** levels are close to the EU-28 average (28,4%) with Cyprus showing a record high of nearly 40% of the population aged between 25 and 64 years tertiary educated.

Also, according to Eurostat<sup>1</sup>, tertiary education in the two (2) candidate countries of the programme is in permanent development: between 2001 and 2011 Albania has more than doubled the number of students attending tertiary education while the EU-27 increase was on average 2% per year over the same period.

<sup>1</sup> Eurostat statistical analysis on the candidate countries of the European Union: “Key figures on the enlargement countries – 2013 edition” prepared when Croatia (HR) was an acceding country, to become a Member State of the European Union (EU) on 1 July 2013.

High education attainment	
Participating country	% of population aged 25 – 64
Albania (*)	10,7
Bulgaria	25,6
<b>Cyprus</b>	<b>39,3</b>
The former Yugoslav Republic of Macedonia	23,1
Greece	27,4
<b>EU-28</b>	<b>28,4</b>

(\*) Data source: DG REGIO “Measuring performances – countries factsheets – 2013” for the EU member states and national statistics for the candidate countries. The percentage for Albania refers to the total population. However, bearing in mind that tertiary education curriculum cannot be accomplished before the age of 22 or 23 we consider this figure comparable with the ones provided for the other countries.

On the other hand, **early school leavers rates for 2013** differ from country to country with Cyprus over performing compared to the European average. Even if Albania contrast with high early school leavers rate we shall keep in mind the change in rate comparing to previous years; in the same line the former Yugoslav Republic of Macedonia where early school leavers’ rate was 8,5% lower in 2013 comparing to 2007.

Early school leavers – 2013	
Participating country	% of population aged 18 – 24
Albania (*)	35
Bulgaria	12,5
Cyprus	9,1
The former Yugoslav Republic of Macedonia	11,4
Greece	10,1
<b>EU-28</b>	<b>11,9</b>

(\*) for Albania the data refers to 2011.

Data: DG REGIO “Measuring performances – countries factsheets – 2013” for the EU member states and national statistics for the two (2) EU candidate countries.

### The unemployment challenge

High unemployment rates, both on total active population and on youths is the main common concern as it also generates negative side effects affecting social cohesion of the whole programme area.

Unemployment rate 2013		
Participating country	% of active population	% change 2003 – 2013
Albania (*)	13% (*)	NA
Bulgaria	13%	–0,7 %
Cyprus	16%	12%

The former Yugoslav Republic of Macedonia	29%	NA
Greece	27,2%	17,6%
<b>EU-28</b>	<b>10,8%</b>	<b>1,7%</b>

(\*) for Albania the data refers to 2012.

Data: DG REGIO "Measuring performances – countries factsheets – 2013" for the EU member states and national statistics for the candidate countries.

The unemployment picture is even more challenging if we consider a closer inspection of the participating countries' labour market, with **long term and youth unemployment** rates in particular.

Long Term & Youth Unemployment rate 2013 (% of the active population)		
Participating country	Long Term Unemployment rate 2013	Youth Unemployment rate 2013
Albania (*)	12,5% (*)	27%
Bulgaria	7,4%	30%
Cyprus	16%	40,3%
The former Yugoslav Republic of Macedonia	24%	52%
Greece	27,3%	59%
<b>EU-28</b>	<b>10,8%</b>	<b>23,4%</b>

(\*) the long term unemployment rate for Albania refers to the year 2012.

Data: Eurostat news release February 2014 for the EU member states and national statistics for the candidate countries.

The only country performing in all labour market segments is the former Yugoslav Republic of Macedonia which is slightly yet steadily reducing unemployment rates.

However, the overall picture remains problematic reflecting also the **structural bottlenecks of the Balkan – Mediterranean labour market**: early school leaving, lack of vocational education that attracts young people's interest, few opportunities to combine work and study and the inability of the labour markets to create new and sustainable jobs even in periods of high seasonal growth.

### Inclusive growth at stake

The economic crisis' impact in the programme area has been disproportionate, with Albania, Bulgaria and the former Yugoslav Republic of Macedonia maintaining a positive outlook during this difficult period in the neighbourhood. On the other hand, Cyprus and Greece are profoundly affected by the economic crisis, as depicted in the table below.

Participating country	$\Delta$ GDP Growth 2007 – 2012
Albania	1,6%
Bulgaria	8,82%
Cyprus	- 10,31%

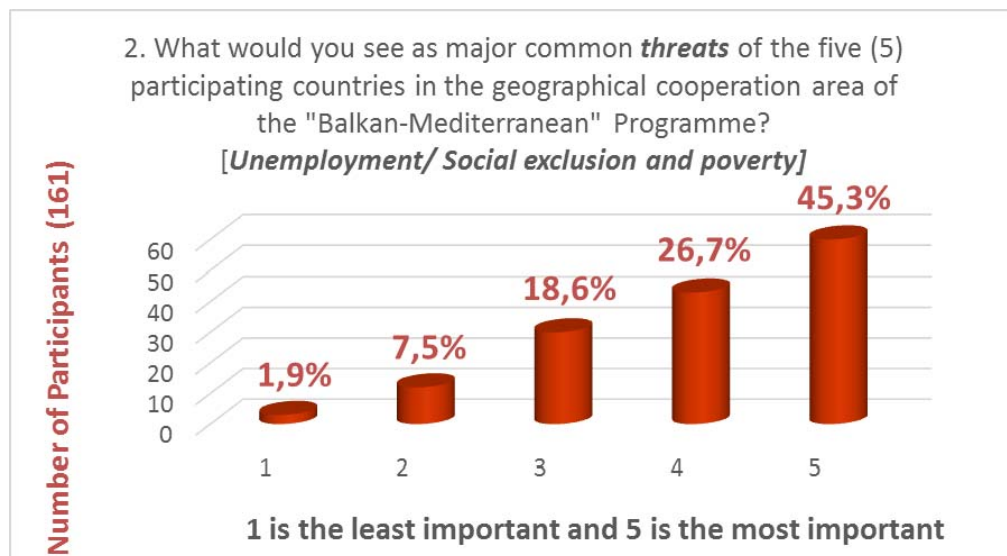
Greece	- 20,11%
The former Yugoslav Republic of Macedonia	11,54%
EU-28	- 2,25%

Data: Eurostat 2013 and national statistics for Albania and the former Yugoslav Republic of Macedonia

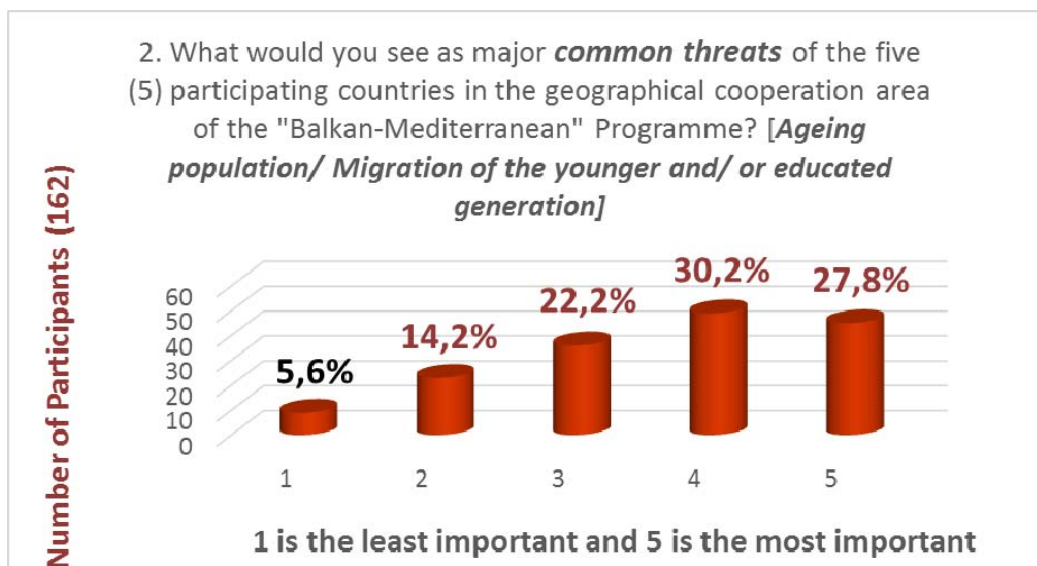
As a result of the economic crisis and deterioration of government budgets, fiscal measures were put in place with a significant impact in domestic demand. Overall economic activity shrunk and high unemployment rates drove people to risk of poverty, material deprivation and social exclusion.

The programme area comprises two (2) of the EU countries most severely hit by the crisis, Greece and Cyprus, while the rest of the participating countries were not sheltered from the crisis' negative impact. The labour market and overall social condition deteriorate considerably.

Serious concerns socially driven have been raised during the public consultation process of the TNCP "Balkan-Mediterranean 2014-2020" programme. Unemployment and social exclusion are perceived as common threats by more than 70% of the on-line questionnaire responders.



In the same line, migration of young and skilled people was identified as an additional threat, as it diminishes the area's growth perspectives and endogenous potential.



While the direct effect of the crisis would be mainly captured in GDP per capita and unemployment, the real challenge in the cooperation area is to motivate inclusive growth policies.

### The role of the SMEs

Small and medium enterprises (SMEs) represent the most important source of employment in the cooperation area and are important drivers for growth and jobs' creation. However, many of them have not yet been able to bounce back to their pre-crisis levels, due also to structural weaknesses of the local markets.

Territorial imbalances and small market size prevent economies of scale. To deliver sustainable and inclusive growth "size matters" along with quality standards, as non-inclusive growth undermines sustainable development.

Within this framework, territorial disparities are a stimulus for cooperation, as opposite trends can create development dynamics. Transnational cooperation partnerships can provide a powerful platform for networking, technology transfer and exchange, not only focus on new technologies, but in a wider pool of topics featuring local expertise. Regional assets and comparative advantages represent a driving force for genuine cooperation partnerships that can foster competitiveness and lead to a better territorial balance.

Bearing also in mind that **SMEs and microenterprises in particular hold an important role** in all five (5) participating countries, transnational cooperation opportunities have to address on competitiveness' policy gaps and contribute to quality growth perspectives.

According to the Eurostat classification SMEs are divided in three categories:

- ✓ micro-enterprises: 0 – 9 employees,
- ✓ small enterprises: 10 – 49 employees and
- ✓ medium sized enterprises: 50 – 249 employees

The table below reflects data on SMEs and micro-enterprises extracted from the Small Business Act (SBA) fact sheets 2013, published by DG Enterprise & Industry.

% share of SMEs & Microenterprises of the total number of enterprises		
Participating country	Share of total SMEs	of which % micro-enterprises
Albania	99,9%	95,5%
Bulgaria	99,8%	90%

Cyprus	99,8%	92,7%
The former Yugoslav Republic of Macedonia	99,9%	95,4%
Greece	99,9%	96,7%
<b>EU-27</b>	<b>99,8%</b>	<b>92,3%</b>
<b>% share of SMEs &amp; Microenterprises of the total number of Value Added</b>		
<b>Participating country</b>	<b>Share of total SMEs</b>	<b>of which % micro-enterprises</b>
Albania	68,4%	27,2,%
Bulgaria	62,6%	16,9%
Cyprus	75%	27,7%
The former Yugoslav Republic of Macedonia	68,1%	26,8%
Greece	69%	34,6%
<b>EU-27</b>	<b>58,4%</b>	<b>21,5%</b>
<b>% share of SMEs &amp; Microenterprises of the total number of employees</b>		
<b>Participating country</b>	<b>Share of total SMEs</b>	<b>of which % micro-enterprises</b>
Albania	81,4%	44,9,%
Bulgaria	75,5%	28,9%
Cyprus	81,1%	38,2%
The former Yugoslav Republic of Macedonia	81,2%	44,8%
Greece	84,8%	54,5%
<b>EU-27</b>	<b>67,5%</b>	<b>29,7%</b>

### Dominant economic sectors

The services sector is the prominent economic sector of the whole programme area despite national disparities between the five (5) participating countries.

Next to an important services sector accounting for around 60% of GVA in 2012, Albania is the only participating country that still registers key agriculture activity: agriculture provides around a fifth (20%) of the national Gross Value Added (GVA) and can be a formidable testing bed through transnational cooperation, not just for sustainable growth but also for innovation. Industry, comprising both extractive industries and manufacturing, follows with 11% of GVA. Tourism holds a significant growth potential in the Albanian economy, as it accounts for nearly 5% of direct GDP contribution and nearly 17% of total GDP contribution for 2013. According to the "World Travel and Tourism Council (WTTC)" annual report for Albania all 2014 forecasts expected to rise, except from related investment.<sup>2</sup>

The relative importance of economic sectors in Bulgaria shows dominance of services (64%) with the industrial sector holding an important secondary role (31%) encompassing manufacturing of basic metals, food products, beverages and tobacco products. Bulgarian services sector is mainly composed by financial services and tourism. Tourism in particular, accounts for more than 3,5% of

<sup>2</sup> While most of the official statistics [including the UN accounting methodology (TSA: RMF 2008)] quantify only the direct contribution of tourism, the World Travel & Tourism Council (WTTC) calculates also the "indirect" and "induced" tourism impact through its annual research.

direct GDP contribution in 2013 and for more than 13% of total GDP contribution (direct, indirect and induced contribution) according to the World Travel and Tourism Council (WTTC) statistics.

The small market size is Cyprus' permanent bairntearer as it does not favour economies of scale. Consequently Cyprus' economy has been always outward looking, promoting international trade, mainly through shipping. Cyprus' fleet is the 10<sup>th</sup> largest in the world making it a substantial contributor for the country's economy. The maritime industry is among the largest of the EU while Cyprus is the 3<sup>rd</sup> biggest ship management centre in the EU. As shipping tradition strongly contributes to shape an open economy the openness of the Cypriot economy is of 90% comparing to the EU average of 80% (national statistics 2012). Within this framework, travel and tourism play a key role in the Cyprus' economy. According to the WTTC data the sector accounts for nearly 7% of direct GDP contribution and more than 20% of total GDP contribution for 2013 while significant rise is expected during 2014 (of about 10% and 7% respectively).

The economic activity in the former Yugoslav Republic of Macedonia is also predominantly services-based. Services account for 62,5% of GDP and employs 52,8% of the active population. Manufacturing and industry all together account for almost 26% of GDP and employ *circa* 30% of the population. In industry, the most significant sectors are the food and the tobacco industry, as well as the manufacture of iron and steel. Agriculture is also present and accounts for 11,5% of GDP employing 17.30% of the population.

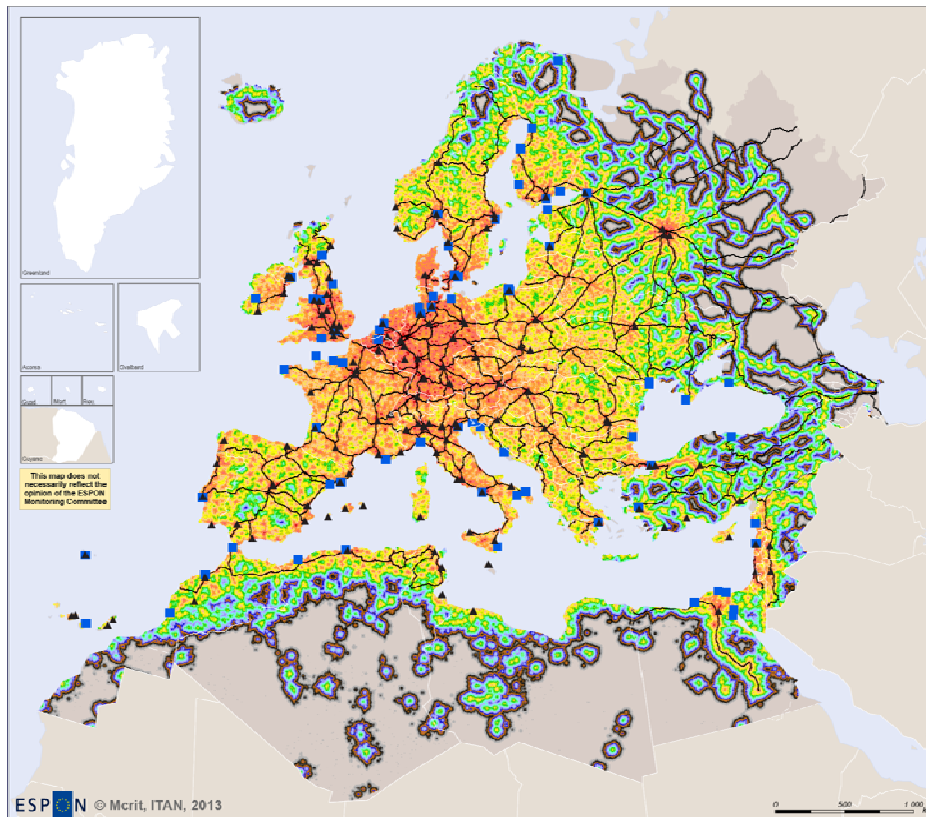
Hellenic economy mainly revolves around the services (80.6%) and the industry (16%) sectors, while agriculture made up an estimated 3.4% of the national economic output in 2012. Greece is a significant agricultural producer within the EU while the most important Hellenic industries include tourism and shipping. The Hellenic Merchant Navy is the largest in the world, with Hellenic-owned vessels accounting for 15.17% of global deadweight tonnages of 1 January 2013. Tourism, along with shipping, is included in the sector of internationally tradable services where Greece is a net exporter country. Accordingly, tourism plays an important role in the country's economy accounting for nearly 7,5% of the country's GDP (direct impact) and more than 16% of the country's GDP if wider effects and induced income impacts are considered (Source data from the World Travel and Tourism Council (WTTC) – The Economic Impact of Travel and Tourism Report 2014 for Greece). Greece was the 7<sup>th</sup> most visited country in the EU and 16<sup>th</sup> in the world in 2013, with 17.9 million international tourist arrivals.

Also worth noting is that Greece is the largest economy in the Balkans and an important regional investor: the 2<sup>nd</sup> foreign investor capital in Albania, the 3<sup>rd</sup> in Bulgaria, at the top-three foreign investors in Romania and Serbia and the most important trading partner and largest foreign investor of the former Yugoslav Republic of Macedonia.

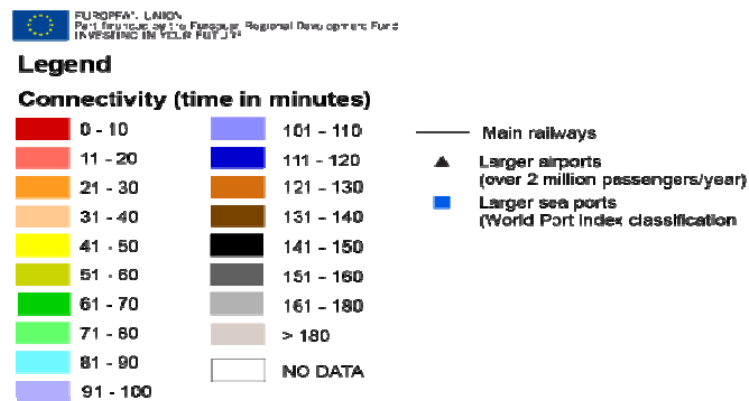
### **Transnational challenges related to accessibility & connectivity**

Transport links are of prominent importance for markets' integration. However, the programme area is among the least endowed on transport facilities in the EU, as shown by the ESPON map below.

## Territorial connectivity to road, rail and airports 2010



Source: ESPON [www.espon.eu](http://www.espon.eu)



While *transport infrastructure is not eligible under transnational cooperation programmes* accessibility can also be improved by other policy measures, such as speeding procedures at border crossing.

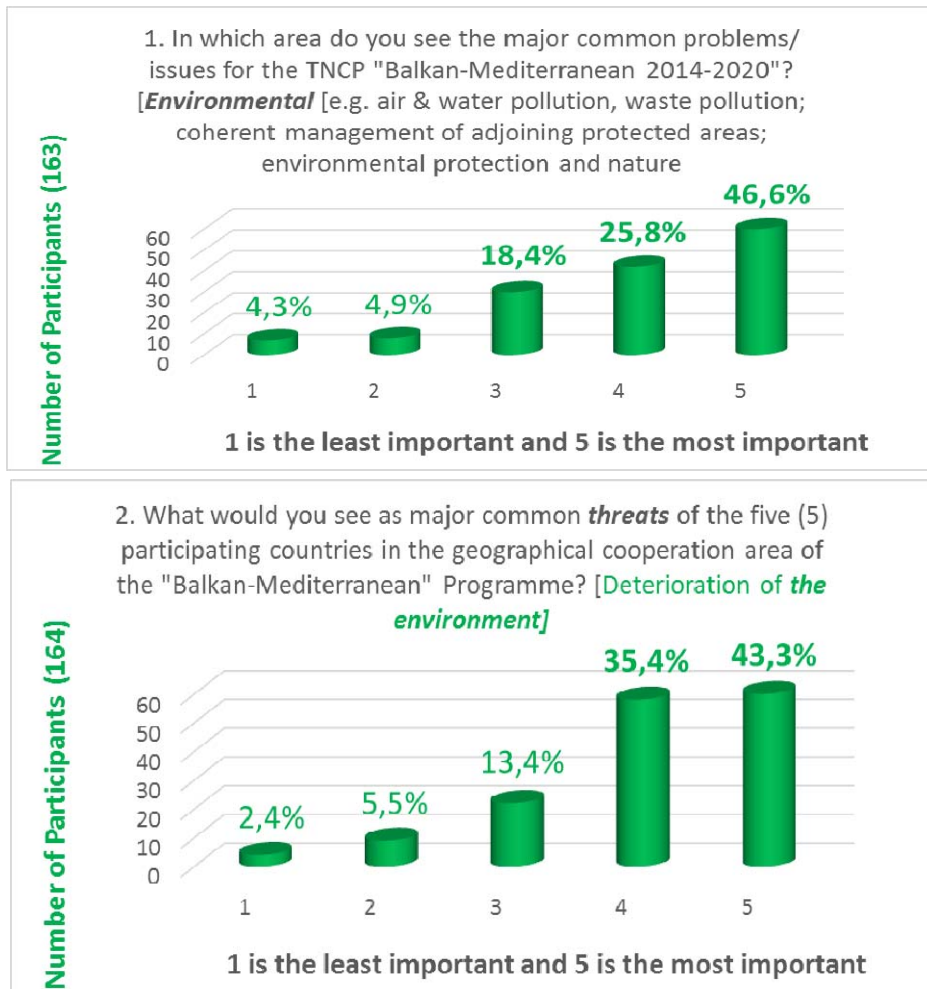
Bearing also in mind that poor quality of the transport network contributes to serious loss of traffic, trade opportunities can be boosted throughout suitable connectivity links.

Overcoming accessibility challenges and markets' fragmentation could be a key issue to address by means other than improving infrastructure.



## Environment and climate change

While the programme area does not demonstrate significant adjustment capacity to climate change there is an increased awareness to properly address subsequent needs, both in the private and public sectors. The on-line questionnaire results clearly concluded that the environment is a major issue to address: more than 70% of the responders identify environment as a “major common problem” while up to 78% perceive it as a “common threat”.



Important environmental concerns are shared throughout the territories and can create the driving force to link and enhance climate change reaction capacities. EU environmental norms are sparsely implemented or not implemented at all, if subsequent regulatory framework is simply missing.

Fighting climate change has become an integral part of energy policy. The main climate change mitigation challenges are linked to low carbon and energy efficiency, the regionally varying renewable energy potential, the rising per capita energy demand, the high dependency on road transport, etc. As the programme territories are particularly vulnerable to climate change, they need to capitalize on the trend towards energy efficiency management through for instance, solar power plants given the high exposure of these regions to the sun, to replace energy production based on fossil fuels. The farming sector which is significant in the Balkan – Mediterranean regions has an important role to play given its potential to develop on-farm energy production systems from renewable energy sources. Renewable energy production, especially at the farm level, would accommodate the rising energy demand. In view of the high dependency on road transport, the main challenge would be to promote sustainable mobility through transport

demand management measures such as congestion-charging systems and low emission systems, complemented where possible with improved public transport systems.

The rapid growth in demand for resources, volatile prices, and growing environmental concerns has made resource efficiency a priority for all participating countries.

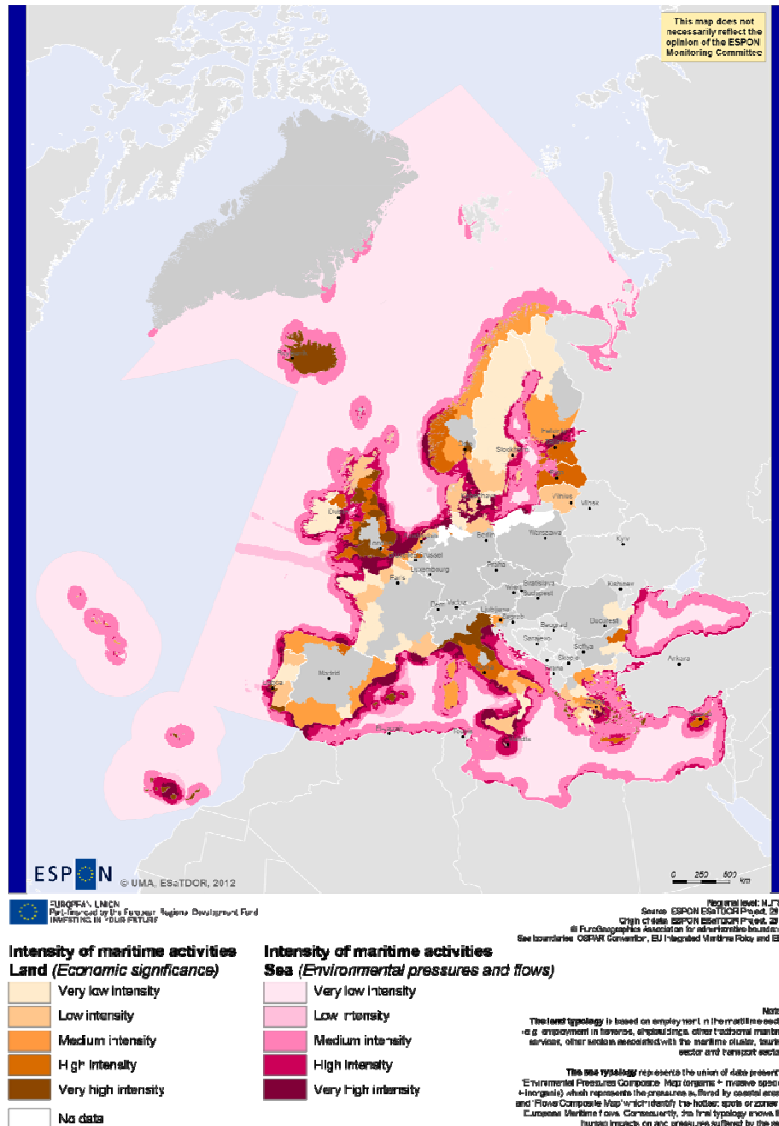
The impacts of climate change – already seen through temperature shifts and extreme weather conditions (floods, storms and drought) are certain to have wide-ranging effects on many kinds of businesses. Reduced availability of water and energy (as a result of increasing temperatures and more variable precipitation levels) can increase the costs and/or reduce benefits obtained from using these resources.

Supporting evidence-based policy-making, where experience from pilot projects is fed back to governments and the investor communities help them to address market or regulatory barriers favouring a more conducive to sustainable resource investments, pattern that can deliver a transformational impact bigger than the sum of the impact from individual projects. Formulation of adaptation strategies that increase resilience through improved practices, measures and technologies that are better suited to a changing and more variable climate can reduce long-term risks.

Water and waste quality issues together with degraded areas' rehabilitation / regeneration are of key importance to meet corresponding EU standards.

Furthermore integrated marine and coastal management can boost "*blue growth*" opportunities anchoring a strong maritime pillar to the programme strategy.

At the same time integrated approach for sustainable growth can mitigate the land – sea environmental pressures suffered throughout coastlines of the programme area as depicted in the ESPON map below.



Source: ESPON [www.espon.eu](http://www.espon.eu)

Indeed, the programme area, more than doubles its population every year due to tourists' arrivals. Cyprus, in particular, almost triples its population every summer (+ 278%) followed by Greece and Albania who also multiply their population every summer by 1,4 and 1,2 respectively. While this annual flow of visitors represents an important source of revenue it also generates environmental pressures culminated both in time (summertime) and place (coastal zones). Integrated coastal zones' management coupled with accessibility can provide a promising testing bed for transnational cooperation potential to alleviate anthropogenic pressure in both, land and sea shores' areas.

Tourists' flow – 2012		
Participating country	Number of Tourists (millions)	% country population
Albania	3,5	121%
Bulgaria	6,5	89%
Cyprus	2,5	278%

The former Yugoslav Republic of Macedonia	0,35	18%
Greece	15,5	141%
<b>Total of tourists in the programme area</b>	<b>28,35</b>	<b>118%</b>

Source data: World Bank

### Natural and cultural heritage

The programme area includes a high quality potential on both, natural and cultural assets that goes from lakes, reserves, natural parks, to cultural sites, religious and historical.

Based on these assets, the Balkan – Mediterranean 2014 – 2020 programme provides a unique opportunity to strengthen and promotes the “Balkan – Mediterranean” cultural identity, both in Europe and internationally.

Albania has two (2) inscriptions in the World Heritage List, the city of Butrint and the two fortified historic centers of Berat and Gjirokastra, rare examples of a typical architectural character of the Ottoman period. Furthermore, the Albanian Folk Iso-Polyphony is part of the Intangible Heritage. The country also participates in EU programmes such as ‘Culture 2007-2013’ ‘Europe for Citizens’ and also in the Lisbon programme for the protection and promotion of cultural heritage. In the area of nature protection, the target to establish the Natura 2000 network represents a clear transnational cooperation learning opportunity from the three (3) EU member states participating in the programme.

The Bulgarian lands, have rich and most diverse cultural heritage: ancient Thracians, Greeks, Romans and Bulgarians. There are two (2) elements inscribed on the List of Intangible Cultural Heritage and nine (9) sites on the World Heritage List, two (2) related to nature and the other seven (7) to cultural heritage: Boyana Church (1979), Ancient City of Nessebar (1983), Madara Rider (1979), Rila Monastery (1983), Rock-Hewn Churches of Ivanovo (1979), Thracian Tomb of Kazanlak (1979), Thracian Tomb of Sveshtari (1985), Pirin National Park (1983) and Srebarna Nature Reserve (1983).

Cyprus holds one of the oldest heritages recorded in the world, with about 10.000 years of history. The island fell prey to several conquerors and a mosaic of cultures currently shapes modern society, particularly open to foreigners. The country has three (3) sites in the World Heritage List and three (3) in the Intangible Cultural Heritage List. Up to 40 areas are designated Natura 2000 sites and endowed of high biodiversity potential, yet under constant threat.

The former Yugoslav Republic of Macedonia is a country of nature and cradle of culture representing a geographical connection between Central Europe, Mediterranean and Eastern Europe. The cultural and natural heritage is characterized by a wealth of lakes, mountains. There are three (3) Natural Parks of Mavrovo, Galičica and Pelister, while the Ohrid region is classified “Natural and Cultural” World Heritage Site. There are also unique monuments and among them the megalithic observatory Kokino, ranged on the fourth place on the NASA’s list of the oldest observatory in the world. Cultural events as the Ohrid Summer, the Struga Poetry Evenings, the May Opera Evenings, the Wedding ceremony in Galicnik, Strumica and Vevchani’s Carnival, Tikvesh vintage are part of the country’s natural and cultural heritage. The “Feast of the Holy Forty Martyrs in Stip” is classified Intangible Cultural Heritage.

The protection of natural and cultural heritage in Greece is a key priority as well as the need to exploit opportunities for sustainable economic development. Seventeen (17) sites are included in the World Heritage List but there is still a need to set up a coherent and integrated system of protected areas at national level comprising three interconnected strands: the completion of the Natura 2000 network, the classification of Special Area Protection Zones and Sea Areas for Community Importance and the completion of the network for the protection, restoration and management of ecosystems. A key priority for the 2014-2020 programming period is the

implementation of the National Strategy for Biodiversity and related Action Plan. The “Mediterranean Diet” is included in the Intangible Cultural Heritage.

Currently, the Balkan – Mediterranean programme area holds a total of 40 registrations in the World Heritage Lists, corresponding to a **“cultural baggage of world importance”**. This classification holds an important potential to further promote culture and biodiversity values of the programme area and foster the ensuing *“Balkan – Mediterranean”* cultural identity as important pillar for sustainable growth ahead.

<b>Registrations in the World Heritage List</b>		
<b>Participating country</b>	<b>Natural and Cultural Sites</b>	<b>Intangible Heritage</b>
Albania	2	1
Bulgaria	9	2
Cyprus	3	3
The former Yugoslav Republic of Macedonia	1	1
Greece	17	1
<b>Total of World Heritage’s registrations in the Balkan – Mediterranean programme area</b>	<b>32</b>	<b>8</b>

Source: UNESCO – The World Heritage Convention <http://whc.unesco.org>

## SWOT analysis

<b>Competitiveness</b>	
<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>✓ Strong entrepreneurial spirit</li> <li>✓ Diversification trends of economic activity in response to the crisis</li> <li>✓ Relatively high skill levels in some regions able to contribute to competitiveness and innovation</li> <li>✓ Increasing role and recognition of vocational education and training</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>❑ Strong economic regional disparities &amp; areas with low competitiveness' performances</li> <li>❑ Weak culture of clustering</li> <li>❑ Limited green employment</li> <li>❑ High unemployment rates, especially youth unemployment</li> <li>❑ Rigidities and disparities of labour markets</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>➔ Relatively high levels of SMEs' creation in some regions</li> <li>➔ EU initiatives to promote employment creation (including self-employment)</li> <li>➔ Mobility within and between countries</li> <li>➔ Initiatives for linking research &amp; innovation with the enterprise sector</li> <li>➔ Blue Growth opportunities</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>❖ Economic recession &amp; low growth levels</li> <li>❖ Structural weaknesses with respect to both, market fragmentation and unemployment, together with other economic variables</li> <li>❖ Brain drain, especially of skilled people</li> <li>❖ Difficulties to access credit: access to credit hampered by the crisis (contracting financial markets)</li> </ul>
<b>Environment and Climate Change</b>	
<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>✓ Rich natural resources, landscape &amp; biodiversity, including maritime and marine resources</li> <li>✓ Natural &amp; cultural heritage important location factors</li> <li>✓ Trends towards renewable energy sources in some countries</li> <li>✓ Increasing awareness about climate change effects and counter measures</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>❑ Slow implementation of the Water Framework Directive &amp; the Birds and Habitats directives</li> <li>❑ Limited data on environmental indicators</li> <li>❑ Regional disparities in relation to capacity to adapt to climate change</li> <li>❑ Low energy efficiency in most of the regions</li> <li>❑ High water dependency in some regions</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>➔ Gradual improvement of the regulatory framework towards environment integration</li> <li>➔ Increased cross-border and transnational awareness to mitigate environmental risks</li> <li>➔ Strong potential for renewable energies, wind and solar energy in particular</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>❖ Vulnerability to extreme weather phenomena (floods, droughts, forest fires)</li> <li>❖ Climate change consequences on higher winter temperatures and on-going desertification in some regions</li> <li>❖ Important maritime traffic and offshore activities throughout the whole Mediterranean sea, a closed sea</li> <li>❖ As a result of the crisis, investments in clean energy are less attractive</li> </ul>

<b>Employment and Social Cohesion</b>	
<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>✓ Relatively high trends on education</li> <li>✓ Relatively low levels of 'early school leaving' in some regions and reverse of trends in others</li> <li>✓ Recognition of diversity (ethnic and linguistic diversity)</li> <li>✓ Increasing role and recognition of vocational education and training</li> <li>✓ Relatively high quality of education and training offer in some regions</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>❑ High unemployment rates, especially youth and long term unemployment, acute in regions and countries affected by the recent economic crisis</li> <li>❑ High percentage of people at risk of poverty and social exclusion compared to the EU average</li> <li>❑ High disparities in labour market and education indicators</li> <li>❑ High incidence of employment in the informal sector</li> <li>❑ Vulnerable regions towards the access to social services (health care, childcare, elderly care)</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>➔ EU initiatives to promote employment creation</li> <li>➔ Active labour market policies pursued by national governments</li> <li>➔ Workers mobility within and between countries in the area</li> <li>➔ Green and blue economy opportunities</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>❖ Asymmetric impact of the recent economic and financial crisis</li> <li>❖ Austerity policies in some regions may further shrink economic activity and employment</li> <li>❖ Brain drain phenomena (especially of young and skilled people) coupled with important population losses' trends</li> <li>❖ Ageing population</li> </ul>
<b>Accessibility</b>	
<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>✓ High accessibility through maritime transport</li> <li>✓ Some on-going activities to promote sustainable transport</li> <li>✓ Relatively high availability of public transport in some regions</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>❑ Weak transport infrastructure especially outside main hubs/urban regions</li> <li>❑ Low quality of public transport in peripheral regions</li> <li>❑ Low quality of regional roads and missing road/transport connections in some peripheral regions</li> <li>❑ Lack of integrated transport system/lack of multimodality in some regions</li> <li>❑ Limited access to remote rural areas</li> <li>❑ High speed road networks do not connect across borders and quite limited rail connections</li> </ul>

**OPPORTUNITIES**

- ➔ EU initiatives to promote sustainable transport and multi-modal systems
- ➔ Increasing investments in connections with long-distance transport TEN-T networks

**THREATS**

- ❖ Increasing level of accessibility disparities
- ❖ Out-dated maritime transport infrastructure
- ❖ Lack of investment in regional infrastructures may increase disparities
- ❖ Disparities in multi-modal accessibility lower competitiveness



### Strategy to address needs and challenges: the programme objective

In view of the above needs and challenges, the programme objective is to build on shared territorial assets and **promote integrated territorial development and cooperation for a more competitive and sustainable Balkan – Mediterranean area.**

To reach this objective, considering both, limited financial resources and regulatory requirements on “thematic concentration”, the programme focus on local entrepreneurship potential and on natural assets, mutually supported by a capacity building scheme. It is a holistic approach clearly targeting the area’s smart and sustainable growth potential, horizontally supported by a comprehensive training scheme to improve labour force skills and motivate inclusive growth. Therefore, the TNCP “Balkan-Mediterranean 2014-2020” programming framework totally embeds the EU 2020 strategy for smart, sustainable and inclusive growth.

The programme is expected to have a significant impact on the area, enhancing regional cooperation through structured EU support as well as promoting further EU integration. Transnational cooperation may contribute to improve regional and territorial practices. Hence, the “Balkan-Mediterranean 2014-2020” transnational cooperation programme (TNCP) will grant a specific attention to the coherence, complementarity and transfer of experiences and practices with **regional and national programmes** that can feed transnational actions and benefit of their results. For 2014-2020, the **transfer of experience** between actors, territories and programme is considered as a major goal for the Balkan-Mediterranean Operational Programme.

This will be done taking into account the potential and challenges of specific sectors related to the **blue and green growth**. Moreover, the Programme shares large parts of its cooperation area (Greece & Albania) with the EU strategy for the Adriatic and Ionian Region (EUSAIR), with the Danube macro-regional strategy (Bulgaria) as well as with the Black Sea Synergy (Greece and Bulgaria). Therefore, the Programme may contribute to scaling up synergies in similar topics, while coordination with the CBC and other transnational programmes in the Mediterranean area has also been considered.

Taking into account the aim to mobilise growth potential of the participating countries and the region as a whole, the following **added value** fields have been identified and confirmed throughout the public consultation process:

- ↳ **Geography:** as the programme addresses actors across all over the participating countries’ areas, transnational cooperation partnerships can be built from all over the five (5) participating countries and not just from a limited number of border regions.
- ↳ **Diversity:** the programme covers internal and external EU borders, both terrestrial and maritime. Consequently, the programme can unfold both strands of the EU 2020 strategy, terrestrial and maritime pillars, triggering green and blue growth accordingly.
- ↳ **Growth drivers’ range:** as a result of its extended geography and diversity the programme addresses a wider pool of growth drivers sharing common challenges that can accordingly be addressed by a wider pool of methods and practices.
- ↳ **Critical mass:** transnational territorial cooperation is of particular value as transnational cooperation partnerships can secure economies of scale and critical mass, enhancing mobilisation capacity and innovation potential, both key competitiveness issues to overcome markets’ fragmentation.
- ↳ **Policy learning and governance:** learning through cooperation is an effective mechanism for spreading know-how and enhance capacities and skills. Focused transnational cooperation can improve governance delivery in both public and corporate sectors.
- ↳ **Building structures for further cooperation:** association of structures (administrative, institutional, social and private) and networking in cooperation programmes facilitate continuity and sustainability of lessons learned while at the same time they are setting the basis for further and more focused cooperation schemes.

Taking into account the programme's territorial dynamics as well as limited financial resources, a strong thematic focus has been promoted taking also advantage of the possibility to combine Investment Priorities from different Thematic Objectives in order to increase impact, effectiveness and coherence within each priority challenge tackled by the respective priority axis. Thus the programme develops a leverage effect on regional development by investing in the holistic capacity to boost entrepreneurship, to protect the environment and to promote the efficient use of available resources.

### Programme priorities

Two priority axes have been defined in response to the identified transnational key challenges and opportunities above. They are briefly introduced in the following section. A detailed description of the actions to be financed, their expected contribution to the corresponding Specific Objectives and the related result and output indicators are described in Section 2 below.

#### Priority Axis 1: 'Entrepreneurship & Innovation'

Priority Axis 1 is dedicated to actions that will build on the area's entrepreneurship potential and improve territorial competitiveness, while promoting and supporting the emergence of new SMEs. The Priority will encourage SMEs' cooperation through networks, clusters and clusters policies, in particular that are outward looking and therefore promote their internationalisation.

A special focus of this Priority will be the enhancement of the SMEs' capacity through the implementation of actions related to both, ITC applications and training. The aim is to enable entrepreneurs to seize ITCs' potential and acquire the necessary skills/tools to boost their competitiveness, to grow towards other markets and introduce innovation in all phases of their business cycle. By linking education and businesses, this Priority also target to transpose innovation into business practices and processes. Synergies will also be sought with opportunities provided by Cohesion Policy, in particular via regional innovation and smart specialisation strategies involving SMEs and other territorial cooperation programmes.

#### Priority Axis 2: 'Environment'

Priority Axis 2 aims at strengthening integrated joint approaches to preserve and manage the rich natural and cultural heritage in the region as a prerequisite and a fundamental basis for sustainable development and inclusive growth. Among others, the priority will also support the development of the region as a tourist destination, fostering the *"Balkan – Mediterranean" identity*. Balance between tourism, environmental protection, resources' efficiency and economic growth will be sought. The programme will bring together different stakeholders dealing with the protection of natural and cultural heritage. The development and implementation of common strategies and approaches will foster for the protection and sustainable use of natural and cultural heritage. Development of common brands is also creating a favourable environment for sustainable tourism practices, which are based on the valorisation of natural and cultural assets of the programme area. The priority will encourage networking and partnerships among central, regional and local administrations, as well as non-governmental organisations, business support centres, tourist agencies, civil society organisations and other actors. The programme area has a potential to strengthen common approaches to foster green and blue growth opportunities, promote classified sites and areas of community importance (Natura 2000) develop green and blue theme parks, theme paths and joint products, all guided by a shared policy framework.

In addition, implementation of innovative technologies to protect the environment and guarantee resource efficiency will also be in the focus of the priority.

The capacity of local actors to apply innovative approaches in developing the rich environmental potential of the region will be enhanced through joint education and training activities, as well as capacity building sharing and implementing best practices in the field.

## Horizontal dimensions

Apart from thematic orientation, the Balkan-Mediterranean 2014-2020 transnational cooperation programme addresses horizontal thematic aspects highlighted in the EU regulations: sustainable development, equal opportunities and non-discrimination, equality between men and women.

Besides the thematic concentration and the choice of Thematic Objectives (TO), specific issues will be addressed in a cross-cutting way in the different investment priorities of the programme contributing to the overall objectives of the Programme:

### ❖ Social cohesion

In different fields of intervention, a positive attention will be paid to projects involving partners or taking measures that have positive effects on social cohesion. This is especially the case when involving social enterprises or the implementing actions improving the conditions of vulnerable target groups confronted with economic and social integration difficulties such as unemployment, risk of poverty or social exclusion. The programme will accordingly reinforce its *'inclusive growth'* dimension.

### ❖ Territorial cohesion

In each targeted territory (urban, coastal, islands and remote areas) projects will have to mobilise relevant stakeholders of sectors and institutions from the project intervention field. Approaches must be *'integrated'*, so that the result would not be isolated proposals working on limited aspects of tourism, energy or transports for example, but a coordination effort insisting on the contribution of these domains to the sustainable development of territories (taking into account available means, economic perspectives, on-going public policies, conflict of use, environmental constraints, etc.). Partners will have to explore how to make relevant actors from environment protection, entrepreneurship, tourism, transport, etc. work together. With this approach, transnational cooperation will contribute to develop strategic planning aspects.

The **transnational dimension** of the operations is a **decisive aspect** of the "Balkan-Mediterranean 2014-2020" transnational cooperation programme. It will be evaluated during the selection process of the applications and during the selected projects' implementation. Special attention will be given to **the scope of the applications**, to their **objectives** and to **the partnerships' synthesis** in order to make sure that they are not merely an aggregate of independent actions but represent genuine transnational cooperation partnerships of a real transnational added-value. The operations must allow carrying out complementary activities associating partners from different countries. They must bring solutions to identified common challenges which could not be solved without a transnational approach.

Overall, the projects **cannot be limited to studies or exchange of experience** which only aim to produce or to exchange information and knowledge without concrete applications. The projects **must have visible results or a measurable effect** on the socio economic sector, on public policies, in certain fields, institutions and management or cooperating methods. The **achievements and effects of the projects must be sustainable** in order not to be limited to the period of provision of the European funding. The main aim is to **promote synergies** and to **avoid the multiplication or proliferation of isolated initiatives**.

### 1.1. 2 Justification of the choice of Thematic Objectives and Investment Priorities

The justification of the choice of Thematic Objectives (TOs) and Investment Priorities (IPs) is directly related to both, the territorial analysis and the public consultation results as described above.

Active involvement of key actors and stakeholders constitutes an important component of the programme overarching priorities, “*entrepreneurship & innovation*” and “*environment*” both, supported by a horizontal training scheme fostering the inclusive dimension of the targeted smart and sustainable growth.

**Table 1: Justification for the selection of Thematic Objectives and Investment Priorities**

Selected Thematic Objective (TO)	Selected Investment Priority (IP)	Specific Objective (SO)	Justification for the selection
<b>Priority Axis 1: Entrepreneurship &amp; Innovation</b>			
<b>Thematic Objective 3:</b> Enhancing the competitiveness of SMEs, the agricultural sector (for the EAFRD) & the fisheries & aquaculture sector (for the EMFF)	<b>IP 3a:</b> Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	<b>SO 1.1:</b> <b>Competitive territories:</b> stimulating business performance and extroversion through transnational linkages, clusters and networks	<p>[+] Strong entrepreneurial spirit</p> <p>[+] Diversified local economies</p> <p>[+] Strong potential for green and blue growth</p> <p>[+] Relatively high skill levels in some regions to contribute to competitiveness potential by sharing and testing best practices</p> <p>[+] Building on the EU initiatives to promote employment creation (including self-employment)</p> <p>[-] Need to develop better policies for entrepreneurship and business support services</p> <p>[-] Need to overcome the strong economic regional disparities and low competitiveness</p> <p>[-] Need to develop and implement joint policies to support sustainable</p>

			<p>growth</p> <p>[-] Need to develop policies oriented towards new technology and new business models</p> <p>[-] Low level of innovation capacity</p>
<p><b>Thematic Objective 3:</b> Enhancing the competitiveness of SMEs</p>	<p><b>IP 3d:</b> Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes</p>	<p><b>SO 1.2: Innovative territories:</b> unleashing territorial potential to improve the transnational innovation capacity of the business sector</p>	<p>[+] Recent positive trends for SMEs support to adjust and innovate through national policies for smart growth and smart specialization</p> <p>[-] Need to encourage networking and clustering as competitive growth tool</p> <p>[-] Need to encourage enterprises to develop and promote innovative products/services</p> <p>[-] Need for integrated management support and governance to boost innovation and technology transfer strategies</p>
<p><b>Thematic Objective 10</b> Investing in education, training and vocational training for skills and lifelong learning</p>	<p><b>IP 10a:</b> Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure</p>	<p><b>SO 1.3: Territories of knowledge:</b> entrepreneurial learning and knowledge transfer for more competitive SMEs</p>	<p>[+] Increased role and recognition of vocational education and training</p> <p>[-] Brain drain especially of skilled people</p> <p>[-] Need to improve the link between business and training</p> <p>[-] Need to improve innovation capacities through knowledge and new skills' promotion</p> <p>[-] Need to encourage cooperation and networking between businesses entities, policy makers and training and education institutions to develop innovative learning systems, increase</p>

			skills and foster entrepreneurial learning [-] High disparities in labour market and education indicators [-] Need to improve entrepreneurial skills for long term unemployed young people
<b>Priority Axis 2: Environment</b>			
<b>Thematic Objective 6</b> Preserving and protecting the environment and promoting resource efficiency	<b>IP 6 c:</b> Conserving, protecting, promoting and developing natural and cultural heritage	<b>SO Biodiversity:</b> taking on the transnational challenge by promoting ecological connectivity and transnational ecosystems' integration	<b>2.1:</b> [+] Preserved rich natural and cultural heritage [+] Positive trends towards recognition of biodiversity value [+] Strong potential for sustainable tourism development and increased attractiveness of the programme area [+] Potential for setting up a "Balkan-Mediterranean" cultural identity [-] Need to improve the governance of the rich cultural and natural heritage sites by upgrading their management and ensure their conservation [-] Need to coordinate policies to maximize the results of sustainable touristic exploitation of the regions' cultural and natural heritage [-] Need to foster exchange of experience on nature conservation issues  [-] Need to encourage partnerships and networking among all relevant actors: public institutions, business support organizations, NGOs, civil society, etc. [-] Implementation of the

			sectoral legislation, including the “Birds” and “Habitats” directives related to the Natura 2000 network is behind schedule
<p><b>Thematic Objective 6</b></p> <p>Preserving and protecting the environment and promoting resource efficiency</p>	<p><b>IP 6 f:</b> Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution</p>	<p><b>SO 2.2: Sustainable territories:</b></p> <p>fostering transnational cooperation for resource efficiency and climate change resilience</p>	<p>[+] Potential for efficient and sustainable use of natural resources</p> <p>[+] Trends towards sustainable use of renewable energy sources</p> <p>[+] The ecosystem approach promoted by EU environmental legislation</p> <p>[-] Need to share best practices and transfer of knowledge for innovative management of environment</p> <p>[-] Need to develop joint strategies for resource efficiency</p> <p>[-] Need to increase the level of implementation of innovative technologies in the area</p> <p>[-] Need to foster the implementation of the sectoral legislation, such as Water Framework Directive</p>
<p><b>Thematic Objective 11</b></p> <p>Enhancing institutional capacity of public authorities and stakeholders and efficient public administration</p>	<p><b>IP 11a:</b></p> <p>Enhancing institutional capacity of public authorities and stakeholders and efficient public administration through actions to strengthen the institutional capacity and the efficiency of public administrations and public services</p>	<p><b>SO 2.3: Delivery on environmental legal framework:</b></p> <p>improving transnational governance capacities</p>	<p>[-] Need to enhance governance capacity for better management of environmental resources through education and training</p> <p>[-] Need to support joint trainings for capacity building of public authorities to foster innovative environmental management approaches</p> <p>[-] Need to strengthen administrative capacity to fight against illegal</p>

	<p>related to the implementation of the ERDF, and in support of actions under the ESF to strengthen the institutional capacity and the efficiency of public administration</p>		<p>activities especially in protected areas  [-] Need to raise awareness for better utilization of environmental resources  [-] Low efficiency of public administration regarding environmental monitoring</p>
--	--	--	--



## 1.2 Justification of the financial allocation

According to the European Commission's Implementing Decision of 16 June 2014<sup>3</sup> setting up the list of cooperation programmes and indicating the global amount of total support from the European Regional Development Fund (ERDF) for each programme under the European territorial cooperation goal for the period 2014 to 2020, the TNCP "Balkan-Mediterranean 2014-2020" is endowed with a total ERDF allocation of 28.330.108,00 Euros.

The total support from the Instrument for Pre-Accession Assistance (IPA) fund account for 5.126.138,00 Euros.

Taking into consideration the aforementioned funding, the territorial analysis, as well as the vivid involvement of key stakeholders during the public consultation process the programme focuses on the two most important challenges of the area, also confirmed by the *ex-ante* evaluation analysis:

- ✓ Entrepreneurship & Innovation and
- ✓ Environment

Bearing in mind limited financial resources the abovementioned choice allows for a maximum thematic concentration in line with the EU 2020 strategy for smart and sustainable growth, while the inclusive dimension is secured by a horizontal training scheme aiming to update skills and promote knowledge transfer. Accordingly, each priority axis covers two thematic objectives.

In particular, the Priority Axis 1 on "*entrepreneurship & innovation*" is implemented by a menu of Investment Priorities out of the Thematic Objective 3 (3a and 3d) aiming to improve the business environment through new ideas, innovation, clustering and networking, as well as new business models' implementation. However, in an area particularly suffering by high unemployment levels and labour skills shortcomings it is important to foresee knowledge transfer and skills' development, linking the overall business' support to vocational training. Consequently, the Priority Axis 1, covers one additional Thematic Objective, the TO 10. It is an integrated and structured approach aiming to foster entrepreneurship and improve the territorial competitiveness of the Balkan – Mediterranean programme area. The overall investment accounts for 36% of the total cooperation programme budget.

Environment protection and sustainable use of natural resources is promoted by the Priority Axis 2 focusing on two Investment Priorities (6c and 6f) out of the Thematic Objective 6 "preserving and protecting the environment and promoting resources efficiency". This choice has clearly emerged during the whole public consultation process as more than 75% of the actors' involved depicted environment degradation as a major common threat to be tackled by the programme.

Yet, to learn how to monitor environmental targets and develop common management techniques and approaches, it requires specific skills' development. Furthermore, to implement EU standards requires expertise aligned with the latest scientific knowledge on environmental policies' implementation procedures. To address joint challenges on environmental management and lack of specific knowledge, the Priority Axis covers one additional Thematic Objective, the TO 11 aiming to develop training programmes for public authorities and stakeholders in order to improve delivery on environmental legislation monitoring and governance. Priority Axis 2 accounts for 57% of the total cooperation programme budget.

The Technical Assistance is developed within Priority Axis 3 and accounts for 7% of the programme budget, following point (28) of Regulation (EU) No 1299/2013 stating that "*cooperation programmes with limited ERDF support should receive a certain minimum amount for technical assistance which could be greater than 6% to ensure sufficient funding for effective technical assistance activities*".

---

<sup>3</sup> Official Journal of the EU number L 178, 18.06.2014, p. 18 – 25.

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

Priority Axis	Thematic Objectives (TO)	Investment Priorities (IP)	Specific Objectives (SO) corresponding to the investment priorities	Result indicators corresponding to specific objectives	ERDF support (EUR)	Proportion (%) of the total Union support (by Fund)		
1	TO 3	3a	<b>SO 1.1: Competitive territories:</b> stimulating business performance and extroversion through transnational linkages, clusters and networks	Transnational cooperation business links	10.198.839,00€	ERDF 30,48 %	ENI NA	IPA 5,52%
		3d	<b>SO 1.2: Innovative territories:</b> unleashing territorial potential to improve the transnational innovation capacity of the business sector	SMEs introducing product or process innovations				
	TO 10	10a	<b>SO 1.3: Territories of knowledge:</b> entrepreneurial learning and knowledge transfer for more competitive SMEs	Entrepreneurial learning cooperation schemes				
2	TO 6	6c	<b>SO 2.1: Biodiversity:</b> taking on the transnational challenge by promoting ecological connectivity and transnational ecosystems' integration	Expansion of ecological connectivity and transnational ecosystems' integration of designated	16.148.162,00€	ERDF 48.27 %	ENI NA	IPA 8,73%

				areas				
		6f	<b>SO 2.2: Sustainable territories:</b> fostering transnational cooperation for resource efficiency and climate change resilience	Level of adaptation to resources efficiency and climate change resilience measures in alignment with EU policy				
	TO 11	11a	<b>SO 2.3: Delivery on environmental legal framework:</b> improving transnational governance capacities	Capacity of public administration staff in environmental legislation content and delivery				
3			<b>SO 3.1: Efficient Programme Delivery</b>		1.983.108,00€	ERDF 5,93%	ENI NA	IPA 1,07%

## SECTION 2. PRIORITY AXES

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

### 2. A. Description of the priority axes other than technical assistance

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

#### 2. A. 1 Priority Axis 1: Entrepreneurship & Innovation

<b>ID of the priority axis</b>	<b>1</b>
<b>Title of the priority axis</b>	<b>Entrepreneurship &amp; Innovation</b>

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	

#### 2. A. 2. Justification for the establishment of a priority axis covering more than one thematic objective

(Reference: Article 8(1) of Regulation (EU) No 1299/2013)

Entrepreneurship is a powerful driver of economic growth. The programme area suffers from markets' fragmentation, high unemployment rates and limited labour force skills. Under transnational cooperation opportunities, entrepreneurship can nurture new skills, foster innovation and open up new markets through networks and partnerships. The overarching aim of Priority Axis 1 is to unfold an integrated support to improve competitiveness of existing SMEs, while promoting and supporting the emergence of new SMEs. The Priority will encourage cooperation of SMEs through SMEs' thematic networks, clusters, etc. that are outward looking and promote internationalisation.

To reach a maximum territorial impact on competitiveness, training facility schemes have to be considered to fully support internal spill-over and leverage effects on knowledge and technology transfer.

According to the **"Entrepreneurship 2020 Action Plan" of the EU**, *"investing in entrepreneurship education is one of the highest return investments Europe can make"*. Adults and young people, who benefit from entrepreneurial learning, develop business knowledge, new skills and attitudes including creativity, initiative, team work, risk assessment and sense of responsibility.

Against the background of the current economic crisis training support for entrepreneurship was identified as crucial in order to maximise the impact and effectiveness of the investment.

A sole thematic focus on SMEs support with no investment in their respective human capital

will jeopardize expected results, as monitoring and management are performed by the entrepreneurs. Transnational cooperation partnerships can provide a powerful platform to address entrepreneurship skills along with the SMEs' thematic support; the Priority Axis 1 is set to combine TO 3 and TO 10 securing long-lasting results. It is a structured, integrated and inclusive approach to effectively address territorial competitiveness and skills' gaps, to overcome markets' fragmentation and to foster business environment that could further unleash untapped cooperation potential.

## 2. A. 3. Fund and calculation basis for Union support

<b>Fund</b>	<b>ERDF</b>
<i>Calculation basis (total eligible expenditure or eligible public expenditure)</i>	Total eligible expenditure 10.198.839,00 Euros
<b>Fund</b>	<b>IPA</b>
<i>Calculation basis (total eligible expenditure or eligible public expenditure)</i>	Total eligible expenditure 1.845.410,00 Euros

### 2.A. 4. 1) Investment priority 3a

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

<b>Investment Priority</b>	<b>Investment priority 3(a)</b> Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators
----------------------------	--

### 2. A. 5. Specific objectives corresponding to the investment priority and expected results

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

<b>ID</b>	<b>Specific Objective (SO) 1.1</b>
<b>Specific Objective</b>	<b>SO 1.1: Competitive territories:</b> stimulating business performance and extroversion through transnational linkages, clusters and networks
<b>The result that Member States seek to achieve with Union support</b>	<p>The Balkan-Mediterranean region is characterized by strong entrepreneurial spirit and diverse economic activity. SMEs and microenterprises in particular, represent a substantial part of all economic sectors in participating countries and though they form more than 60% share of the total value added they suffer from recession and low growth levels, structural markets' weaknesses with respect to unemployment and limited access to financing.</p> <p>The enhancement of SMEs' capacity is crucial and can be achieved through a comprehensive set of actions where networking and experimenting is of paramount importance.</p> <p>The exploitation of cooperation potential, technology transfer applications and new types of business models stimulates new ideas and tailored support to the needs of a specific territory. It is crucial to</p>

	<p>mobilise internal assets and resources in topics where a country or a region holds a comparative advantage.</p> <p>This covers areas characterised by advanced technologies as well as areas with a non-technological focus such as culture and creative industries, tourism, agro-food and others. Particular attention will be reserved to activities and areas promoting business adjustment to climate change resilience.</p> <p>Social enterprising it is also targeted as it drives social inclusion and contributes to achieve sustainable and inclusive growth.</p> <p>Therefore, the entrepreneurial challenge is to reinvent business models and sharpen competitiveness.</p> <p>This Specific Objective aims to overcome lack of SMEs' experience and market fragmentation, by taking a transnational approach and promote cooperation and networking. Comparing the scope and scale of diverse business approaches, exchange best practices across the whole programme territory and test technology transfer and managerial solutions to address specific sector and market needs enhances the SMEs' capacity to perform.</p> <p>Promoting entrepreneurial activity through clusters and cluster policies, in all stages of the business-cycle (from planning and launching to consolidation and growth) will help to overcome strong economic regional disparities prevailing in the region.</p> <p>The results sought is to overcome poor business environment and contribute to favourable and business' friendly conditions as a prerequisite for sustainable development. The main result of the planned support activities is to motivate economic operators to contribute more to the national, transnational and EU GDP and create new and better jobs.</p> <p>The results will build on existing potential of the region and within the EU policies framework will help participating countries to implement working solutions to support new business models and enhance territorial competitiveness.</p>
--	---

**Table 3: Programme specific result indicators (by specific objective)**

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

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) <sup>4</sup>	Source of data	Frequency of reporting
R0601	Transnational cooperation business links	Number	<i>To be defined by survey</i>	2014	Increase up to 2%	Programme mid-term evaluation surveys (two surveys: in 2018 & 2020) Programme ex-post evaluation survey	2018, 2020, 2023

<sup>4</sup> Target values may be qualitative or quantitative.

The “*transnational cooperation business links*” are the long-lasting entrepreneurial exchanges of any type, established between SMEs within the Balkan-Mediterranean area. A greater number of cooperation business links scale-up trade and economic cooperation, bolster SMEs’ competitiveness and strengthen regional integration. Therefore, the indicator is tightly linked to the SO content and reflects the result sought: support networking in order to improve the SMEs’ competitiveness and extroversion.

As there is no predecessor programme, the baseline value will be defined by survey of the SMEs’ umbrella organisations in all five (5) participating countries and will be further monitored at programme level by the MA. The survey characteristics, methodology and timeline are described in separate annex.

A similar survey will be undertaken at *mid-term* (two surveys: in 2018 & 2020) and at the final programme implementation phases, within the *mid-term* and *ex-post* evaluation context of the programme to assess on the programme’s mid-term and final achievements.

## 2. A. 6. Actions to be supported under the Investment Priority

### 2. A. 6. 1. Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

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

<b>Investment Priority</b>	<b>Investment priority 3(a)</b>
	Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators
<p>The actions that are foreseen to be supported under this specific objective will strengthen entrepreneurship and clusters’ culture and promote new business model expansion.</p> <p><i>Overall, the projects <b>cannot be limited to studies or exchange of experience</b> which only aim to produce or to exchange information and knowledge without concrete applications. The projects <b>must have visible results or a measurable effect</b> on the socioeconomic sector, on public policies, in certain activities, institutions and management or cooperating methods. The <b>achievements and effects of the projects must be sustainable</b> in order not to be limited to the period of provision of the European funding. The main aim is to <b>promote synergies</b> and to <b>avoid the multiplication of isolated initiatives</b>.</i></p> <p><b>Type of actions and expected contribution to the Specific Objective 1.1:</b></p> <p><i>The following list of actions is only an indicative list and can be completed with other relevant actions contributing to the specific objective’s goals</i></p> <ul style="list-style-type: none"> <li>▶▶ Cooperation between clusters and business networks, sharing, transfer and testing activities and pilot implementation projects, such as development of methodologies, peer mentoring, workshops and seminars to exchange best practices on entrepreneurship including online based;</li> <li>▶▶ Exploring, tapping and unleashing market opportunities in the field of the “green” and “blue” economic sectors, including the climate change adjustment sector across the whole Programme area;</li> <li>▶▶ Cooperation networks of social enterprising anchoring the third economic sector potential to sustainable growth and jobs’ creation;</li> <li>▶▶ Clusters and clusters’ networks’ promotion clearly oriented to jobs and new firms</li> </ul>	

creation;

- ▶▶ Joint entrepreneurial activities' development and expansion of cluster activities, including clusters' networks' cooperation targeting competitiveness, efficiency and adjustment to more diverse and/or more complex market demands;
- ▶▶ Joint framework development for joint business clusters both, in traditional and new products/services coupled with joint applications and tests' development;
- ▶▶ Promote SMEs' networking and structured exchanges focused on specific and customised expertise to deal with resource constraints, resources' management efficiency and leverage entrepreneurial capacities; in this framework "green" and "blue" technology and uptake of best available techniques supporting environmental friendly processes and resource efficiency for SMEs will be prioritised together with support of enterprises already active in providing services related to low carbon economy and to climate change resilience;
- ▶▶ Feasibility studies and Action Plans coupled with pilot applications and tests of practical tools to strengthen competences and encourage entrepreneurship for innovation including social innovation (as e.g. healthcare, social inclusion: minorities, disabled persons, elderly etc.);
- ▶▶ Joint actions to assist fast access of the SMEs into various instruments/procedures targeting smart, sustainable and inclusive growth. Such actions may be:
  - Benchmarking of existing tools and good practices used for business model innovation coupled with joint pilot tests' implementation;
  - joint market surveys and analysis on the transfer potential across sectors and Programme countries;
  - support of business information centres to assess and advise on the relevance of possible pilot actions and provide/moderate on-line collaborative tools for knowledge sharing and policy learning;
  - joint development and fast transfer of technology-driven solutions for SMEs and other socioeconomic actors in remote and sparsely populated areas, aiming to overcome long distance disadvantage from SMEs support mechanisms.
  - promotion of innovative processes and new business models' applications especially the ones related to the information and communication technologies (ICT);

**Beneficiaries** (*non-exhaustive list*)

- ❖ Umbrella organisations of SMEs (such as chambers of commerce, of industry, economic chambers and other legal entities representing SMEs or SMEs professional networks in the programme area)
- ❖ Development and planning agencies
- ❖ Local, regional and national authorities involved in business' management
- ❖ Technology transfer centres and universities
- ❖ Innovation support networks
- ❖ Non-governmental and Civil Society organisations

**Targeted territory**

The whole Balkan – Mediterranean territory



## 2. A. 6. 2. Guiding principles for the selection of operations

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

<b>Investment Priority</b>	<b>Investment priority 3(a)</b> Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators
<p>The selection of project proposals will be carried out according to the requirements of Article 12 of the Regulation (EU) No 1299/2013 on the European Territorial Cooperation goal, following a standardized assessment procedure.</p> <p>The following guiding principles will be observed when selecting project applications:</p> <p><b>Strategic coherence:</b> coherence and contribution of each project application to the relevant Programme’s specific objective, while addressing in a coherent way the achievement of the Programme’s specific results envisaged. Furthermore, the transnational added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context. The Programme will support projects with a clear focus on the implementation of joint transnational actions, which demonstrate the value added of the transnational approach.</p> <p><b>Operational quality:</b> design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved. The output and result-oriented approach that places much emphasis on the development of concrete, relevant and visible outputs and results will be a must.</p> <p><b>Compliance to horizontal principles:</b> coherence and contribution of each project application to the Programme’s horizontal principles and the demonstration of their integration and advancement within the project proposal intervention logic. Where appropriate, climate change mitigation and adaptation aspects will be taken into consideration.</p> <p>The detailed assessment criteria will be adopted by the Monitoring Committee and will be made available to potential applicants in the calls for proposals’ documentation, which will be prepared and disseminated by the Managing Authority and the Joint Secretariat. Applications for funding shall be then submitted by Lead Applicants following calls for proposals that will be organised and launched upon subsequent decision of the Monitoring Committee.</p> <p>The “Programme Manual”, an information guide on the programme objectives together with a full application package displaying, among other, the selection criteria, shall be set up by the Managing Authority/ Joint Secretariat and approved by the Monitoring Committee before the first call for proposals.</p>	

## 2. A. 6. 3. Planned use of financial instruments (where appropriate)

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

<b>Investment Priority</b>	<b>Investment priority 3(a)</b> Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators
<b>Planned use of financial instruments</b>	
Not applicable	

#### 2. A. 6. 4. Planned use of major projects (where appropriate)

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

<b>Investment Priority</b>	<b>Investment priority 3(a)</b> Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators
Not applicable	

#### 2. A. 6. 5. Output indicators (by investment priority)

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

The target of the Specific Objective is to provide adequate support opportunities in order to improve the overall entrepreneurship environment within the programme area. Within this effort, the creation of new business creation is also targeted on the basis on new ideas' exchange and new types of business models' application.

Bearing also in mind that enterprises are not eligible for direct financial support, the output indicators are set to measure non-financial support (common output indicator) as well as the business models' testing activity (programme specific output indicator) in all sectors, while further distinguishing the "green", "blue" and social economic sectors.

The final target value (30) is a mathematical aggregation based on unitary costs prevailing in the area in relation to the available funding. As there is no predecessor programme complementary sources of data come from the evaluation reports of previous (2007 – 2013) transnational cooperation programmes covering the Balkan-Mediterranean area (as the South East Europe programme).

**Table 4: Common and programme specific output indicators**

ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
ERDF – CO01	Number of enterprises receiving support	Number	30	Project progress reports	annually
ERDF – CO04	Number of enterprises receiving non-financial support	Number	30	Project progress reports	annually
O0601	Business models or jointly developed instruments, tested and implemented including the ones related to the "green", "blue" and social economic sectors	Number	10	Project progress reports	annually

#### 2. A. 4. 2) Investment priority 3d

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

<b>Investment Priority</b>	<b>Investment priority 3(d)</b> Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes
----------------------------	---

## 2. A. 5. Specific objectives corresponding to the investment priority and expected results

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

<b>ID</b>	<b>Specific Objective (SO) 1.2</b>
<b>Specific Objective</b>	<b>SO 1.2: Innovative territories:</b> unleashing territorial potential to improve the transnational innovation capacity of the business sector
<b>The result that Member States seek to achieve with Union support</b>	<p>“Innovation Union” flagship initiative pursues a broad concept of innovation that encompasses not only new or improved products and processes, but also services, new business models, marketing, branding and design methods and new forms of business organisation and collaborative arrangements.</p> <p>Technologies as such do not have a specific value. Their value is determined by the business models used to bring them to a market.</p> <p>However, many European enterprises, whether large or small, lack awareness and tools to innovate their business models and strengthen their presence internationally. Operating in a complex, volatile, fragmented and often hostile environment requires tailored support and better use of information and communication technology (ITC) as nowadays companies can only be competitive if they embrace the digital world.</p> <p>The challenge will be to facilitate innovation and support the commercialisation of innovation allowing a maximum number of SMEs to innovate and adjust their business models to the changing economic, social and policy/regulatory circumstances resulting from the implementation of the EU’s Europe 2020 Flagship Initiative – Innovation Union.</p> <p>Expected results will be to:</p> <ul style="list-style-type: none"> <li>✓ advance existing knowledge about business model innovation and create common understanding on business model with a focus on internationalisation;</li> <li>✓ strategic re-orientation of business policies favouring entrepreneurial, social and digital innovation;</li> <li>✓ foster a business friendly environment for growth and jobs;</li> <li>✓ increase the attractiveness of the region for innovators.</li> </ul>

**Table 3: Programme specific result indicators (by specific objective)**

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

ID	Indicator	Measurement	Baseline	Baseline	Target	Source of data	Frequency
----	-----------	-------------	----------	----------	--------	----------------	-----------

		unit	value	year	value (2023) <sup>5</sup>		of reporting
R06 02	SMEs introducing product or process innovations	% of the total SMEs	24,94%	2010	Increase up to 1%	SME Performance Review (European Commission DG Enterprise and Industry)	2018, 2020, 2023

The “percentage of SMEs introducing product or process innovations” is a result indicator linked with the corresponding output indicator, the “number of enterprises supported to introduce new to the firm products”. Although this is not a linear process, operating within a transnational cooperation environment that favours exchange, enables critical mass and triggers innovation, it is high likelihood that innovative patterns will be adopted, at least partially.

The proposed result indicator is established within the context of the “Small Business Act for Europe” (SBA) the EU’s flagship policy initiative aiming to support SMEs throughout the EU and beyond. The “SBA Fact Sheets” are reviewed and published at annual basis tracking information for better governance and monitoring of the SBA flagship initiative throughout a set of variables structured in ten (10) categories. The “skills and innovation” category lends itself perfectly well for a regular assessment of the SMEs’ innovation potential within the whole Balkan – Mediterranean territory, as all five (5) participating countries are covered by the annual SME Performance Review.

The baseline value represents the five (5) countries average: it is the average percentage of this indicator, already expressed as percentage for each country (no absolute figures available). At the end of the programming period, the programme aspires to enhance this baseline percentage value by 1%. As innovation profiles and modest innovation performances do not lend themselves for any significant streamline or weight, the five (5) countries average is considered statistically significant and representative for the establishment of the common transnational cooperation baseline value.

## 2. A. 6. Actions to be supported under the Investment Priority

### 2. A. 6. 1. Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

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

<b>Investment Priority</b>	<b>Investment priority 3(d)</b> Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes
Activities under this specific objective will produce, demonstrate and jointly pilot scientific knowledge, new technologies and innovation aiming to commercialise research enhancing the Balkan-Mediterranean and EU competitiveness in alignment with Europe 2020. SMEs, will assess, examine, evaluate and change their business models, adopting solutions that increase their competitiveness, accordingly.	
<i>Overall, the projects cannot be limited to studies or exchange of experience which only aim</i>	

<sup>5</sup> Target values may be qualitative or quantitative.

to produce or to exchange information and knowledge without concrete applications. The projects **must have visible results or a measurable effect** on the socioeconomic sector, on public policies, in certain activities, institutions and management or cooperating methods. The **achievements and effects of the projects must be sustainable** in order not to be limited to the period of provision of the European funding. The main aim is to **promote synergies** and to **avoid the multiplication of isolated initiatives**.

**Type of actions and expected contribution to the Specific Objective 1.2:**

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

- ▶▶ Advance existing knowledge on innovation processes e.g. by identifying and benchmarking patterns, exploring management structures, streamline good practices, tools and procedures, analysing the transfer potential, etc.;
- ▶▶ Joint analyses at policy level of the barriers and opportunities/enabling factors for business' innovation, adjustment and growth;
- ▶▶ Actions for raising awareness, transferring knowledge and creating common understanding about business model innovation and commercialisation of innovation in the Balkan-Mediterranean area;
- ▶▶ Development of joint mechanisms addressing SMEs viability and competitiveness, including through environmental/energy resources' management, in order to improve SMEs efficiency and adjustment capacity in climate changing conditions;
- ▶▶ Transnational cooperation schemes of the "triple helix" type [between business sector, public sector and research / academic centres] inducing innovation processes and unleash innovation potentials;
- ▶▶ Transnational cooperation schemes of the "quadruple helix" type [between business sector, public sector, research / academic centres and civil society organisations] to explore growth potential of "place-based" opportunities in all socioeconomic sectors;
- ▶▶ Cooperation partnerships that make support and knowledge easily accessible including in sparsely populated and remote areas in order to overcome long distance from markets and achieve higher levels of performance and competitiveness;

**Beneficiaries (non-exhaustive list)**

- ❖ Umbrella organisations of SMEs (such as chambers of commerce, of industry, economic chambers and other legal entities representing SMEs or SMEs professional networks in the programme area)
- ❖ Development and planning agencies
- ❖ Local, regional and national authorities involved in business' management
- ❖ Technology transfer centres and universities
- ❖ Innovation support networks
- ❖ Non-governmental and Civil Society organisations

**Targeted territory**

The whole Balkan – Mediterranean territory

**2. A. 6. 2. Guiding principles for the selection of operations**

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

<b>Investment</b>	<b>Investment priority 3(d)</b>
-------------------	---------------------------------

<b>Priority</b>	Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes
<p>The selection of project proposals will be carried out according to the requirements of Article 12 of the Regulation (EU) No 1299/2013 on the European Territorial Cooperation goal, following a standardized assessment procedure.</p> <p>The following guiding principles will be observed when selecting project applications:</p> <p><b>Strategic coherence:</b> coherence and contribution of each project application to the relevant Programme’s specific objective, while addressing in a coherent way the achievement of the Programme’s specific results envisaged. Furthermore, the transnational added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context. The Programme will support projects with a clear focus on the implementation of joint transnational actions, which demonstrate the value added of the transnational approach.</p> <p><b>Operational quality:</b> design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved. The output and result-oriented approach that places much emphasis on the development of concrete, relevant and visible outputs and results will be a must.</p> <p><b>Compliance to horizontal principles:</b> coherence and contribution of each project application to the Programme’s horizontal principles and the demonstration of their integration and advancement within the project proposal intervention logic. Where appropriate, climate change mitigation and adaptation aspects will be taken into consideration.</p> <p>The detailed assessment criteria will be adopted by the Monitoring Committee and will be made available to potential applicants in the calls for proposals’ documentation, which will be prepared and disseminated by the Managing Authority and the Joint Secretariat. Applications for funding shall be then submitted by Lead Applicants following calls for proposals that will be organised and launched upon subsequent decision of the Monitoring Committee.</p> <p>The “Programme Manual”, an information guide on the programme objectives together with a full application package displaying, among other, the selection criteria, shall be set up by the Managing Authority/ Joint Secretariat and approved by the Monitoring Committee before the first call for proposals.</p>	

**2. A. 6. 3. Planned use of financial instruments** (where appropriate)

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

<b>Investment Priority</b>	<b>Investment priority 3(d)</b> Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes
<b>Planned use of financial instruments</b>	
Not applicable	

**2. A. 6. 4. Planned use of major projects** (where appropriate)

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

<b>Investment Priority</b>	<b>Investment priority 3(d)</b> Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes
----------------------------	---

	international markets, and to engage in innovation processes
<i>Not applicable</i>	

#### 2. A. 6. 5. Output indicators (by investment priority)

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

The aim of the Specific Objective (SO) is to provide adequate support to SMEs in order to improve their innovation potential and adjustment capacity to the changing socioeconomic and digital environment.

Consequently, the output indicators are set to measure the cooperation dynamics able to foster innovation processes allowing SMEs' to adjust and grow regionally, nationally and internationally. Two common output indicators are selected, taking into consideration that SMEs are not eligible for direct financial support under the Balkan – Mediterranean 2014-2020 transnational cooperation programme and they can only benefit from guidance and other type of support and consultancy throughout cooperation schemes with research institutions. Due to limited funding, an estimated number of four (4) projects could be co-financed, each one creating or supporting more than one innovation processes. Bearing also in mind that there is **no predecessor programme**, the target value for 2023 is estimated accordingly.

**Table 4: Common and programme specific output indicators**

ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
ERDF – CO26	Number of enterprises cooperating with research institutions	Number	20	Project progress reports	annually
ERDF – CO29	Number of enterprises supported to introduce new to the firm products	Number	10	Project progress reports	annually

### 2. A. 4. 3) Investment priority 10

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

<b>Investment Priority</b>	<b>Investment Priority 10a</b> Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure
----------------------------	---

### 2. A. 5. Specific objectives corresponding to the investment priority and expected results

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

<b>ID</b>	<b>Specific Objective (SO) 1.3</b>
<b>Specific Objective</b>	<b>SO 1.3: Territories of knowledge:</b> entrepreneurial learning and knowledge transfer for more competitive SMEs
<b>The result that Member States seek to achieve with Union support</b>	<p>The Balkan – Mediterranean area is characterised by high unemployment rates, exacerbated by the crisis in certain regions, while long term and youth unemployment are far above the EU average.</p> <p>According to the “Entrepreneurship 2020 Action Plan” of the EU, <b>“investing in entrepreneurship education is one of the highest return investments Europe can make”</b>. Consequently vocational education and training is needed to allow business’ capacity adjustment and prepare new generations to the new labour market needs.</p> <p>Special attention will be granted to the umbrella organisations supporting entrepreneurs who are running their own businesses with new technologies, education, training and competitive methods of developing and running their businesses. Cooperation among SMEs and education institutions will be enhanced, trainings will be provided, and sharing of experiences and know-how, and introduction of new methodologies to have sustainable businesses will be encouraged also. Investment in human capital will bring forging of partnerships and networks among young entrepreneurs across the programme area. This will increase the number of entrepreneurs engaging in businesses being qualitative and sustainable. These efforts will also increase employment in the programme area and also reduce brain drain.</p> <p>Bearing also in mind that the Balkan – Mediterranean society involves poor and disadvantaged groups, the ones living in rural, sparsely populated and remote areas, support actions to encourage social entrepreneurship, start-up businesses and coordination between public education institutions, employment offices, NGOs and Civil Society organisations will be promoted to provide opportunities to outreach young people and create skills for them to start-up businesses. Local, regional and national authorities will be encouraged to participate in order to establish a policy level tool/mechanism for long-term entrepreneurial support. Sharing of best practices will be promoted. Youth exchange programmes will be encouraged, university, centres, organisations, public and local institutions relevant to the field of action will be promoted in this direction within the programme area. Piloting and mentoring will be other types of intervention that will also be promoted.</p>



	<p>Expected results will be to:</p> <ul style="list-style-type: none"> <li>✓ Establish efficient links between business and vocational training;</li> <li>✓ Build the necessary skills that will enable SMEs to benefit from knowledge and technology transfer and become more competitive;</li> <li>✓ Develop joint mechanisms that will allow exchange and transfer of knowledge between regions and countries in the Balkan-Mediterranean space.</li> <li>✓ Reduce the “<i>brain – drain</i>” phenomena.</li> </ul> <p>The results sought will directly contribute to the establishment of favourable and competitive business environment as a prerequisite for sustainable development. The main result of the SO is to provide the necessary education and training that will improve SMEs competitiveness and contribute to the national, transnational and EU GDP and create new and better jobs.</p> <p>The results will build on existing potential of the region in terms of entrepreneurship potential and will capitalise on the opportunities offered by existing and planned initiatives that link research and innovation with the business sector.</p>
--	---

**Table 3: Programme specific result indicators (by specific objective)**

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

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) <sup>6</sup>	Source of data	Frequency of reporting
R0603	Entrepreneurial learning cooperation schemes	Number	<i>To be defined by survey</i>	2014	Increase up to 5%	Programme <i>mid-term</i> evaluation surveys (two surveys: in 2018 & 2020) Programme <i>ex-post</i> evaluation survey	2018, 2020, 2023

The “*entrepreneurial learning cooperation schemes*” represent tailored learning structures addressing concrete entrepreneurial needs that will be operational beyond the programme life-cycle as a result of successful transnational cooperation. As there is no predecessor programme, the baseline value will be defined by survey of the SMEs’ umbrella organisations in all five (5) participating countries of the Balkan – Mediterranean programme area and will be further monitored at programme level by the MA. The survey characteristics, methodology and timeline are described in separate annex.

<sup>6</sup> Target values may be qualitative or quantitative.

A similar survey will be undertaken at *mid-term* (two surveys: in 2018 & 2020) and at the final programme implementation phases, within the *mid-term* and *ex-post* evaluation context of the programme to assess on the programme's mid-term and final achievements.

## 2. A. 6. Actions to be supported under the Investment Priority

### 2. A. 6. 1. Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

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

<b>Investment Priority</b>	<b>Investment Priority 10a</b> Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure
<p>Actions supported under this SO will enable SMEs to acquire the necessary skills/tools and bridge the gap between academic education and practical entrepreneurial learning with the overarching aim to boost their competitiveness, grow towards other markets and introduce innovation in all phases of their business cycle.</p> <p><i>Overall, the projects <b>cannot be limited to studies or exchange of experience</b> which only aim to produce or to exchange information and knowledge without concrete applications. The projects <b>must have visible results or a measurable effect</b> on the socioeconomic sector, on public policies, in certain activities, institutions and management or cooperating methods. The <b>achievements and effects of the projects must be sustainable</b> in order not to be limited to the period of provision of the European funding. The main aim is to <b>promote synergies</b> and to <b>avoid the multiplication of isolated initiatives</b>.</i></p> <p><b>Type of actions and expected contribution to the Specific Objective 1.3:</b></p> <p><i>The following list of actions is only an indicative list and can be completed with other relevant actions contributing to the specific objective's goals</i></p> <ul style="list-style-type: none"> <li>▶▶ Joint organisation of vocational training schemes fostering entrepreneurial mind-set and increase/up-date skills and capacities of entrepreneurs, social entrepreneurs and potential entrepreneurs, including the unemployed and other disadvantaged groups;</li> <li>▶▶ Support of strategic partnerships' establishment between education/training centres and other relevant actors, targeting entrepreneurship skills' up-date and development through joint programmes tailored to the SMEs' needs and market demands;</li> <li>▶▶ Development of joint training curricula and tailor-made learning modules aiming to enhance SMEs competitiveness, including through practitioners' field visits exchange;</li> <li>▶▶ Establishing long-term transnational networks to exchange experiences with regards to education and vocational training programmes geared to green jobs and blue economy;</li> <li>▶▶ Exploring new innovative education and training methods/tools (e-learning and setting up e-learning programmes, lifelong learning, use of ICT) through technology and knowledge transfer;</li> <li>▶▶ Encouraging the setting up or upgrading of social enterprises especially in less developed regions, urban, rural and remote areas with training and know-how support;</li> <li>▶▶ Support training targeted in start-up businesses;</li> <li>▶▶ Establish transnational networks of entrepreneurs aiming to improve competitiveness by sharing best-practices and knowledge, develop joint methodologies and promote peer mentoring between SMEs' practitioners;</li> <li>▶▶ Promoting joint efforts among educational institutions and business community</li> </ul>	

representatives in the programme area (including transfer of best practice and know how) to improve the quality of education (in particular vocational training) to better fit to the required skills of the current and future labour market;

- ▶▶ Setting up a transnational network of mentors (successful companies willing to participate in the development of newly established or young businesses from the region and developing training programmes).

**Beneficiaries** (*non-exhaustive list*)

- ❖ Vocational education and training institutes/centres
- ❖ Umbrella organisations of SMEs (such as chambers of commerce, of industry, economic chambers and other legal entities representing SMEs or SMEs professional networks in the programme area)
- ❖ Development and planning agencies
- ❖ Local, regional and national authorities involved in business’ management
- ❖ Technology transfer centres
- ❖ Innovation support networks
- ❖ Non-governmental and Civil Society organisations

**Targeted territory**

The whole Balkan – Mediterranean territory.

**2. A. 6. 2. Guiding principles for the selection of operations**

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

<b>Investment Priority</b>	<b>Investment Priority 10a</b>
	Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure
<p>The selection of project proposals will be carried out according to the requirements of Article 12 of the Regulation (EU) No 1299/2013 on the European Territorial Cooperation goal, following a standardized assessment procedure.</p> <p>The following guiding principles will be observed when selecting project applications:</p> <p><b>Strategic coherence:</b> coherence and contribution of each project application to the relevant Programme’s specific objective, while addressing in a coherent way the achievement of the Programme’s specific results envisaged. Furthermore, the transnational added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context. The Programme will support projects with a clear focus on the implementation of joint transnational actions, which demonstrate the value added of the transnational approach.</p> <p><b>Operational quality:</b> design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved. The output and result-oriented approach that places much emphasis on the development of concrete, relevant and visible outputs and results will be a must.</p> <p><b>Compliance to horizontal principles:</b> coherence and contribution of each project application to the Programme’s horizontal principles and the demonstration of their integration and advancement within the project proposal intervention logic. Where appropriate, climate change mitigation and adaptation aspects will be taken into consideration.</p>	

The detailed assessment criteria will be adopted by the Monitoring Committee and will be made available to potential applicants in the calls for proposals' documentation, which will be prepared and disseminated by the Managing Authority and the Joint Secretariat. Applications for funding shall be then submitted by Lead Applicants following calls for proposals that will be organised and launched upon subsequent decision of the Monitoring Committee.

The "Programme Manual", an information guide on the programme objectives together with a full application package displaying, among other, the selection criteria, shall be set up by the Managing Authority/ Joint Secretariat and approved by the Monitoring Committee before the first call for proposals.

**2. A. 6. 3. Planned use of financial instruments** (where appropriate)

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

<b>Investment Priority</b>	<b>Investment Priority of Thematic Objective 10</b> Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure
<b>Planned use of financial instruments</b>	
Not applicable	

**2. A. 6. 4. Planned use of major projects** (where appropriate)

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

<b>Investment Priority</b>	<b>Investment Priority of Thematic Objective 10</b> Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure
Not applicable	

**2. A. 6. 5. Output indicators** (by investment priority)

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

The aim of the Specific Objective (SO) is to support entrepreneurial learning aiming to improve the SMEs' entrepreneurial skills and overall competitiveness. Two common output indicators are selected to measure the transnational training activity developed at this aim. Taking into consideration the training need in the programming area together with the available funding, an estimated number of eight (8) projects could be co-financed, grouping an average of twenty (20) participants, each. Bearing also in mind that there is **no predecessor programme** the target value for 2023 is estimated accordingly.

**Table 4: Common and programme specific output indicators**

ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
----	-----------	------------------	---------------------	----------------	------------------------

ERDF – CO46	Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	Persons	90	Project progress reports	annually
ERDF – CO44	Number of participants in joint local employment initiatives and joint training	Persons	70	Project progress reports	annually

## 2. A. 7. Performance framework

(Reference: point (b)(v) of Article 8(2) of Regulation (EU) No 1299/2013 and Annex II of Regulation (EU) No 1303/2013)

**Table 5: Performance framework of the priority axis**

ID	Priority axis	Indicator type	Indicator or key implementation step	Measurement unit	Milestone 2018	Final target (2023)	Source of data	Explanation of relevance of indicator where appropriate
PF 06 1	1	Financial indicator	Eligible certified expenditure verified by the certifying authority	Euro	3.542.427	14.169.706	Certifying Authority	Target 2018: 25% of the total eligible expenditure  Target 2023: 100% of the total eligible expenditure
ERDF – CO 04		Output indicator	Number of enterprises receiving non-financial support	Number	15	30	Monitoring of the operation	The chosen indicator is representative of PA 1 intervention logic, allowing for both, milestone and final target to reach more than 50% of the respective financial indicator

The performance framework of Priority Axis 1 of the “Balkan-Mediterranean 2014-2020” transnational cooperation programme is established according to Art. 8(2) point (b)(v) of Regulation (EU) 1299/2013 and Annex II of Regulation (EU) 1303/2013.

The method used follows the respective guidelines and it is displayed based on the standard format table provided in Annex II of Regulation (EU) 1303/2013. Accordingly, intermediate targets (milestones) are set for year 2018, while the final target is set for year 2023.

The output indicator chosen aims to reflect physical progress' performances while the financial indicator reflects progressive funds' use in a newly established transnational cooperation territory (there is no Balkan-Mediterranean predecessor programme).

Having regarded the objective targeted by Priority Axis 1, the output indicator relevant is the "number of enterprises receiving non-financial support" (as direct financial support is not eligible). The final target value (30) is a mathematical aggregation of this output indicator already calculated and established at specific objective level. The intermediate value (15) reflects the immediate up-take of the programme as expressed during the consultation process and it is accordingly set at half of the output final target.

The aforementioned output indicator is coherent and directly linked with the specific target sought by the Priority Axis 1, capturing the essential information and respective progress' implementation. Furthermore, the indicator measurement does not imply administrative burden as it is recorded at 'specific objective' level.

For the financial indicator, the final target value represents the total eligible expenditure of the Priority Axis. The 2018 milestone is set at the 25% of the aforementioned final target, due to both, late programme approval and subsequent implementing provisions requiring the establishment of the programme implementation bodies (as there is no predecessor programme). Within this framework the financial monitoring linked to the eligible expenditure certification requires timespan that goes beyond 2018 reporting records.

## 2. A. 8 Categories of intervention per priority axis

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

The categories of intervention are based on a nomenclature adopted by the Commission, which will include 7 dimensions relevant for the ERDF. The nomenclature is set out in the Annex to Commission Implementing Regulation (EU) No 184/2014.

In accordance with Article 8(12) of Regulation (EU) No 1299/2013, this information is not subject to the Commission decision approving the cooperation programme, but remains under the responsibility of the participating countries.

<b>Priority Axis</b>	<b>Code</b>	<b>€ amount</b>
	63: Cluster support and business networks primarily benefiting SMEs	1.864.728,80
	67: SME business development, support to entrepreneurship and incubation (including support to spin offs, spin outs)	1.317.000,00
	69: Support to environmentally-friendly production processes and resource efficiency in SMEs	1.475.000,00
	71: Development and promotion of enterprises specialized in providing services contributing to the low carbon economy and to resilience to climate change (including support to such services)	2.300.000,00
	104: Self-employment, entrepreneurship and business creation	1.058.000,00

	including innovative small, medium sized and micro-enterprises	
	106: Adaptation of workers, enterprises and entrepreneurs to change	1.333.570,00
	109: Active inclusion, including with a view to promoting equal opportunities, active participation and improving employability	1.033.570,00
	113: Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment	1.662.380,20

**Table 7: Dimension 2 Form of finance**

Priority Axis	Code	€ amount
1	01: Non-repayable grant	12.044.249,00

**Table 8: Dimension 3 Territory type**

Priority Axis	Code	€ amount
1	07: Not applicable	12.044.249,00

**Table 9: Dimension 4 Territorial delivery mechanisms**

Priority Axis	Code	€ amount
1	07: Not applicable	12.044.249,00

## 2. A. 2 Priority Axis 2: Environment

<b>ID of the priority axis</b>	<b>2</b>
<b>Title of the priority axis</b>	<b>Environment</b>

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	

### 2. A. 2. Justification for the establishment of a priority axis covering more than one thematic objective

(Reference: Article 8(1) of Regulation (EU) No 1299/2013)

During the public consultation process environment related issues emerged as the main challenge to address over the new programming period ahead. More than 70% consider the deterioration of the environment in the programme area as a major common threat, while over 60% perceive the natural resources' inefficient use as one of the main problems to tackle. Accordingly the programme's Priority Axis 2 is articulated around two Investment Priorities of Thematic Objective 6. By doing so the Balkan-Mediterranean 2014-2020 transnational cooperation programme is **aligned with the EU Environment Action Programme to 2020** and its own first priority ("Priority objective 1") aiming to protect, conserve and enhance natural capital.

The programme area includes landscape and natural capital of high biodiversity potential, yet under constant human pressure. Ecosystems restoration and green infrastructure development have important socio-economic benefits including for public health. Management & monitoring of designated areas can generate sustainable growth and sustainable employment, while studying, mapping, zoning and restoring degraded areas enhance both, scientific knowledge and the ecosystems' quality. At the same time it helps to resolve conflicts over land use and set the basis for ownership on shared sustainable growth goals. As the Natura 2000 network is behind schedule in the EU member states, IPA participating countries can benefit from both, good and bad conservation attempts experienced by participating EU member states. Furthermore, natural and cultural areas contribute to the region's attractiveness; an "ecosystem based" management approach can deliver improved growth patterns. In this respect, public information, awareness and education on environment policy have important socio-economic benefits and can stimulate competitiveness. According to Eurostat, the employment in environmental sectors in the EU is steadily growing around 3% annually over recent years.

A sustainable bio-economy can also contribute to intelligent and green growth provided that skills are developed accordingly. Developing training programmes geared to green jobs is clearly recommended in the EU Environment Action Programme to 2020 (PE-CONS 64/1/13, p. 38). In this framework, support training schemes to learn how to deal, monitor and



manage environmental targets is important in order to reinforce peer review and best practice sharing (and even agreements on joint inspections) in all Balkan – Mediterranean participating countries and IPA countries in particular.

Implementing EU standards requires skills aligned with the latest scientific knowledge. Therefore the Priority Axis 2 foresees to bridge the gap between available skills in the programme area and EU environmental legislation enforcement by implementing the missing training facilities. The TO 6 is therefore combined to the TO 11 in order to improve environmental governance delivery and ensure a maximum impact of the overall investment.

The sole thematic intervention on the environment may secure the short term. While knowledge tools and training capacity shall be addressed to improve delivery on legislation and governance. Furthermore, public awareness and education provide knowledge on how national, regional and local administrations will give effect to the EU regulatory commitments. Consequently, Priority Axis 2 also proceeds with a holistic and integrated approach aiming to secure sustainable results and maximise the investment impact.

### 2. A. 3. Fund and calculation basis for Union support

<b>Fund</b>	<b>ERDF</b>
<i>Calculation basis (total eligible expenditure or eligible public expenditure)</i>	Total eligible expenditure 16.148.162,00 Euros
<b>Fund</b>	<b>IPA</b>
<i>Calculation basis (total eligible expenditure or eligible public expenditure)</i>	Total eligible expenditure 2.921.897,00 Euros

### 2. A. 4. 1) Investment priority6c

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

<b>Investment Priority</b>	<b>Investment priority 6(c)</b> Conserving, protecting, promoting and developing natural and cultural heritage
----------------------------	---

### 2. A. 5. Specific objectives corresponding to the investment priority and expected results

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

<b>ID</b>	<b>Specific Objective (SO) 2.1</b>
<b>Specific Objective</b>	<b>SO 2.1: Biodiversity:</b> taking on the transnational challenge by promoting ecological connectivity and transnational ecosystems' integration
<b>The result that Member States seek to achieve with Union support</b>	The Programme area includes sites of high biodiversity, natural and cultural sites. Among them, 32 are registered in the World Heritage Lists and constitute an important basis to boost green and blue growth potential while increasing attractiveness of the region. Designated areas, including the Marine Protected Areas and the ones of the Natura 2000 network, will be particularly targeted, as they address particularly

vulnerable habitats, which under sustainable management can provide significant recreational opportunities and contribute to sustainable growth and employment. Regions, and in particular coastal areas, are facing demographic, economic and urban pressure and are subject to a variety of pressures and usage conflicts (e.g. from industry, agriculture, climate change, transport as well as mismanaged tourism flows). Consequently, one of the main challenges ahead is to promote sustainable development practices and policies targeting both, ecosystems' continuity/integration and mitigation of the most significant man-made pressures.

An "*ecosystem basis*" approach is necessary to improve cultural and natural heritage management. Upgrading heritage management techniques will streamline coordination policies and maximize sustainable growth perspectives. The development of activities respectful of natural and cultural resources shall also take into account environmental changes that have direct interconnections with economic development and urbanisation and direct impact on natural and cultural heritage. The objective is to ensure that development of economic activities will be pursued with stronger attention paid to environmental changes and to the impact of these activities on natural and cultural heritage. Encouragement of cooperation partnerships and networking among relevant actors/stakeholders will also be supported, enabling a wide variety of actors working on the development of joint approaches on biodiversity, conservation and environmental pressures' mitigation activities, for both designated and non-designated areas. The specific aim is for people to be actively involved in ecosystems restoration and green infrastructure development, since wide participation creates common ownership of the areas targeted.

Expected results will be to:

- ✓ Elaborate coherent and joined-up approaches in order to enhance the level of sustainable use of natural and cultural heritage, across the whole Balkan – Mediterranean transnational territory. The main change sought is an improvement of strategies, development plans, policies and joint planning tools shared by a wide range of socio-economic stakeholders in order to increase common "ownership" of the transnational natural and cultural heritage in both land and sea.
- ✓ Map and assess joint biodiversity challenges and in order to reduce ecosystems' degradation and protect/conservate natural capital, accordingly.
- ✓ Increase sustainable employment opportunities through integrated management & monitoring of designated areas, including marine designated areas. A comprehensive global and joint management approach shall be considered, addressing a wide range of ecosystem services.
- ✓ Contribute to implement the Natura 2000 network and respective legislation, as it is behind schedule in all participating EU member states. In this framework, IPA countries will benefit from both, good and bad conservation

attempts experienced by participating EU member states.

**Table 3: Programme specific result indicators (by specific objective)**

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

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) <sup>7</sup>	Source of data	Frequency of reporting
R0604	Expansion of ecological connectivity and transnational ecosystems' integration of designated area	Hectares	195.361,06	2013	Increase up to 1%	European Environment Agency (EEA) annual reports Programme Annual Reports	2018, 2020, 2023

The “surface area of habitats supported in order to attain a better conservation status” is a common output indicator of this SO, as it is the number of “designated areas addressed” (programme specific output indicator). The overarching aim of the SO is to effectively connect designated areas, not just to address conservation challenges but to promote effective connectivity links. As the EU territory is highly fragmented, the role of ecological connectivity channels is very important in order to prevent further biodiversity losses and secure conservation standards. Within the Balkan – Mediterranean transnational context, the networks of connected areas will thus generate added value and will coherently protect natural and cultural heritage across the whole programme territory.

The indicator is measuring the aggregate surface of the designated areas that are set to cooperate at transnational level, delivering respective ecological connectivity services.

The baseline value will be calculated upon the previous transnational cooperation programme in the area, the South East Europe 2007-2013.

## 2. A. 6. Actions to be supported under the Investment Priority

### 2. A. 6. 1. Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

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

<b>Investment Priority</b>	<b>Investment priority 6(c)</b> Conserving, protecting, promoting and developing natural and cultural heritage
The actions that are foreseen to be supported under this specific objective will strengthen the capacities of relevant actors for an ecosystem basis development approach promoting efficient use and valorisation of the natural resources and cultural heritage. The main	

<sup>7</sup> Target values may be qualitative or quantitative.

emphasis will be on the shared policies, strategies, plans, management, coordination and planning tools that ensure environmental pressure decrease and avoid future conflicts. The development of common tools and shared management policies will be particularly pursued for natural and cultural heritage areas affected either by local pressures either by climate change.

*Overall, the projects **cannot be limited to studies or exchange of experience** which only aim to produce or to exchange information and knowledge without concrete applications. The projects **must have visible results or a measurable effect** on the socioeconomic sector, on public policies, in certain activities, institutions and management or cooperating methods. The **achievements and effects of the projects must be sustainable** in order not to be limited to the period of provision of the European funding. The main aim is to **promote synergies** and to **avoid the multiplication of isolated initiatives**.*

#### **Type of actions and expected contribution to the Specific Objective 2.1:**

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

- ▶▶ Development of joint strategies and policies promoting, testing and implementing concrete applications, tests, pilot projects and practices for sustainable management targeting blue/green growth, for integrated land/sea planning policies, for the EU environmental targets' monitoring and implementation of the corresponding EU legislation, including Integrated Coastal Zone Management and Maritime Spatial Planning;
- ▶▶ Development of transnational action plans and transfer of concepts models for the:
  - protection, promotion and development of natural and cultural heritage sites, of designated areas and the Natura 2000 areas in particular;
  - prevention and mitigation of risks and consequences in natural/cultural heritage sites and designated areas affected by natural and man-made disasters;
- ▶▶ Establishment of transnational cooperation networks for knowledge and technology transfer on biodiversity and nature conservation issues:
  - Network of professionals working in environmental legislation enforcement including lawyers, inspectors, prosecutors, judges encouraging best and bad practices' share.
  - Implementing and animating sustainable cooperation systems between the authorities in charge of the management and the update of strategies and solutions;
  - Cooperation of public and private institutions and NGOs in the fields of competence and capacity building;
  - Partnerships and networks of all relevant actors: public authorities and institutions, business support organisations, civil society organisations, NGOs, etc.
- ▶▶ Awareness raising campaigns, jointly designed and coupled with pilot application projects, aiming to enhance public information, awareness and education on environment policy;
- ▶▶ Joint regional branding strategy to increase visibility and market uptake;
- ▶▶ Develop environmental friendly behaviours that can also lead to resolve conflicts on land use issues;
- ▶▶ Promotion of scientific knowledge (studies, maps, reports, surveys, etc.) coupled with practical application tests of management techniques in order to achieve joint action and management plans over biodiversity and nature protection, including through reduction of agrochemicals input and enhancement of environmental and human safety in zones of

<p>Natura 2000 sites and other biodiversity-rich areas suffering soil, water &amp; biodiversity depletion;</p> <ul style="list-style-type: none"> <li>▶▶ Promotion of integrated marine/maritime and coastal planning coupled with pilot projects' test aiming to consolidate marine/maritime and coastal heritage, as well as exchanges on MPA (marine protected areas) identification/management;</li> <li>▶▶ Developing sustainable transnational tourist offers and packages linked to the natural and cultural heritage where also combination of alternative types of tourism can be developed such as archaeological/cultural tourism combined with tourism in natural sites;</li> <li>✓ Promotion of a sustainable cultural-tourism approach towards Balkan-Mediterranean cultural and natural heritage linked to corresponding monuments;</li> <li>✓ Transferring systems for the labelling and funding of green, blue and fair products respecting and promoting the programme area cultural and natural heritage;</li> <li>✓ Transnational cooperation activities in the fields of multiculturalism, cultural exchange and connections with creative industries in order to increase cultural diversity;</li> </ul> <p><b>Beneficiaries</b> (<i>non-exhaustive list</i>)</p> <ul style="list-style-type: none"> <li>❖ Local, regional and national authorities</li> <li>❖ Environmental and development agencies</li> <li>❖ Protected/designated areas' management organisations and bodies</li> <li>❖ Non-governmental and Civil Society organisations</li> <li>❖ Umbrella organisations of SMEs (such as chambers of commerce, of industry, economic chambers and other legal entities representing SMEs or SMEs professional networks in the programme area)</li> </ul> <p><b>Targeted territory</b></p> <p>Areas of high natural or cultural value, designated areas in both land and sea, Natura 2000 sites, areas that face significant threats/pressures and/or usage conflicts.</p>
--

## 2. A. 6. 2. Guiding principles for the selection of operations

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

<b>Investment Priority</b>	<b>Investment priority 6(c)</b>
	Conserving, protecting, promoting and developing natural and cultural heritage
<p>The selection of project proposals will be carried out according to the requirements of Article 12 of the Regulation (EU) No 1299/2013 on the European Territorial Cooperation goal, following a standardized assessment procedure.</p> <p>The following guiding principles will be observed when selecting project applications:</p> <p><b>Strategic coherence:</b> coherence and contribution of each project application to the relevant Programme's specific objective, while addressing in a coherent way the achievement of the Programme's specific results envisaged. Furthermore, the transnational added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context. The Programme will support projects with a clear focus on the implementation of joint transnational actions, which demonstrate the value added of the transnational approach.</p> <p><b>Operational quality:</b> design of the project application in relation to clarity and coherence of</p>	

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

**Compliance to horizontal principles:** coherence and contribution of each project application to the Programme’s horizontal principles and the demonstration of their integration and advancement within the project proposal intervention logic. Where appropriate, climate change mitigation and adaptation aspects will be taken into consideration.

The detailed assessment criteria will be adopted by the Monitoring Committee and will be made available to potential applicants in the calls for proposals’ documentation, which will be prepared and disseminated by the Managing Authority and the Joint Secretariat. Applications for funding shall be then submitted by Lead Applicants following calls for proposals that will be organised and launched upon subsequent decision of the Monitoring Committee.

The “Programme Manual”, an information guide on the programme objectives together with a full application package displaying, among other, the selection criteria, shall be set up by the Managing Authority/ Joint Secretariat and approved by the Monitoring Committee before the first call for proposals.

**2. A. 6. 3. Planned use of financial instruments (where appropriate)**

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

<b>Investment Priority</b>	<b>Investment priority 6(c)</b> Conserving, protecting, promoting and developing natural and cultural heritage
<b>Planned use of financial instruments</b>	
<i>Not applicable</i>	

**2. A. 6. 4. Planned use of major projects (where appropriate)**

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

<b>Investment Priority</b>	<b>Investment priority 6(c)</b> Conserving, protecting, promoting and developing natural and cultural heritage
<i>Not applicable</i>	

**2. A. 6. 5. Output indicators (by investment priority)**

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

The aim of the Specific Objective (SO) is to effectively deal with the biodiversity challenges, in order to conserve and promote natural and cultural heritage of the Balkan – Mediterranean territory.

Consequently, the output indicators are set to measure the common effort deployed at this aim. Two common and one programme specific output indicators are selected.

The final target values set for the year 2023 are based on both, the limited available funding and complementary sources of data coming from the evaluation reports of previous (2007 –

2013) transnational cooperation programmes covering the Balkan-Mediterranean area (as the South East Europe programme).

**Table 4: Common and programme specific output indicators**

ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
ERDF – CO09	Increase in expected number of visits to supported sites of cultural and natural heritage and attractions	Visits/Year	300	Project progress reports	Annually
ERDF CF – CO23	Surface area of habitats supported in order to attain a better conservation status	hectares	50.000	Project progress reports	annually
O0602	Designated areas addressed ( <i>of which Natura 2000 sites</i> )	Number	12 (5)	Project progress reports	annually

## 2. A. 4. 2) Investment priority 6f

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

<b>Investment Priority</b>	<b>Investment priority 6(f)</b> Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution
----------------------------	--

## 2. A. 5. Specific objectives corresponding to the investment priority and expected results

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

<b>ID</b>	<b>Specific Objective (SO) 2.2</b>
<b>Specific Objective</b>	<b>SO 2.2: Sustainable territories:</b> fostering transnational cooperation for resource efficiency and climate change resilience
<b>The result that Member States seek to achieve with Union support</b>	<p>Resource efficiency is a prominent topic in the current EU strategies: EU2020, Waste Directive, Water Framework Directive and other water related directives as well as the Clean Air Package. The overarching aim of the TNCP Balkan-Mediterranean 2014-2020 is to promote territorial integration of EU policies and contribute on the efficient delivery of the above-mentioned Directives.</p> <p>EU environmental norms are sparsely implemented or not implemented at all, if subsequent regulatory framework simply missing. Water and waste quality issues together with degraded areas' rehabilitation / regeneration are of key importance to meet EU corresponding standards. The integrated approach for sustainable growth and eco-innovation can mitigated the climate change effects suffered throughout the whole programme area.</p> <p>The Balkan – Mediterranean territory is particularly vulnerable to climate change. This is partly due to geographical location and respected characteristics, but also to a historic under-investment, which resulted in aging infrastructure and facilities that are less able to withstand changes in climatic conditions. Furthermore, extreme weather events caused by climate change may also accelerate the deterioration of key natural or non-natural assets such as houses, buildings, infrastructure and machinery/equipment. Accordingly, climate change has become a considerable factor in policy and investment decisions. Rethink and repositioning of growth and investment strategies are of paramount importance to swiftly adapt into already shifting conditions.</p> <p>Technological innovation in the fields of resource efficiency, such as waste sector, the water sector and the soil and air pollution as well as energy efficiency will be considered to stimulate climate-related investments and the transition to an inclusive and green economy.</p> <p>As transnational cooperation contributes to more efficient and better coordinated action, both in terms of design, implementation and impact, the main result pursued by this Specific Objective is to increase the level of use of innovative technologies regarding climate change and overall resource management efficiency, including energy efficiency.</p>



**Table 3: Programme specific result indicators (by specific objective)***(Reference: point (b)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)*

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) <sup>8</sup>	Source of data	Frequency of reporting
R0605	Level of adaptation to resources efficiency and climate change resilience measures in alignment with EU policy	% of surface area of all participating countries	0,07%	2010	Increase up to 1%	National Statistics Annual Progress Reports for EU 2020 goals Annual Progress Reports for Candidate countries	2018, 2020, 2023

The headline objective of the SO is to promote resource efficiency and climate change resilience, two prominent topics of the EU 2020 strategy. Effective adaptation requires close cooperation between various stakeholders throughout extended territories. The transnational cooperation provides opportunity to address environmental challenges at critical level, as it contributes to more efficient and better coordinated actions, both in terms of design and implementation.

The transnational cooperation opportunity offered by the SO is articulated around the respective EU normative package on resources' efficiency (Waste Directive, Water Framework Directive, etc.) aiming also at the enforcement of the corresponding EU environmental legislation. Therefore, the jointly developed plans and measures to address resources' efficiency and climate change resilience shall be aligned (if not tightly linked) to the respective EU norms and policy standards.

Bearing in mind that concrete action plans, measures and policy tools on resources' efficiency and climate change are set up in order to address specific problems in specific areas (cities, affected rural areas, etc.), the indicator will inform on the areas effectively covered by the aforementioned jointly developed plans and measures, as part of the overall national territories of the five (5) participating countries in the Balkan – Mediterranean.

The baseline value will be calculated on the basis of information provided by the national competent services concerning areas that are currently implement resources' efficiency plans or measures (also as part of the EU 2020 goals' measurement).

Bearing in mind limited programme funding, the final target reflects a realistic value (up to 1% increase of the baseline average). At mid-term and final stages the target values will be monitored by MA mainly on the basis of the annual progress reports set up at national level (by the respective national competent authorities) for the EU 2020 goals.

## **2. A. 6. Actions to be supported under the Investment Priority**

### **2. A. 6. 1. Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries**

<sup>8</sup> Target values may be qualitative or quantitative.

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

<b>Investment Priority</b>	<b>Investment priority 6(f)</b> Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution
<p>The actions that are foreseen to be supported under this specific objective will promote technology transfer and applications' tests to enhance resources' management efficiency and climate change resilience.</p> <p><i>Overall, the projects <b>cannot be limited to studies or exchange of experience</b> which only aim to produce or to exchange information and knowledge without concrete applications. The projects <b>must have visible results or a measurable effect</b> on the socioeconomic sector, on public policies, in certain activities, institutions and management or cooperating methods. The <b>achievements and effects of the projects must be sustainable</b> in order not to be limited to the period of provision of the European funding. The main aim is to <b>promote synergies</b> and to <b>avoid the multiplication of isolated initiatives</b>.</i></p> <p><b>Type of actions and expected contribution to the Specific Objective 2.2:</b></p> <p><i>The following list of actions is only an indicative list and can be completed with other relevant actions contributing to the specific objective's goals</i></p> <ul style="list-style-type: none"> <li>▶▶ Joint development of integrated strategies and tools to reduce the use of resources, enhancing their efficiency and decoupling economic growth from resources consumption;</li> <li>▶▶ Joint elaboration of inter-sectoral resource management plans to promote climate change resilience, resource and energy efficiency, renewable energy, innovative environmental management geared to sustainable green/blue growth; environmental friendly management plans for coastal/marine areas; within this framework, climate profile analysis, climate impact assessment and vulnerabilities for each sector, identification and outline of specific priority actions linked to concrete implementation steps shall be considered;</li> <li>▶▶ Joint preparation of blue/green growth action plans and roadmaps with clear allocation of responsibilities and timeframes for delivery.</li> <li>▶▶ Shared tests and pilot applications supporting repositioning of businesses towards environmental friendly investment on resource efficiency and climate change in particular;</li> <li>▶▶ Implementation of innovative pilot and demonstration projects in the field of energy efficiency, renewable energy, material life cycle, soil protection also from long chemical treatments that consist a continuous threat of environmental balance and resources' pollution, air pollution, pollution of groundwater, considering among others, alternative and environment-friendly technologies;</li> <li>▶▶ Joint planning, design and pilot projects' implementation for promotion of innovative technologies improving environmental protection and resource efficiency in the waste sector and water sector, including marine litter reduction through improved port reception facilities; purification methods and climate change-related techniques including disaster management and prevention/protection of climate related risks (floods, storms, drought, fires and erosion);</li> <li>▶▶ Pilot project related to air quality in compliance with Directive 2008/50/EC, e.g. reductions of PM and NO<sub>2</sub> which in contrast to CO<sub>2</sub> are directly harmful to the health of citizens, ecosystems, crops and buildings.</li> </ul>	

**Beneficiaries (non-exhaustive list)**

- ❖ Local, regional and national authorities
- ❖ Environmental and development agencies
- ❖ Non-governmental and Civil Society organisations
- ❖ Umbrella organisations of SMEs (such as chambers of commerce, of industry, economic chambers and other legal entities representing SMEs or SMEs professional networks in the programme area)

**Targeted territory**

The whole Balkan – Mediterranean territory

**2. A. 6. 2. Guiding principles for the selection of operations**

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

<b>Investment Priority</b>	<b>Investment priority 6(f)</b>
	Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution
<p>The selection of project proposals will be carried out according to the requirements of Article 12 of the Regulation (EU) No 1299/2013 on the European Territorial Cooperation goal, following a standardized assessment procedure.</p> <p>The following guiding principles will be observed when selecting project applications:</p> <p><b>Strategic coherence:</b> coherence and contribution of each project application to the relevant Programme’s specific objective, while addressing in a coherent way the achievement of the Programme’s specific results envisaged. Furthermore, the transnational added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context. The Programme will support projects with a clear focus on the implementation of joint transnational actions, which demonstrate the value added of the transnational approach.</p> <p><b>Operational quality:</b> design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved. The output and result-oriented approach that places much emphasis on the development of concrete, relevant and visible outputs and results will be a must.</p> <p><b>Compliance to horizontal principles:</b> coherence and contribution of each project application to the Programme’s horizontal principles and the demonstration of their integration and advancement within the project proposal intervention logic. Where appropriate, climate change mitigation and adaptation aspects will be taken into consideration.</p> <p>The detailed assessment criteria will be adopted by the Monitoring Committee and will be made available to potential applicants in the calls for proposals’ documentation, which will be prepared and disseminated by the Managing Authority and the Joint Secretariat. Applications for funding shall be then submitted by Lead Applicants following calls for proposals that will be organised and launched upon subsequent decision of the Monitoring Committee.</p> <p>The “Programme Manual”, an information guide on the programme objectives together with a full application package displaying, among other, the selection criteria, shall be set up by the Managing Authority/ Joint Secretariat and approved by the Monitoring Committee before the first call for proposals.</p>	

**2. A. 6. 3. Planned use of financial instruments** (where appropriate)

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

<b>Investment Priority</b>	<b>Investment priority 6(f)</b> Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution
<b>Planned use of financial instruments</b>	
Not applicable	

**2. A. 6. 4. Planned use of major projects** (where appropriate)

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

<b>Investment Priority</b>	<b>Investment priority 6(f)</b> Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution
<b>Planned use of financial instruments</b>	
Not applicable	

**2. A. 6. 5. Output indicators** (by investment priority)

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

The aim of the Specific Objective is to promote transnational cooperation for efficient management resources (water, waste and soil) and climate change mitigation effects.

As the common output indicators are not suitable to catch interventions promoted by this SO, three (3) programme specific output indicators are proposed. Bearing also in mind limited funding only soft measures can be considered (not infrastructure) and an estimated number of five (5) projects could be co-financed to jointly develop and exchange on tools, plans, models or policies targeting resources' efficiency and climate change resilience. As more than two countries' territories will be engaged in each project, tests' applications of the aforementioned tools will at least double. Therefore, output indicators shall capture the respective topic.

**Table 4: Common and programme specific output indicators**

ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
O0603	Number of strategies/policies/plans/models and tools jointly developed and tested	Number	8	Project progress reports	annually
O0604	Number of environmental friendly technologies' implementation related to the water/ waste efficient management	Number	3	Project progress reports	annually

00605	Number of environmental friendly technologies' implementation related to climate change prevention and adaptation measures	Number	4	Project progress reports	annually
-------	--	--------	---	--------------------------	----------

### 2. A. 4. 3) Investment priority 11

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

<b>Investment Priority</b>	<b>Investment priority 11a</b>
	Enhancing institutional capacity of public authorities and stakeholders and efficient public administration through actions to strengthen the institutional capacity and the efficiency of public administrations and public services related to the implementation of the ERDF, and in support of actions under the ESF to strengthen the institutional capacity and the efficiency of public administration

### 2. A. 5. Specific objectives corresponding to the investment priority and expected results

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

<b>ID</b>	<b>Specific Objective (SO) 2.3</b>
<b>Specific Objective</b>	<b>SO 2.3: Delivery on environmental legal framework:</b> improving transnational governance capacities
<b>The result that Member States seek to achieve with Union support</b>	<p>The inefficient use of resources, the unsustainable pressure on the environment, and climate change, pose challenges to long-term economic growth.</p> <p>The EU green growth model outlines a structural economic change which is mainly driven by scarcity of resources, technological change and innovation, new markets, and changes in industrial and consumer demand patterns. The Europe 2020 Strategy identifies the transition towards a green, low carbon, energy and resource-efficient economy as essential to achieve smart, sustainable and inclusive growth. A gradual shift towards an energy and resource-efficient circular economy will increase competitiveness and boost economic growth, while creating more and better jobs. Saving, re-using and recycling materials will support the future competitiveness of successful companies. The transition will bring about fundamental transformations across the entire economy and across a wide range of sectors.</p> <p>The public sector in particular, is necessary to better anticipate and manage adjustments and challenges towards transition to a greener economy. Dealing with sustainable resources' management and monitoring EU environmental targets require skills aligned with the latest scientific knowledge. Learn how to monitor EU environmental targets and developing common management techniques is important in order to reinforce peer review and best practice sharing.</p> <p>Transnational cooperation can offer a suitable exchange and knowledge platform for training and capacity building of public authorities and stakeholders to strengthen the institutional capacity and improve delivery on legislation and governance. Furthermore, public awareness and education provide knowledge on how national and local administrations will give effect to the EU regulatory commitments.</p> <p>Accordingly, the main result pursued by this Specific Objective is to increase the governance capacity and corresponding delivery regarding environmental legislation.</p>

**Table 3: Programme specific result indicators (by specific objective)**

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

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) <sup>9</sup>	Source of data	Frequency of reporting
R0606	Capacity of public administration staff (PAS) in environmental legislation content and delivery	Persons: Nr of PAS who gained environmental qualifications	12 (average of five countries)	2014	Increase in the five countries average by 50%	Survey of the trained participants Projects reports Programme annual report	2018, 2020, 2023

## 2. A. 6. Actions to be supported under the Investment Priority

### 2. A. 6. 1. Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

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

<b>Investment Priority</b>	<b>Investment priority 11</b> Enhancing institutional capacity of public authorities and stakeholders and efficient public administration through actions to strengthen the institutional capacity and the efficiency of public administrations and public services related to the implementation of the ERDF, and in support of actions under the ESF to strengthen the institutional capacity and the efficiency of public administration
<p>The actions that are foreseen to be supported under this specific objective will strengthen the capacities of the public authorities and stakeholders to improve delivery related to environmental legislation.</p> <p><i>Overall, the projects <b>cannot be limited to studies or exchange of experience</b> which only aim to produce or to exchange information and knowledge without concrete applications. The projects <b>must have visible results or a measurable effect</b> on the socioeconomic sector, on public policies, in certain activities, institutions and management or cooperating methods. The <b>achievements and effects of the projects must be sustainable</b> in order not to be limited to the period of provision of the European funding. The main aim is to <b>promote synergies</b> and to <b>avoid the multiplication of isolated initiatives</b>.</i></p> <p><b>Type of actions and expected contribution to the Specific Objective 2.3:</b> <i>The following list of actions is only an indicative list and can be completed with other relevant actions contributing to the specific objective's goals</i></p> <p>▶▶ Setting up education, training and vocational education schemes for raising environmental awareness and enhancing the capacities of relevant stakeholders in the</p>	

<sup>9</sup> Target values may be qualitative or quantitative.

field of environmental protection, monitoring and management, including climate change prevention and adaptation.

- ▶▶ Establishing long-term transnational networks of education, training and technical/scientific skills' development of public administrators dealing with EU environmental targets' monitoring and peer review management in order to increase compliance with EU environmental legislation and overall requirements;
- ▶▶ Promoting joint training projects that involve public authorities/protected area authorities and NGOs in order to exchange mutual learning anchored to environmental legislation enforcement;
- ▶▶ Exploring and promoting new innovative education tools and methodology for public administrations and civil society representatives to improve training schemes' quality and better fit skills related to environmental legislation and management.

**Beneficiaries** (*non-exhaustive list*)

- ❖ Local, regional and national authorities
- ❖ Environmental and development agencies
- ❖ Protected areas management organisations and bodies
- ❖ Non-governmental and Civil Society organisations
- ❖ Stakeholders dealing with environmental legislation

**Targeted territory**

The whole Balkan – Mediterranean territory.

**2. A. 6. 2. Guiding principles for the selection of operations**

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

<b>Investment Priority</b>	<b>Investment priority 11</b> Enhancing institutional capacity of public authorities and stakeholders and efficient public administration through actions to strengthen the institutional capacity and the efficiency of public administrations and public services related to the implementation of the ERDF, and in support of actions under the ESF to strengthen the institutional capacity and the efficiency of public administration
----------------------------	--

The selection of project proposals will be carried out according to the requirements of Article 12 of the Regulation (EU) No 1299/2013 on the European Territorial Cooperation goal, following a standardized assessment procedure.

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

**Strategic coherence:** coherence and contribution of each project application to the relevant Programme's specific objective, while addressing in a coherent way the achievement of the Programme's specific results envisaged. Furthermore, the transnational added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context. The Programme will support projects with a clear focus on the implementation of joint transnational actions, which demonstrate the value added of the transnational approach.

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



on the development of concrete, relevant and visible outputs and results will be a must.

**Compliance to horizontal principles:** coherence and contribution of each project application to the Programme’s horizontal principles and the demonstration of their integration and advancement within the project proposal intervention logic. Where appropriate, climate change mitigation and adaptation aspects will be taken into consideration.

The detailed assessment criteria will be adopted by the Monitoring Committee and will be made available to potential applicants in the calls for proposals’ documentation, which will be prepared and disseminated by the Managing Authority and the Joint Secretariat. Applications for funding shall be then submitted by Lead Applicants following calls for proposals that will be organised and launched upon subsequent decision of the Monitoring Committee.

The “Programme Manual”, an information guide on the programme objectives together with a full application package displaying, among other, the selection criteria, shall be set up by the Managing Authority/ Joint Secretariat and approved by the Monitoring Committee before the first call for proposals.

**2. A. 6. 3. Planned use of financial instruments** (where appropriate)

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

<b>Investment Priority</b>	<b>Investment priority 11</b> Enhancing institutional capacity of public authorities and stakeholders and efficient public administration through actions to strengthen the institutional capacity and the efficiency of public administrations and public services related to the implementation of the ERDF, and in support of actions under the ESF to strengthen the institutional capacity and the efficiency of public administration
<b>Planned use of financial instruments</b>	
<i>Not applicable</i>	

**2. A. 6. 4. Planned use of major projects** (where appropriate)

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

<b>Investment Priority</b>	<b>Investment priority 11</b> Enhancing institutional capacity of public authorities and stakeholders and efficient public administration through actions to strengthen the institutional capacity and the efficiency of public administrations and public services related to the implementation of the ERDF, and in support of actions under the ESF to strengthen the institutional capacity and the efficiency of public administration
<i>Not applicable</i>	

**2. A. 6. 5. Output indicators** (by investment priority)

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

The aim of the Specific Objective (SO) is to improve environmental monitoring and related governance by strengthening the skills of the stakeholders' involved in.

Consequently, one common output indicator and two programme specific output indicators are set to measure the training activity developed at this aim. Taking into consideration the training need in the programming area together with the available funding, an estimated number of twelve (12) projects could be co-financed to train about 240 people (20 participants per training). Bearing also in mind that there is **no predecessor programme**, the target values for 2023 are estimated accordingly.

**Table 4: Common and programme specific output indicators**

ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
O0606	Trained stakeholders	Persons	200	Project progress reports	annually
O0607	Training programmes' implemented	Number	12	Project progress reports	annually
O0608	Number of participants in transnational mobility initiatives (Ref. ERDF – CO43)	Persons	40	Project progress reports	annually

## 2. A. 7. Performance framework

(Reference: point (b)(v) of Article 8(2) of Regulation (EU) No 1299/2013 and Annex II of Regulation (EU) No 1303/2013)

**Table 5: Performance framework of the priority axis**

ID	Priority axis	Indicator type	Indicator or key implementation step	Measurement unit	Milestone 2018	Final target (2023)	Source of data	Explanation of relevance of indicator where appropriate
PF 06 1	2	Financial indicator	Eligible certified expenditure verified by the certifying authority	Euro	5.608.841	22.435.364	Certifying Authority	Target 2018: 25% of the total eligible expenditure  Target 2023: 100% of the total eligible expenditure
O0603		Output indicator	Number of strategies/policies /plans/models and tools jointly	Number	4	8	Monitoring of the operations	The chosen indicator is representative of PA 2

			developed and tested					intervention logic, allowing for both, milestone and final target to reach more than 50% of the respective financial indicator.
--	--	--	----------------------	--	--	--	--	---

The performance framework of Priority Axis 2 of the “Balkan-Mediterranean 2014-2020” transnational cooperation programme is established according to Art. 8(2) point (b)(v) of Regulation (EU) 1299/2013 and Annex II of Regulation (EU) 1303/2013.

The method used follows the respective guidelines and it is displayed based on the standard format table provided in Annex II of Regulation (EU) 1303/2013. Accordingly, intermediate targets (milestones) are set for year 2018, while the final target is set for year 2023.

The output indicator chosen aim to reflect physical progress’ performances while the financial indicator reflects progressive funds’ use in a newly established transnational cooperation territory (there is no Balkan-Mediterranean predecessor programme).

Having regarded the objective targeted by Priority Axis 2, the output indicator relevant is the “number of strategies/policies/plans/models and tools jointly developed and tested”. As already stated above, it is a suitable indicator tightly linked with the inherent character of the transnational cooperation strand of the ETC goal that aims to “strengthen cooperation by means of actions conducive to integrated territorial development linked to the Union’s cohesion policy priorities”<sup>10</sup>.

Transnational cooperation on the environment was also highly prioritized during the public consultation process. The final target value (8) is already calculated and established at specific objective level. The intermediate value (4) reflects the green priorities firmly expressed during the consultation process. It is accordingly set at half of the final output target. Additional sources’ data for the establishment of the indicator value come from the evaluation reports of previous (2007 – 2013) transnational cooperation programmes (as the South East Europe programme) allowing for unit costs’ appraisal.

The aforementioned output indicator is coherent and directly linked with the specific target sought by the Priority Axis 2, capturing the essential information and respective progress’ implementation. Furthermore, the indicator measurement does not imply administrative burden as it is recorded at ‘specific objective’ level.

For the financial indicator, the final target value represents the total eligible expenditure of the Priority Axis. The 2018 milestone is set at the 25% of the aforementioned final target, due to both, late programme approval and subsequent implementing provisions requiring the establishment of the programme implementation bodies (as there is no predecessor programme). Within this framework the financial monitoring linked to the eligible expenditure certification requires timespan that goes beyond 2018 reporting records.

## 2. A. 8 Categories of intervention per priority axis

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

<sup>10</sup> Point (2) of Regulation (EU) No 1299/2013.

The categories of intervention are based on a nomenclature adopted by the Commission, which will include 7 dimensions relevant for the ERDF. The nomenclature is set out in the Annex to Commission Implementing Regulation (EU) No 184/2014.

In accordance with Article 8(12) of Regulation (EU) No 1299/2013, this information is not subject to the Commission decision approving the cooperation programme, but remains under the responsibility of the participating countries.

<b>Table 6: Dimension 1 Intervention field</b>		
<b>Priority Axis</b>	<b>Code</b>	<b>€ amount</b>
	86: Protection, restoration and sustainable use of Natura 2000 sites	5.160.551,56
	87: Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures	2.800.000,00
	90: Cycle tracks and footpaths	1.070.470,00
	91: Development and promotion of the tourism potential of natural areas	2.365.300,00
	94: Protection, development and promotion of public cultural heritage assets	5.630.737,44
	119: Investment in institutional capacity and the efficiency of public administrations and public services at national, regional and local level with a view to reforms, better regulation and good governance	2.043.000,00

<b>Table 7: Dimension 2 Form of finance</b>		
<b>Priority Axis</b>	<b>Code</b>	<b>€ amount</b>
2	01: Non-repayable grant	19.070.059,00

<b>Table 8: Dimension 3 Territory type</b>		
<b>Priority Axis</b>	<b>Code</b>	<b>€ amount</b>
2	07: Not applicable	19.070.059,00

<b>Table 9: Dimension 4 Territorial delivery mechanisms</b>		
<b>Priority Axis</b>	<b>Code</b>	<b>€ amount</b>
2	07: Not applicable	19.070.059,00

## 2. A. 9 Summary of planned use of Technical Assistance to support participation per priority axis

*Including where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)*

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

Not applicable
----------------

## 2. B. Description of the priority axes for technical assistance

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

### 2. B. 1 Priority Axis

<b>ID of the priority axis</b>	<b>3</b>
<b>Title of the priority axis</b>	<b>Technical Assistance</b>

### 2. B. 2 Fund and calculation basis for Union Support

<b>Fund</b>	<b>ERDF</b>
<i>Calculation basis (total eligible expenditure or eligible public expenditure)</i>	Total eligible expenditure 1.983.108,00 Euros
<b>Fund</b>	<b>IPA</b>
<i>Calculation basis (total eligible expenditure or eligible public expenditure)</i>	Total eligible expenditure 358.830,00 Euros

### 2. B. 3 Specific objectives and expected results

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

Not applicable as the Union support to the technical assistance axis of the programme does not exceed EUR 15 million.

### 2. B. 4 Result indicators

**Table 10: Programme-specific result indicators** (by specific objective)

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

Not applicable as the Union support to the technical assistance axis of the programme does not exceed EUR 15 million.

### Specific Objective for technical assistance

<b>ID</b>	<b>Specific Objective (SO) 3.1</b>
<b>Specific Objective</b>	<b>SO 3.1: Efficient programme delivery</b>
<b>The result that Member States seek to achieve with Union support</b>	The TNCP “Balkan-Mediterranean 2014-2020” is a new transnational cooperation programme under the European territorial cooperation goal for the period 2014 to 2020. While there is no predecessor programme, enough experience is available to build on knowledge acquired through previous territorial cooperation programmes. Consequently, the TNCP “Balkan-Mediterranean 2014-2020” is defined by the participating countries as a structured tool to strengthen cooperation, promote integrated territorial development and contribute to the Union’s cohesion policy priorities according to the

	<p>new programming period requirements. It is an ambitious and demanding regulatory framework set by both, the Common Provision Regulation [CPR Regulation (EU) No 1303/2013] and the ETC Regulation [Regulation (EU) No 1299/2013], the later set up for the first time ever to properly address <i>“the specific need of the European territorial cooperation goal.”</i><sup>11</sup></p> <p>Within this framework the five (5) participating countries of the TNCP “Balkan-Mediterranean 2014-2020” established a transnational cooperation programme focused on two main thematic priorities (entrepreneurship and environment) each one addressed by a clear set of realistic and measurable targets.</p> <p>To deliver on the targets and the objectives set the appropriate implementation mechanism shall be timely established and proceed with all implementation steps and requirements, both at programme and projects level, to ensure sound management and lean programme implementation. Bearing also in mind that beyond ERDF, the programme involves IPA contribution, the aforementioned implementation mechanism shall also achieve maximum possible coordination between these funds.</p> <p>In this respect, a key factor to ensure EU spending added value and visibility of the TNCP “Balkan-Mediterranean 2014-2020” results is the governance structure and overall implementation system of the programme. Considering high management and control standards, together with limited financial resources, the participating countries favour a set of flexible and result-oriented implementation arrangements, ensuring:</p> <ul style="list-style-type: none"> <li>▶▶ Sound management and consistent monitoring throughout the whole programme life-cycle, from drafting and approval to implementation, evaluation and closure;</li> <li>▶▶ Timely and efficient delivery on the targets set, both at programme and projects generation level;</li> <li>▶▶ Funds’ coordination and subsequent EU spending added value;</li> <li>▶▶ Visibility of the programme’s results.</li> </ul>
--	---

## 2. B. 5. Actions to be supported and their expected contribution to the specific objective

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

### 2. B. 5. 1. Description of actions to be supported and their expected contribution to the specific objectives

<b>Specific Objective</b>	<b>SO 3.1: Efficient programme delivery</b>
<p>The actions that are foreseen to be supported under the sole specific objective of the Technical Assistance will strengthen the programme’s implementation mechanism for timely and efficient programme delivery.</p>	

<sup>11</sup> Point (2) of the ETC Regulation.

**Type of actions and expected contribution to the Specific Objective 3.1:**

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

**►► At programme level:**

- Prompt establishment of all relevant management bodies and in particular the Monitoring Committee, the Joint Secretariat, the control and audit bodies;
- Installation of a computerised system in compliance with respective regulatory requirements for management, monitoring, audit and control functions allowing for single data entry, on-line material and paperless management;
- Overall programme management and steering related to the whole programme life-cycle, from strategic steer to corrective adjustments, if any; within this framework, capacity building activities will be considered to reinforce, where appropriate, the administrative capacity of the bodies concerned with EU funds' implementation and management, in particular;
- Establish and perform an on-the-spot control checks programme;
- Foresee for a communication plan covering all programme's implementation phases;
- Foresee for the programme's evaluation plan;

**►► At project level:**

- Programme promotion in all participating countries;
- Projects' generation and selection, advice and support services to potential applicants and beneficiaries, including complaints resolution;
- Foresee for an early start of quality projects and reduced administrative burden for all beneficiaries with focus on simplification proceedings, from contracting to reporting, results' disseminating and closing;
- Capacity building and training, where appropriate, for specific projects' management issues such as financial and control management, communication and publicity measures, etc.
- Monitor, assist and promote projects' synergies for mainstreaming the projects' results.

**2. B. 5. 2 Output indicators expected to contribute to results**

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

**Table 11: Output indicators**

ID	Indicator	Measurement unit	Target value (2023) <sup>12</sup> (optional)	Source of data
O0609	Joint Secretariat staff	Number	5	Monitoring Committee
O0610	Computerised system	Number	1	Managing Authority

<sup>12</sup> Target values for output indicators under technical assistance are optional.



O0611	Monitoring Committee meetings	Number	9	Managing Authority
O0612	Lead partner seminars (including financial project management seminars)	Number	8	Managing Authority

## 2. B. 6 Categories of intervention

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

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

*As set out in Article 8(12) of Regulation (EU) No 1303/2013, this section (categories of intervention) information is not subject to the Commission decision approving the cooperation programme and remains under the responsibility of the Member State.*

Table 12: Dimension 1 Intervention field		
Priority Axis	Code	€ amount
3	121: Preparation, implementation, monitoring and inspection	1.962.938,00
3	122: Evaluation and studies	259.000
3	123: Information and communication	120.000

Table 13: Dimension 2 Form of finance		
Priority Axis	Code	€ amount
3	01: Non-repayable grant	2.341.938,00

Table 14: Dimension 3 Territory type		
Priority Axis	Code	€ amount
3	07: Not applicable	2.341.938,00

## SECTION 3. Financing Plan

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

### 3.1 Financial appropriation from the ERDF (in EUR)

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

**Table 15 Annual breakdown of financial appropriation**

Fund	2014	2015	2016	2017	2018	2019	2020	Total 2015 – 2020
ERDF	0	3.456.970	2.930.065	5.323.910	5.430.389	5.538.997	5.649.777	<b>28.330.108</b>
IPA	0	625.515	530.175	963.325	982.591	1.002.243	1.022.289	<b>5.126.138</b>
<b>Total</b>	<b>0</b>	<b>4.082.485</b>	<b>3.460.240</b>	<b>6.287.235</b>	<b>6.412.980</b>	<b>6.541.240</b>	<b>6.672.066</b>	<b>33.456.246</b>

### 3.2. A. Total financial appropriation from the ERDF and national co-financing (in EUR)

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

**Table 16: Financing plan**

Priority axis	Fund	Basis for calculation of Union support (Total eligible cost or public eligible cost)	Union support (a)	National counterpart (b)=(c)+(d)	Indicative breakdown of the national counterpart		Total funding (e)=(a)+(b)	Co-financing rate (f)=(a)/(e)	For information	
					National public funding (c)	National private funding (d)			Contribution from third countries	EIB contribution
1	ERDF 36%		10.198.839	1.799.796	1.619.816	179.980	11.998.635	85,00%		
	IPA 36%		1.845.410	325.661	293.095	32.566	2.171.071	85,00%		
2	ERDF 57%		16.148.162	2.849.676	2.564.708	284.968	18.997.838	85,00%		
	IPA 57%		2.921.897	515.629	464.066	51.563	3.437.526	85,00%		
3	ERDF 7%		1.983.108	661.036	661.036		2.644.144	75,00%		
	IPA 7%		358.830	119.610	119.610		478.440	75,00%		
<b>Total</b>			<b>33.456.246</b>	<b>6.271.408</b>	<b>5.722.331</b>	<b>549.077</b>	<b>39.727.654</b>			

### 3.2. B. Financial plan by priority axis and thematic objective

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

**Table 17**

Priority axis	Thematic objective	Union support	National counterpart	Total funding
1	3a (40%)	4.817.700,00	850.183,00	5.667.883,00
	3d (35%)	4.215.487,00	743.910,00	4.959.397,00
	10 (25%)	3.011.062,00	531.364,00	3.542.426,00
2	6c (40%)	7.628.024,00	1.346.122,00	8.974.146,00
	6f (35%)	6.674.521,00	1.177.857,00	7.852.378,00
	11 (25%)	4.767.514,00	841.326,00	5.608.840,00
3	(100%)	2.341.938,00	780.646,00	3.122.584,00
<b>Total</b>		<b>33.456.246,00</b>	<b>6.271.408,00</b>	<b>39.727.654,00</b>

**Table 18: Indicative amount of support to be used for climate change objectives**

(Reference: Article 27(6) CPR – This table is generated automatically by SFC 2014 based on the revised categorisation tables included under each of the priority axes)

Priority Axis	Indicative amount of support to be used for climate change objectives	Proportion of the total allocation to the programme (%)
1	2.890.000,00	8,64%
2	5.934.690,62	17,74%
3	0,00	0,00%
<b>Total</b>	<b>8.824.690,62</b>	<b>26,38</b>

## SECTION 4. Integrated Approach to Territorial Development

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

The “Balkan – Mediterranean 2014 – 2020” transnational cooperation programme (TNCP) will cover the whole geographical area of the five (5) participating countries with no specific focus in a particular type of territorial status, such as urban, rural or semi-rural areas. All type of areas can be tackled within implementation of the programme selected operations.

Following both, the territorial analysis and the public consultation process the programme will address essential territorial challenges emerging as the foremost and shared concerns across the whole cooperation programme territory. Bearing also in mind the limited financial resources, the programme strongly focuses on two outlined priorities, entrepreneurship & innovation and environment, while a training facility is considered as a horizontal support in order to secure maximum territorial impact of the overall investment.

Taking into consideration the weaknesses of the territorial labour market suffering fragmentation and limited capacity to adapt to the new corporate challenges it is of outmost importance to accompany transnational cooperation partnerships with an appropriate training scheme, provided by the additional investment priorities of Thematic Objectives 10 and 11. A strong leverage effect can then be established between the entrepreneurship and subsequent skills’ enforcement, on the one hand, and the environment protection and institutional capacities’ enhancement, on the other hand.

By implementing this twofold approach targeting both, the thematic content and its capacity building basis, the transnational cooperation partnerships will trigger strong spill-over effects across the whole transnational territorial society, as inactive or unemployed persons will also be given the opportunity to join the transnational cooperation experience. Aforementioned expectations are clearly set up and concretely measured within the “specific objectives” description (see section 2).

### 4.1. Community led local development

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

Not applicable

### 4.2. Sustainable urban development

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

According to the list of European Groupings of Territorial Cooperation – EGTC, whose establishment has been notified to the Committee of the Regions (CoR) of the European Union in accordance with to Art.5 of the Regulation (EC) 1082/2006 of the European Parliament and the Council (last updated 19/12/2014<sup>13</sup>) on the Balkan – Mediterranean area only one EGTC has been established and currently operating, the “EGTC EFXINI POLI – Network of European Cities for Sustainable Development” with the distinguished title “EGTC Efxini Poli – SolidarCity Network” ([www.efxini.gr](http://www.efxini.gr)). The “EGTC Efxini Poli” is the conversion (August 2012) of the previous “Efxini Poli” network composed by a certain number of Greek local authorities. The “EGTC Efxini Poli” has currently 30 members: 26 from Greece, 2 from Bulgaria and 2 from Cyprus. Through participation in numerous projects and networking activities, it works towards greener, more dynamic and inclusive cities.

Since the EGTC has been established under the law of one participating in the TNCP country and that it is set up by public authorities and bodies from three participating countries (Greece, Cyprus and Bulgaria), according to Article 12(3) of the Regulation (EU) No 1299/2013

---

<sup>13</sup> <https://portal.cor.europa.eu/egtc/Register/Pages/welcome.aspx>

may be the sole beneficiary of an operation, provided that it will also comply with the selection criteria to be set up by the MC of the Balkan-Mediterranean 2014-2020 programme.

#### 4.3. Integrated Territorial Investment (ITI)

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

Not applicable

#### 4.4. Contribution of planned interventions towards macro-regional and sea basin strategies, subject to the needs of the programme area as identified by the relevant Member States and taking into account, where applicable, strategically important projects identified in those strategies (where appropriate)

(Where Member States and regions participate in macro-regional and sea basin strategies)

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

As macro-regional strategies represent a new opportunity for comprehensive development of a larger territory, addressing common challenges and potential, they give a clear EU added value.

**Macro-regional strategies** are also perceived as a **qualitative leap** fostering synergies for better territorial governance.

There are two (2) macro-regional strategies falling partially under the same geographical area with the “Balkan – Mediterranean 2014 – 2020” transnational cooperation programme (TNCP):

- ✓ The EU Strategy for the Danube Region (EUSDR) and
- ✓ The EU Strategy for the Adriatic and Ionian Region (EUSAIR).

Consequently, they have to be taken into consideration as they cover several policies, which are targeted at a “macro-region” level.

#### Analysis of the EU Strategy for the Danube Region (EUSDR)

Out of the five (5) participating countries of the “Balkan-Mediterranean 2014-2020” transnational cooperation programme (TNCP) only one, Bulgaria participates in the EU Strategy for the Danube Region (EUSDR). Yet, the priorities of programme took into consideration contribution to implementing the EUSDR, within the areas delineated by the EUSDR Action Plan to make the region environmentally sustainable, prosperous, accessible and attractive, as well as safe and secure. The Danube Region Strategy addresses a wide range of issues, distributed among four (4) pillars and eleven (11) priority areas.

Danube River is a key territorial feature as it represents the Northern country border of Bulgaria thus in the EU official documents for Bulgarian national authorities: “*Position of the Commission Services on the development of Partnership Agreement and programmes for the period 2014-2020*”, the Commission has underlined that the EUSDR objectives must be incorporated when defining priority areas for cooperation. The EUSDR focuses on the development of stronger synergic connections between the authorities on all levels aiming the optimization of the impact of both, activities and financing.

The “Balkan – Mediterranean 2014 – 2020” transnational cooperation programme (TNCP) has taken into account the European Commission comments and the chosen thematic objectives are in line with the recommendations of the European Commission Position papers.

The programme could support the implementation of the EUSDR by contributing to two (2) of its pillars and to seven (7) of its eleven (11) Priority Areas. In particular:

Priority Axis 1 of the TNCP “Balkan – Mediterranean 2014 – 2020 contributes to the EUSDR pillar “Building prosperity” and is connected with the:

- ▶▶ EUSDR Priority Area 07 "To develop the Knowledge Society (research, education and ICT)";
- ▶▶ EUSDR Priority Area Priority Area 08 "To support the competitiveness of enterprises";
- ▶▶ EUSDR Priority Area 09 "Investing in People and Skills".

It also contributes to EUSDR pillar "Strengthening the region" and is connected with the:

- ▶▶ EUSDR Priority Area Priority Area 10 "Stepping up institutional capacity and cooperation".

Priority Axis 2 of the TNCP "Balkan – Mediterranean 2014 – 2020" contributes to the EUSDR pillar "Protecting the environment" and is connected with the:

- ▶▶ EUSDR Priority Area 04 "To restore and maintain the quality of waters";
- ▶▶ EUSDR Priority Area 05 "To manage environmental risks"
- ▶▶ EUSDR Priority Area 06 "To preserve biodiversity, landscapes and the quality of air and soil".

The transnational cooperation dimension is extremely relevant, for the integrated and interdependent environmental systems both for the region as a whole, but also with reference to the Danube Basin as formulated in the EUSDR. Due to the financial capacity of the programme, the coordination of projects implemented in the cooperation area with those implemented in the Danube Region is particularly relevant.

The programme also envisages actions designed to achieve 2020 EU target for biodiversity, through Natura 2000 sites' management, as well as other designated or protected areas' management and raise awareness about soil protection, educate children and young people and build capacities of the local authorities in the environment-related monitoring standards.

In the process of programme implementation, effective cooperation of the respective implementing bodies will be sought to ensure synergies and complementarities.

### **Analysis of the EU Strategy for Adriatic – Ionian Region (EUSAIR)**

EUSAIR is relevant to the "Balkan – Mediterranean 2014 – 2020" transnational cooperation programme (TNCP) as complementarities emerge mainly on environment conservation and management. In this respect it shall be taken into consideration that only two (2) countries, Albania and Greece, are covered by the EUSAR.

The EUSAIR Strategy aims at promoting sustainable economic and social prosperity of the Adriatic and Ionian region through growth and jobs creation, by improving its attractiveness, competitiveness and connectivity while at the same time preserving the environment and ensuring healthy and balanced marine and coastal ecosystems.

The strategy is focused on four (4) Pillars: "Driving innovative maritime and marine growth", "Connecting the Region", "Preserving, protecting and improving the quality of the environment" and "Increasing regional attractiveness". "Research, innovation and SMEs development", as well as "Capacity Building" are two cross-cutting aspects across those pillars.

The shared element of the Adriatic-Ionian participating regions is the common sea basin. Consequently, actions will be developed with needs and potentials of sea-related activities proving more emphasis on blue growth. Furthermore integrated marine and coastal management within the Balkan Mediterranean area can boost "blue growth" opportunities anchoring a strong maritime pillar to the programme strategy. At the same time integrated approach for sustainable growth can mitigate the land – sea environmental pressures suffered throughout the coastlines.

Regarding "research, innovation and SMEs development", actions under the first topic "blue technology" and the second topic "fisheries and aquaculture" both have focus on research and

innovation. At programme level, while the “Balkan-Mediterranean 2014-2020” transnational cooperation programme establish links between competitiveness and training, the programme of Adriatic – Ionian makes a thorough exploration of the priority providing potentials for complementarity and synergies. Both programmes would provide as well value added to the selected TO 6 tackling environment and resources efficiency.

Through TO3, targeting the competitiveness of the SMEs, the Adriatic-Ionian aims at sustainable economic growth and business opportunities out of the blue economy sector (aquaculture, fisheries, blue biotechnologies, marine and maritime services, etc.). While the “Balkan-Mediterranean 2014-2020” transnational cooperation programme focus is free of any particular sector. Instead, competitiveness is tackled also by supporting SMEs capacities under training schemes.

Regarding sustainable growth, EUSAIR gives clear emphasis to the Maritime Spatial Planning, while inclusive growth is also promoted through blue growth and jobs opportunities of marine and maritime sectors. The environment priority (PA 2) of the Balkan-Mediterranean connect with the environmental pillar 2 of EUSAIR on preserving biodiversity, ecosystems, and services by implementing the European ecological network Natura 2000 and enhancing governance support and coordination efforts for environmental protection. The scope of EUSAIR is much broader, both in geography and thematic targeted. Consequently, synergies with the Balkan-Mediterranean programme can be easily established in relation to cultural and natural heritage conservation and promotion.

The Adriatic – Ionian Operational Programme targets five (5) TOs, and seven (7) IPs out of which TO 3 and TO 6 match with the “Balkan-Mediterranean 2014-2020” transnational cooperation programme. To optimise and maximise territorial impact, both ETC programmes shall consider complementarities and synergies, both at programme and project levels.

### **Analysis of the Black Sea area**

Two of the Balkan – Mediterranean 2014-2020 participating countries, Bulgaria and Greece, are part of the Black Sea area.

On 20 January 2011 the European Parliament (EP) adopted a resolution calling for an 'EU Strategy for the Black Sea' to enhance the coherence and visibility of EU action in the region. The resolution provided the European Commission and the Union's High Representative for Foreign Affairs and Security Policy with guidance on drafting the strategy. Security, energy and socio-economic development were emphasised, and a separate EU budget line for implementation (which should benefit from 'efficient disbursement methods') was requested. In fact, the idea of a future EU Black Sea strategy had already been included in the European Parliament's resolution of 17 January 2008 on a “Black Sea Regional Policy Approach” which welcomed the Commission's decision to initiate an EU Black Sea policy framework, laid out in the Commission's communication of 11 April 2007 on Black Sea Synergy.

The EU has also established a new cross-border cooperation programme for local authorities in the Black Sea area that also supports civil society organizations.

European Parliament resolution of 20 January 2011 on an EU Strategy for the Black Sea (2010/2087(INI)) defines three (3) main priorities:

- ✓ Security and good governance covers 13 topics, all of which are out of the scope of the Balkan-Mediterranean programme.
- ✓ Energy, transport and the environment consists of 17 conclusions and recommendations for actions most of which are linked to the energy sector and energy efficiency considering the Black Sea region to be of strategic importance for EU energy security and the diversification of the EU's energy supply. The strategy considers cooperation in the areas of energy, transport and the environment to be

crucial to the harmonious and sustainable development of the region. Relevant to the Balkan-Mediterranean programme (PA2) is the EU understanding about the importance of the Black Sea as a natural resource and the identified need for a balance to be struck between economic development and environmental protection. EU also stresses the need for full implementation of the “Convention on the protection of the Black Sea against pollution”.

- ✓ Economic, social and human development priority presents 12 statements which focus on the understanding that the economic, social and human development of the region as a whole should be promoted. Coherent to the PA 1 of the Balkan-Mediterranean programme are those aimed at encouraging cooperation on education, research and technology, promoting social development, exchange of best practices between regions, improvement of the administrative capacity of all local and regional stakeholders. In order to ensure regional complementarity coordination shall be considered at both programme and projects level.



## SECTION 5. Implementing Provisions

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

### 5.1 Relevant authorities and bodies

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

**Table 21: Programme authorities**

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

Authority/body	Name of the authority/body and department or unit	Head of the authority/body (position or post)
<b>Managing Authority</b>	Hellenic Republic Ministry of Economy, Infrastructure, Shipping & Tourism Managing Authority of European Territorial Cooperation Programmes Leoforos Georgikis Scholis 65 GR – 57001, Thessaloniki Greece	George EMMANOUEL (Mr), Head of the Managing Authority
<b>Certifying Authority</b> , where applicable	Hellenic Republic Ministry of Economy, Infrastructure, Shipping & Tourism Special Service «Certifying and Verifications Authority of Co-funded Programmes» - Units, A, B and C Navarhou Nikodimou 11 & Voulis GR-10557, Athens, Greece	Head of Special Service
<b>Audit Authority</b>	Hellenic Republic Ministry of Finance General Accounting Office /Financial Audit Committee Panepistimiou 57 GR-10564, Athens, Greece	Stylios MARAVELAKIS (Mr), President of the Financial Audit Committee

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

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

<input type="checkbox"/> the Managing Authority
<input checked="" type="checkbox"/> the Certifying Authority

### Body or bodies designated to carry out control tasks

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

If the Managing Authority will not carry out directly or indirectly verifications under Article 125(4)(a) of Regulation (EU) No 1303/2013 throughout the whole programme area, aforementioned verifications shall be carried out by the body or person (first level controllers) designated by each participating country in relation to beneficiaries on its territory according to Article 23(4) of Regulation (EU) No 1299/2013.

Accordingly, each IPA country shall designate the body or person responsible for carrying out the verifications defined above.

The Managing Authority shall satisfy itself that the declared eligible expenditure of each beneficiary participating in an operation has been verified by an appointed first level controller.

The responsible body will be included in the agreement to be signed by each country after the adoption of the Programme.

### Body or bodies designated to carry out audit tasks

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

Applying Article 25 of Regulation (EU) No 1299/2013 audit functions provided for in Article 127 of Regulation (EU) No 1303/2013 shall be assisted by a Group of Auditors following subsequent decision of the participating countries.

As explicitly specified under Article 25(3) of Regulation (EU) No 1299/2013 the designated body or bodies to carry out audit tasks shall be functionally independent of the designated controllers to carry out verification and control tasks under Article 23 of Regulation (EU) No 1299/2013 and shall be set up within three months of the decision approving the cooperation programme [Article 24(3) of Regulation (EU) No 1299/2013].

### Table 22: Body or bodies carrying out control and audit tasks

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

Authority	Name of the authority	Head of the authority	Address	Email
Body or bodies designated to be responsible for carrying out audit tasks	Agency for the Audit of European Union programmes Implementation System (AAPA)	Manol SIMO (Mr), Head of the Agency	Rruga Elbasanit, Godina e ish- trikotazhit kati 4., Tirana, Albania	<a href="mailto:info@aapa.al">info@aapa.al</a> ; <a href="mailto:manol.simo@gmail.com">manol.simo@gmail.com</a>
Body or bodies designated to be responsible for carrying out audit tasks	Audit Authority for Audit of IPA	Leposava APOSTOLOVSKI- VELINOV (Ms), General IPA Auditor	St. Vasil Glavinov No. 12/1 TCC Plaza, Skopje, The former Yugoslav Republic of Macedonia	<a href="mailto:ipa_aa@aaipa.gov.mk">ipa_aa@aaipa.gov.mk</a>

Body or bodies designated to be responsible for carrying out audit tasks	General Accounting Office/ Financial Audit Committee of the Hellenic Ministry of Finance	Stylianos MARAVELAKIS (Mr), President of the Financial Audit Committee	57, Panepistimiou str., GR-10564, Athens, Greece	<a href="mailto:grammateia_edel@edel.gr">grammateia_edel@edel.gr</a>
Body or bodies designated to be responsible for carrying out audit tasks	Internal Audit Service of the Republic of Cyprus	Andreas M. LAMBRIANOU (Mr), Commissioner of the Internal Audit Service	Leof. Lemessou 13, 2112 Aglantzia, Nicosia, Cyprus	<a href="mailto:commissioner@internalaudit.gov.cy">commissioner@internalaudit.gov.cy</a>
Body or bodies designated to be responsible for carrying out audit tasks	"Audit of EU Funds" Executive Agency	Liudmila RANGELOVA (Ms), Executive Director	Slavyanska 4, Sofia 1040, Bulgaria	<a href="mailto:aeuf@minfin.bg">aeuf@minfin.bg</a>
Body or bodies designated to carry out control tasks	Decentralised FLC system established and coordinated by the National Authority	Responsible of National Authority, or authorised by him/ her person	Ciryl and Methodius no. 54, 1000, Skopje, The former Yugoslav Republic of Macedonia	<a href="mailto:ajet.ajeti@mls.gov.mk">ajet.ajeti@mls.gov.mk</a> ; <a href="mailto:ajet.ajeti@gmail.com">ajet.ajeti@gmail.com</a> ;
Body or bodies designated to carry out control tasks	Decentralized FLC system established and coordinated by the Directorate General for European Programmes, Coordination and Development	George GEORGHIU (Mr), Permanent Secretary of the Directorate General for European Programmes, Coordination and Development	Vyronos Avenue 29, 1096, Nicosia, Cyprus	<a href="mailto:dgepcd@dgepcd.gov.cy">dgepcd@dgepcd.gov.cy</a>
Body or bodies designated to carry out control tasks	Decentralized FLC system established and coordinated by the Ministry of European Integration	Klajda GJOSHA (Ms), Minister of European Integration	Bulevardi "Dëshmorët e Kombit", Sheshi Nënë Tereza 1010, Tirana, Albania	<a href="mailto:info@integrimi.gov.al">info@integrimi.gov.al</a> ; <a href="mailto:klajda.gjosha@integrimi.gov.al">klajda.gjosha@integrimi.gov.al</a>
Body or bodies designated to carry out control tasks	Managing Authority of European Territorial Cooperation Programmes – Unit C of the Hellenic Ministry of Economy, Infrastructure, Shipping and Tourism	Head	Leoforos Georgikis Scholis 65, GR – 57001, Thessaloniki Greece	<a href="mailto:interreg@mou.gr">interreg@mou.gr</a>

Body or bodies designated to carry out control tasks	Decentralized FLC system established and coordinated by the Ministry of Regional Development and Public Works	Lilyana PAVLOVA (Ms), Minister of Regional Development and Public Works; Maria DUZOVA (MS), Director General DG Territorial cooperation management	St. Cyril and Methodius 17–19, Sofia 1202, Bulgaria	<a href="mailto:mduzova@mrrb.government.bg">mduzova@mrrb.government.bg</a>
--	---	--	---	--

## 5.2 Procedure for setting up the Joint Secretariat

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

The implementation provisions related to the Joint Secretariat of the new Transnational Cooperation Programme (TNCP) “Balkan – Mediterranean 2014 – 2020” were decided during the 2<sup>nd</sup> Task Force meeting, in Sofia Bulgaria, 23 June 2014.

Following the aforementioned decision the Joint Secretariat will be established in Thessaloniki, Greece and will be located in already existing premises hosting five (5) Cross-border Cooperation Programmes’ Joint Technical Secretariats of the current Programming Period 2007 – 2013. As office equipment and required computerised and information technology systems are already in place, the “Balkan – Mediterranean 2014 – 2020” Joint Secretariat related implementation arrangements can be initiated upon the European Commission’s decision on the Programme approval.

The Managing Authority will accordingly initiate the selection procedure for the Joint Secretariat staff recruitment through an open competition, taking into consideration agreed Terms of Reference laying down individual job descriptions, which shall be consulted with the Monitoring Committee and/ or the representatives of the participating countries.

The Joint Secretariat shall opt for international staff, preferably from all the countries participating in the “Balkan-Mediterranean 2014-2020” transnational cooperation programme. Contracting procedures with the selected candidates will be implemented according to the related Hellenic law.

The Joint Secretariat will operate as one single functional unit headed by one coordinator and shall assist the Managing Authority and the Monitoring Committee in carrying out their respective functions. It will also provide information to all potential beneficiaries concerning the TNCP “Balkan – Mediterranean 2014 – 2020” funding opportunities and assist beneficiaries in the implementation of selected operations.

The Joint Secretariat is funded by the Technical Assistance budget of the Programme.

## 5.3 Summary description of management and control arrangements

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

Partner States comprising EU Member States namely Bulgaria, Greece, and Cyprus as well as IPAll beneficiaries, namely Albania and the former Yugoslav Republic of Macedonia will establish a shared management system to manage, coordinate and supervise the implementation of the OP.

In line with the principles of shared management referred to in Article 73 of the CPR, Member States and the European Commission should be responsible for the management and control of the TNCP “Balkan – Mediterranean 2014 – 2020”. In accordance with Article 26 of the ETC Regulation, specific financial and implementation provisions concerning the participation of Albania and the former Yugoslav Republic of Macedonia will be regulated in the respective

Financing Agreements concluded between the European Commission and the Governments of the third countries, co-signed by the MA.

All Partner States should ensure that effective arrangements for the verification in relation to all beneficiaries on their territories, for the examination of complaints, and audits are in place. Furthermore, all Partner States will bear ultimate responsibility for recovering amounts unduly paid to beneficiaries and jointly assume liability for irregularities deriving from their common decisions made in the MC.

The Programme institutional structure consists of the following bodies: the Monitoring Committee the Managing Authority, the Certifying Authority, the Audit Authority, the national bodies in the participating countries responsible for carrying out audit tasks and control tasks, the Joint Secretariat (JS), the national coordinators in each cooperating countries, and the first level control systems.

Each participating country designates national representatives in the Monitoring Committee and establishes the First level control system, ensuring the legality and regularity of the expenditures declared by the beneficiaries participating in the operation on its territory.

The programme language is English.

### 5.3.1 Roles and tasks

#### ❖ **Role and tasks of the Managing Authority (MA) and the Joint Secretariat (JS)**

The Managing Authority shall be responsible for managing and implementing the Operational Programme in accordance with the principle of sound financial management and carry out the functions set out in Article 72 and 125 of Regulation 1303/2014 and article 23 of Regulation 1299/2014. Additionally the Managing Authority will comply with functions stipulated in Article 23 of Regulation (EU) No 1299/2013.

According to article 125 of the Common Provisions Regulation, the **Managing Authority** is responsible for managing the cooperation programme in accordance with the principle of sound financial management. This includes the support of the work of the **Monitoring Committee** and the transmission of the information it requires to carry out its tasks, in particular data relating to the progress of the cooperation programme in achieving its objectives, financial data and data relating to indicators and milestones.

The **Joint Secretariat** will carry out overall support functions stipulated in Article 23(2) of Regulation (EU) No 1299/2013 assisting the Managing Authority and the Monitoring Committee in carrying out their respective functions.

The Joint Secretariat facilitates, assesses and ensures that project selection is equitable and transparent as functionally independent body, thus guaranteeing the impartiality of the project application and evaluation process. It collects financial, physical and statistical data that is needed for programme monitoring as well as for the interim and final appraisals. It verifies payment claims in sight of payment to Lead partners.

Additionally, the Joint Secretariat provides information to potential beneficiaries and assist beneficiaries in the implementation of selected operations it will carry out a comprehensive set of functions to be established upon the Joint Secretariat selection team.

More specifically, the Joint Secretariat ensures at transnational level coordination, follow-up and promotion activities and provides technical support for the preparation of meetings and events at the programme and projects level (Monitoring Committees, Transnational Conferences and transnational working groups, lead partners seminar, other specific thematic meetings).

The Joint Secretariat is also in charge of implementing the information system of the programme: schedule, progress, contacts, phone details and website.

The Joint Secretariat will be organised in compliance with applicable requirements concerning its composition, functioning and management of obligations on data protection, confidentiality and conflict of interest. It will set up its own Internal Rules of Procedures, which will be approved by the Managing Authority and/ or the Monitoring Committee. In the document a clear distinction between the obligations of the JS as beneficiaries assisting body and at the same time a body that supports the work of the MA will be made.

❖ **Role and tasks of the Certifying Authority**

According to article 126 of Regulation (EU) No 1303/2013, the **Certifying Authority** is responsible in particular for drawing up and submitting to the Commission payment applications and certifying that these result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verifications by the Managing Authority.

The Certifying Authority is also responsible for drawing up the annual accounts, certifying the completeness, accuracy and veracity of the annual accounts and that the expenditure entered in the accounts complies with applicable Union and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the cooperation programme and complying with Union and national rules, including the EU public procurement rules.

When spending ESI funds by means of public contract/concessions, the national/regional authorities from the Member States involved (Bulgaria, Cyprus, Greece) will have to respect EU public procurement rules and in particular (i) Directives 2004/18/EC and 2004/17/EC, (ii) Directives 2014/23/EU, 2014/24/EU and 2014/25/EU once transposed into national legislation, (iii) Directives 89/665/EEC and 92/13/EEC and (iv) the general public procurement principles derived from the Treaty on the Functioning of the EU (TFEU). With regard to the Albanian and the former Yugoslav Republic of Macedonia authorities, they shall respect the public procurement obligations undertaken under their respective Stabilisation and Association Agreement with the EU.

The body responsible for making payments to lead beneficiaries shall be the Certifying Authority for the programme, according to the provision of article 21, §2 of Regulation 1299/2013 and article 123 of the Regulation 1303/2013. The Certifying Authority shall receive the payments made by the Commission and shall, as a general rule, make payments to the lead beneficiary.

❖ **Role and tasks of the Audit Authority and the Group of Auditors**

According to article 127 of Regulation (EU) No 1303/2013, the **Audit Authority** ensures that audits are carried out on the management and control systems, on an appropriate sample of operations and on the annual accounts. It draws up an audit opinion on the annual accounts for the preceding accounting year and an annual control report setting out the findings of the audits carried out during the preceding accounting year. The aforementioned designation shall comply with Article 123(4) of Regulation (EU) No 1303/2013 taking into consideration functionality independence in particular.

For the Balkan-Mediterranean 2014-2020 transnational cooperation programme, the Audit Authority is assisted by a Group of Auditors composed of a representative from each State participating in the programme.

The representatives of the participating states to the Group of Auditors shall not be involved in any other management or certification activity under the Balkan-

Mediterranean 2014-2020 transnational cooperation programme. In this case and in application of Article 25(2) of Regulation (EU) No 1299/2013 each participating country is responsible of the audits carried out on its territory.

The Group of Auditors shall be set up within three (3) months at the latest of the decision approving the Balkan – Mediterranean 2014 – 2020 transnational cooperation programme. Appointed representatives from the five (5) participating countries shall be entitled to take decisions on behalf of the respective participating country and within the scope of the Group of Auditors' functions.

The Group of Auditors shall be functionally independent of controllers designated to carry out verifications under Article 23 of Regulation (EU) No 1299/2013 (first level controllers). An independence certificate is requested from each of them.

The Group of Auditors will be chaired by the Audit Authority and at its first meeting, shall draw up and approve its own rules of procedure ensuring, among other, suitable coordination between all members of the Group of Auditors.

#### ❖ **Role and tasks of the Monitoring Committee**

In accordance with Article 47(3) of Regulation (EU) No 1303/2013 a Monitoring Committee shall be set up within three months of the decision approving the cooperation programme. It shall be composed by representatives from the five (5) participating countries and in agreement with the Managing Authority.

The Monitoring Committee is the decision taking body of the programme and shall be chaired by a representative of the five (5) participating countries or by the Managing Authority. At its first meeting it shall draw up and adopt its own rules of procedure laying down, among other, annual meetings frequency as well as any appropriate organisational arrangements and rules on decision-making process securing provisions on the Monitoring Committee members' impartiality.

The European Commission shall participate in the Monitoring Committee work and proceedings in an advisory capacity.

In accordance with Articles 49 of Regulation (EU) No 1303/2013 the Monitoring Committee will review the implementation and progress programme towards achieving the objectives set. It will also fulfil the functions stipulated in Article 110 of Regulation (EU) No 1303/2013.

The selection of the operations will be performed by the Monitoring Committee who will also approve the Programme Manual, while also considering the possibility of setting up a Selection Committee. The Monitoring Committee will, otherwise, carry out the functions stipulated in Articles 12 and 18 of Regulation (EU) No 1299/2013.

#### ❖ **National bodies in charge of the programme in the participating countries**

The body or person in each cooperating country nominated as national coordinators, is charged with the coordination and implementation in the specific country of the Programme in relation with the MA and the JS.

Partners shall be able to contact national coordinators in their country to obtain information on the Programme requirements, the process of implementation of the Programme and the process of generation, implementation, control and monitoring of the projects, as well as national co-funding schemes.

#### ❖ **Other bodies**

The Monitoring Committee may decide to set up working/advisory groups to cover specific needs that may arise throughout the programme life cycle. Within this framework, decentralised programme structures could also be considered.

Further details on roles and tasks will be provided in the Management and Control System and in the Programme and Project Implementation Manuals of the Balkan-Mediterranean Programme.

### 5.3.2 Other management and control arrangements

#### Organisation of the assessment and selection of the operations

Applications for funding shall be submitted by Lead Applicants following Calls for Proposals that will be organised and launched upon subsequent decision of the Monitoring Committee. The “Programme Manual”, an information guide on the programme objectives together with a full application package displaying, among other, the selection criteria, shall be drafted by the Joint Secretariat and approved by the Monitoring Committee before the first call for proposals.

The Monitoring Committee may decide to use different types of Calls, such as the ordinary (classical ones) as well as Calls for Strategic Projects, targeted thematically focused Calls etc.

Application files will be received and registered by the Joint Secretariat who will also perform the eligibility check and the applications’ assessment according to the approved selection criteria. The assistance of external expertise could be considered in order to cover specific quality assessment needs. As far as the eligibility of potential beneficiaries is concerned, the participating countries may be consulted either on a regular and formal basis, and/ or on specific cases. This procedure related to the status and eligibility of potential beneficiaries shall be set up and agreed beforehand by the Monitoring Committee. Overall, the Joint Secretariat will be responsible to organise and guarantee impartial and timely assessment of all application files submitted. The assessment results will be made available (in standardised forms) to the Monitoring Committee together with all the applications submitted. The whole procedure shall be supervised by the Managing Authority.

Upon the completion of the technical assessment of the projects, the Monitoring Committee taking into consideration the quality of the operations and strategic relevance will establish funding decisions according to Article 12(1) of Regulation (EU) No 1299/2013. Detailed rules of the decision making process related to the operations’ selection will be established in the respective Rules of Procedure of the Monitoring Committee.

All Lead Applicants shall be formally informed (preferably by a standardised letter) on the outcome of the Monitoring Committee decision on whether the application is approved or not, explaining the reasons of rejection. Any further questions or clarifications requested by the rejected operations’ Lead Beneficiaries shall be managed and answered by Managing Authority with the support of the Joint Secretariat. The Monitoring Committee shall be informed on all aforementioned requests.

Eventual formal complaints against the decisions taken by the Programme authorities on the projects’ selection can be initiated only by a Lead Applicant. The complaint should contain a minimum of data and information to be further specified in the Programme Manual. The complaint file shall be submitted in writing to the Managing Authority/ Joint Secretariat within a specific timeframe following the notification on the project application results. For the examination of the complaint, the Managing Authority is assisted by the Joint Secretariat and where necessary, should be supported by the national delegation of the participating country from which the Lead Applicant comes from. If required, the Monitoring Committee will set up a procedure to examine complaints of different scope (complaints related to the subsidy contract or to the first and second level control procedures).



All relevant procedure will be covered by Greek law since Greece hosts the Managing Authority of the Programme and any case will fall under the jurisdiction of the Greek Courts.

Greece as the country hosting the Managing Authority of the Programme shall, upon request by the Commission, examine any complaints submitted to the Commission falling within the scope of its arrangements. The Managing Authority shall inform the Commission, upon request, of the results of those examinations.

Detailed description of the complaint procedure will be provided in the Programme Manual.

#### **□ Procedure for the signature of the “subsidy contract”**

A Subsidy Contract setting out the funding conditions and based on Article 12(5) of Regulation (EU) No 1299/2013 shall be signed by the Lead Beneficiary of each selected operation and the Head of the Managing Authority following the respective Monitoring Committee decision.

A standardised model for the Subsidy Contract shall be elaborated and agreed at programme level. Guidelines and assistance on the Subsidy Contract signature will be performed by the Joint Secretariat according to specific procedure agreed beforehand by the Monitoring Committee. The contract shall also include eventual IPA funding allocated to the operation.

In case of non-availability of IPA funds, no consequences on the approval of ERDF funding for partners in the same operation shall occur.

#### **Responsibilities of the Lead Beneficiary and of other Beneficiaries**

For each operation, a lead beneficiary shall be appointed by the beneficiaries among themselves (article 13 of Regulation 1299/2014). The Lead Beneficiary shall assume the following responsibilities:

- a) lay down the arrangements with other beneficiaries in an agreement comprising provisions that, inter alia, guarantee the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;
- (b) assume responsibility for ensuring implementation of the entire operation;
- (c) ensure that expenditure presented by all beneficiaries has been incurred in implementing the operation and corresponds to the activities agreed between all the beneficiaries, and is in accordance with the document provided by the managing authority pursuant to Article 12(5) of Regulation 1299/2014;
- (d) ensure that the expenditure presented by other beneficiaries has been verified by a controller or controllers where this verification is not carried out by the managing authority pursuant to Article 23(3) of *Regulation 1299/2014*.

The lead beneficiary shall ensure that the other beneficiaries receive the total amount of the contribution from the funds as quickly as possible and in full. No amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce that amount for the other beneficiaries.

In this framework, the programme shall ensure that all necessary provisions related to the reimbursement of IPA funds to partners are laid down.

Each beneficiary participating in the operation shall assume responsibility in the event of any irregularity in the expenditure which it has declared.

#### ❑ Arrangements for Verifications and Quality Control Management

Management verifications under Article 125(4)(a) of Regulation (EU) No 1303/2013 will be carried by first level controllers according to Article 23(4) of Regulation (EU) No 1299/2013 and the Managing Authority role is to verify that the claim from each beneficiary participating in an approved operation has been verified by a first level controller.

Each participating country shall choose the FLC system of its preference and designate accordingly the FLC controllers. Furthermore, a comprehensive description of the FLC system chosen by each participating country shall be made available to the potential beneficiaries, also through the "Programme Manual".

The FLC system chosen by each participating country shall also be communicated to the Managing Authority by the means of a common template elaborated and agreed beforehand in order to ensure the FLC system coherence at programme level.

Standardised procedures, tools and documents, such as control certificates and checklists are essential for quality control management, as they guarantee comparable standards, data coherence, transparency and assessment across the whole programme area. Such standardised tool and procedures shall be approved by the Monitoring Committee in order to ensure coordination at programme level and avoid discrepancies or deficiencies in the system.

Shall any modification arise during the Programme's implementation period these have to be communicated to the Managing Authority without delay in order to update accordingly tools, procedures and system in place.

Designated FLC controllers in the participating countries shall:

- Fulfil the qualifications requested by both, the EU and the national regulatory framework of the respective participating country;
- Be completely independent from the beneficiary controlled;
- Ensure that the declared expenditure it is verified within two (2) months from the documents submission by the partner – beneficiary in order to allow timely submission of the operation progress report by the Lead Beneficiary and timely reimbursement of the declared eligible expenditure consequently.

Following these verifications, the **Joint Secretariat** receives from each project the regular progress report compiled by the Lead Partner including a payment claim.

For all payment claims, the Join Secretariat:

- ❖ verifies compliance between the output and the approved subsidy contract in terms of expenditure, resources and eligibility of expenditure;
- ❖ verifies the reality of expenditure declared by the beneficiaries with the reception of copies of certificates from each partner and a list of documents supporting expenditure
- ❖ ensures the physical outputs by certain elements annexed to the progress reports
- ❖ verifies publicity requirements for EU funding (photos, communication tools, press articles, etc.);

At Programme level, the **Managing Authority**:

- ❖ checks the accuracy of payment claims submitted and determines the amount of subsidy to be paid in relation to the provisions of the subsidy contract (co-financing rate and maximum amount of subsidy) and in relation to the total amount of verified and certified expenditure;
- ❖ validates and transmits, after verification, the payment claim to the Certifying Authority;
- ❖ checks follow-up actions in case of irregularities;

- ❖ ensures the sound financial management and undertakes on-the-spot checks on the basis of a sampling exercise;

When all checks and analysis have been carried out and claimed costs are found to be eligible for funding the ERDF and / or ERDF Equivalent payment shall be made to the Lead Beneficiary which shall allocate with no delay, respective funds to the operation beneficiaries in accordance with Article 13 of Regulation (EU) No 1299/2013.

With regard to the Technical Assistance eligible expenditure, each organisation using and spending related funds is responsible for respective verification and certification according to the FLC system in force.

#### On-the-spot verifications by FLC

The on-the-spot verifications shall be performed by the MA/JS at the level of beneficiaries. The frequency and coverage of the on-the-spot verifications shall be proportionate to the amount of public support to an operation and the level of risk identified and audits by the Audit Authority for the management and control system as a whole. The Managing Authority draws up and, once approved by the Monitoring Committee, applies the criteria to define the intensity of verifications.

#### **Arrangements for the participation of partners outside the Programme area**

As foreseen by Article 20 of Regulation (EU) No 1299/2013 the “Balkan – Mediterranean 2014 – 2020” transnational cooperation programme might be open to the partners from outside the eligible Programme area provided that:

- ✓ partners from outside the Programme area shall accept in writing specific provisions for their participation such as the competence of Hellenic Courts of Justice etc.;
- ✓ partners from outside the Programme area shall provide an official declaration laying down the provisions for the national co-financing, as well as provisions for their liability and repayment of unduly paid amounts;
- ✓ their participation is of benefit of the programme area.

#### **Computerised exchange of data**

In accordance with Article 122(3) of Regulation (EU) No 1303/2013 a computerised system for the programme management and monitoring will be set up. This system will allow electronic exchange of information and data between beneficiaries and the Managing Authority, the Certifying Authority, the Audit Authority and any intermediate body set by the programme in relation to management and monitoring issues.

The TNCP “Balkan – Mediterranean 2014 – 2020” computerised system will be developed taking into consideration the data base, on-line functions and information technology system already available and operational for 12 ETC programmes where the Managing Authority participates in.

#### 5.4 Apportionment of liabilities among participating countries in case of financial corrections imposed by the managing authority or the Commission

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

##### **Irregularities and apportionment of liabilities**

Provisions of articles 85, 122(2) and 143 to 147 of Regulation 1303/2013 concerning financial corrections and recoveries apply as well as article 27(2) and (3) of Regulation (EU) No 1299/2013.

In particular, the Managing Authority shall ensure that any amount paid as a result of an irregularity is recovered from the lead beneficiary. Beneficiaries shall repay to the lead beneficiary any amounts unduly paid.

Consequently, if the regular reporting exercise of an operation arises with doubtful results the Managing Authority shall immediately proceed with follow-up actions, corrective measures and if necessary suspend any reimbursement related to the operation concerned.

If the lead beneficiary does not succeed in securing repayment from other beneficiaries or if the managing authority does not succeed in securing repayment from the lead beneficiary, the Member State or third country on whose territory the beneficiary concerned is located shall reimburse the managing authority any amounts unduly paid to that beneficiary. The managing authority shall be responsible for reimbursing the amounts concerned to the general budget of the Union.

Each Partner State shall establish its own national rules regarding the procedure for the recovery of unduly paid funds to beneficiaries directly linked to financial corrections detected by the appropriate authorities within the operations funded under the Cooperation Programme.

The Partner States shall in the first instance be responsible for investigating irregularities and for making the financial corrections required and pursuing recoveries. In the case of a systemic irregularity, the Member State shall extend its investigation to cover all operations potentially affected.

Partner States shall make the financial corrections required in connection with individual or systemic irregularities detected in operations or the Operational Programme. Financial corrections shall consist of cancelling all or part of the public contribution to an operation or to the Operational Programme. The Partner States shall take into account the nature and gravity of the irregularities and the financial loss to the ERDF/ IPA and shall apply a proportionate correction. Financial corrections shall be recorded in the accounts by the Managing Authority for the accounting year in which the cancellation is decided.

Participating countries may decide not to recover an amount unduly paid if the amount to be recovered from the beneficiary, not including interest, does not exceed EUR 250 in contribution from the Funds.

The contribution from the ERDF/ IPA cancelled in accordance with the above-mentioned provisions may be reused by the Partner State within the operational programme concerned, subject to the condition that the contribution cancelled may not be reused for any operation that was the subject of the correction or, where a financial correction is made for a systemic irregularity, for any operation affected by the systemic irregularity.

In any case a financial correction by the Commission shall not prejudice the Partner State's obligation to pursue recoveries under article 143(2) of Regulation 1303/2013 and to recover State aid within the meaning of Article 107(1) TFEU and under Article 14 of Council Regulation (EC) No 659/1999.

Since Partner States have the overall liability for the Community support (ERDF/IPA) granted to Lead beneficiaries or project partners located on their territories, they shall ensure that – prior

to certifying expenditure – any financial corrections required will be secured and they shall seek to recover any amount lost as a result of an irregularity or negligence caused by a beneficiary located in their territory. Where appropriate, a Partner State may also charge interest on late payments.

The Partner States will bear liability in connection with the use of the programme ERDF/IPA funding as follows:

- ↳ Each Partner State bears liability for possible financial consequences of irregularities caused by the Lead beneficiaries or project partners located on its territory;
- ↳ For a systemic irregularity or financial correction on programme level that cannot be linked to a specific Partner State (i.e. grounded on the decisions of the MC), the liability shall be jointly borne by the Partner States in proportion to the ERDF/IPA claimed to the European Commission for the period which forms the basis for the financial correction;
- ↳ With regard to the Technical Assistance expenditure based on joint decisions by all participating countries (and not individual decision spending by each participating country) all participating countries will bear joint liability proportionally to their respective share in the overall Technical Assistance budget.
- ↳ Whereas irregularities occur connected to the incorrect use or spending of Technical Assistance funds, solely by one organisation or implementing body of the programme, the liability will be with this organisation or body only.

### **Systemic errors and financial corrections**

Detection of systemic or other errors may occur either during implementation of the programme, or at the end during the closure procedure. Such errors may lead to financial corrections or suspension of payments imposed by the European Commission according to Articles 85 and 144 to 147 of Regulation (EU) No 1303/2013 and may also affect selected operations.

Consequently the participating countries shall elaborate and agreed on a methodology sharing financial corrections according to the type of error detected considering both the ERDF/IPA and national contribution to the programme.

With regard to the Technical Assistance expenditure based on joint decisions by all participating countries, the participating countries will bear joint liability proportionally to their respective share in the overall Technical Assistance budget.

Whereas systemic errors detected are connected to the Technical Assistance budget, liability will be with the participating country hosting the organisation spending the Technical Assistance budget.

### **Identifying suspected fraud**

Because of the peculiar nature of the suspected fraud, the (management and on the spot) verification processes of the competent management authorities shall be particularly meticulous. Verifications help preventing and identifying fraud and, therefore, the main responsibility for identifying suspected fraud rests with those who are in charge of the First Level Control, which makes it possible to verify the delivery of the co-financed products and services, the validity of the expenditure regarding actions or parts of actions implemented in the regions of the countries participating in the operational programme and the compliance of this expenditure and corresponding actions or parts of these actions with the national legislation and the EU Regulations.

In that sense, FLC checklists cover part of the known cases of suspected fraud in the fields of contracting and public procurement, as well as services, such as **contaminated specifications, unjustified assignments to only one source, market division (segmentation), personnel expenses/ monitoring service provision contracts.**

The suspected fraud cases may be identified through processes consisting of monitoring the execution of the contract and, especially, through on-site verifications using case-studies and based on the experience of verification instruments. The First Level Controllers may cross-check the data resulting from their verifications with the data resulting from the controls carried out by other auditing bodies. The First Level Controllers assessment is done through management verifications aiming at dealing with any fraud that may arise during the project implementation.

The MA/ JS undertakes action to avoid errors by the beneficiaries when managing and implementing the co-funded projects. More specifically, these actions are as follows:

- Issuance of relevant instructions to the beneficiaries on how to manage and implement the co-financed projects in conformity with the national and EU rules.
- Establishment of a process allowing Lead Partners to submit a Procurement Plan for each partner to the MA/ JS, in order to identify any suspected segmentation or distortion of competition within the framework of the public procurement.
- Setting-up a help-desk that will provide a coordinated – among the Programme’s management authorities, that is the MA/ JS and the First Level Controllers – answer to any questions of the beneficiaries on issues pertaining to the expenditure eligibility and regularity;
- Setting-up an internal risk assessment tool that will be used as a basis for risk-based controls and sampling. It can also be used as a means to emphasis typical issues in a programme and to raise controllers’ awareness.

## 5.5 Use of the euro

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

The Euro will be used for all the transactions and payments of the programme.

In accordance with Article 28 of Regulation (EU) No 1299/2013 [ETC], and by way of derogation from Article 133 of Regulation (EU) No 1303/2013 [CPR], expenditure incurred in a currency other than the Euro shall be converted into Euro by the beneficiaries in the month during which expenditure was incurred. The method for conversion in euro is as described in Article 28 of Regulation (EU) No 1299/2013 [ETC], under (a) incurred. The conversion shall be verified by the controller in the participating State in which the beneficiary is located.

## 5.6 Involvement of partners

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

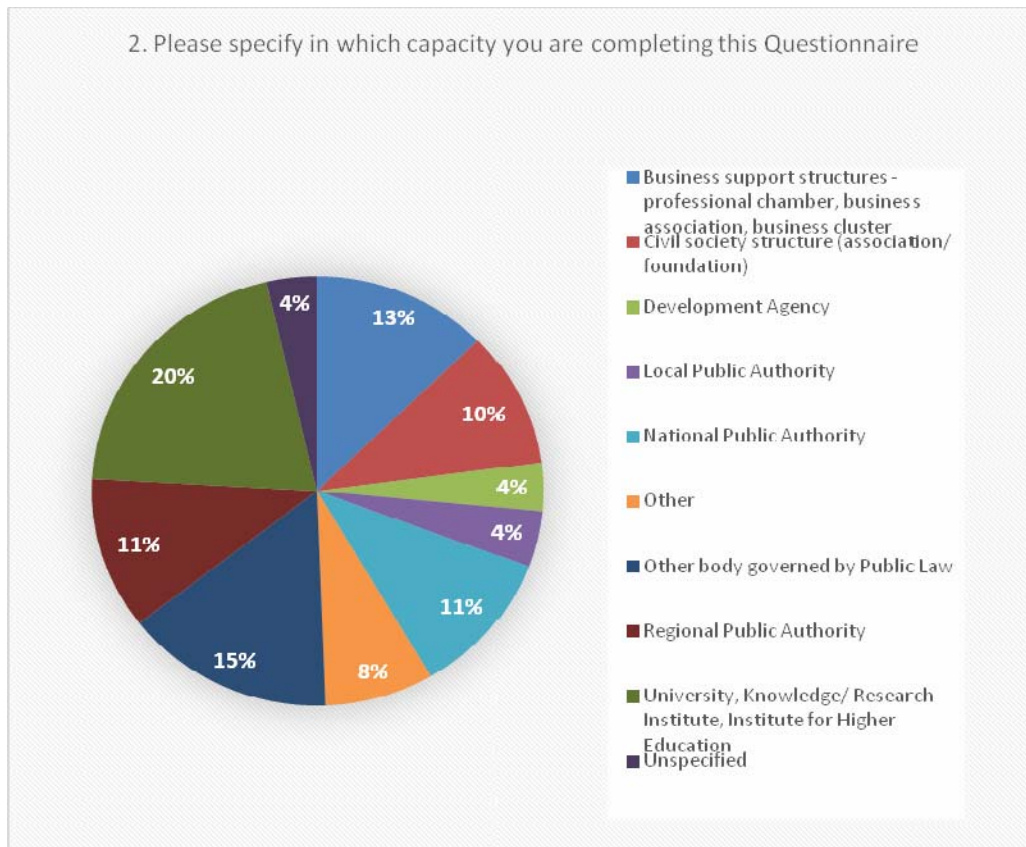
### 5.6.1 Involvement of partners in the preparation of the programme

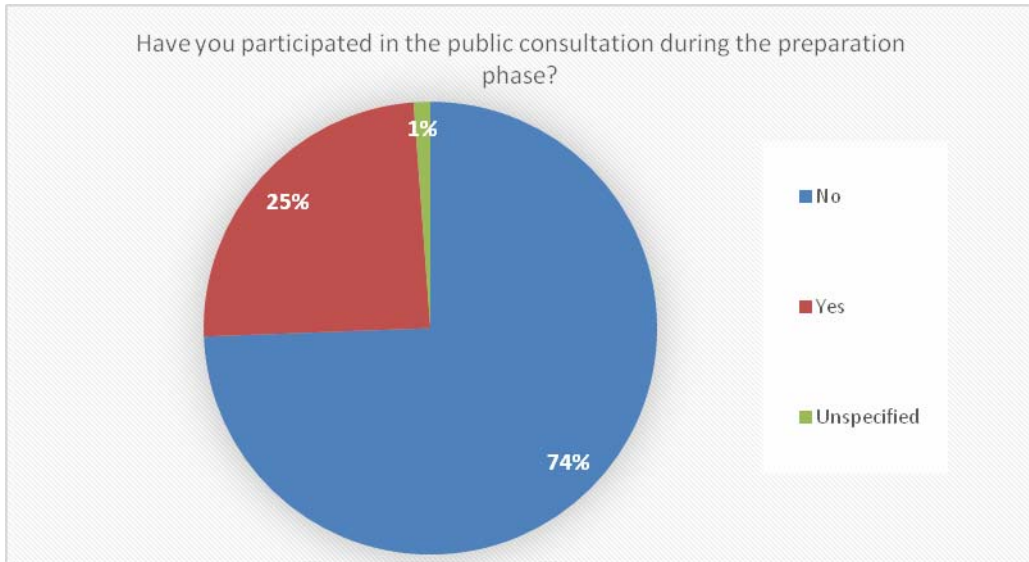
The drafting of the “Balkan-Mediterranean 2014-2020” transnational cooperation programme started upon approval by the European Commission competent services (December 2013) of the deliberate request put forward by the participating countries to set up a third transnational cooperation programme aiming to cover cooperation inconsistencies following the initial split of the South East Europe 2007 – 2014 into two macro-regional cooperation areas, the Danube and Adriatic – Ionian.

The five (5) participating countries have established a Task Force (TF) to deal with the overall programme drafting exercise in compliance with the partnership approach as referred in Article 5 of Regulation (EU) No 1303/2013.

In accordance with the multi-level governance approach key partners and stakeholders throughout the whole programme area have been solicited to contribute to the programme preparation and priorities' set up. At the same time external experts to assist the drafting process and set up the ex-ante and SEA analysis have been selected. Bearing in mind the tight time schedule the Task Force members agreed to stimulate public consultation by targeted information events and policy development workshops in all five (5) participating countries.

The first phase of the public consultation process was organised in the first half of June 2014 and a series of three information events took place in Sofia (5 June), Athens (11 June) and Skopje (12 June) aiming to present the “Balkan-Mediterranean 2014-2020” transnational cooperation programme and explaining the on-line survey mechanism. Within a two weeks period, more than 70 core stakeholders’ representatives attended the aforementioned information events, while 167 responded to the on-line questionnaire. Their status was very wide, while more than 70% declared that they have never been involved in a public consultation process during the preparation phase of a programme.



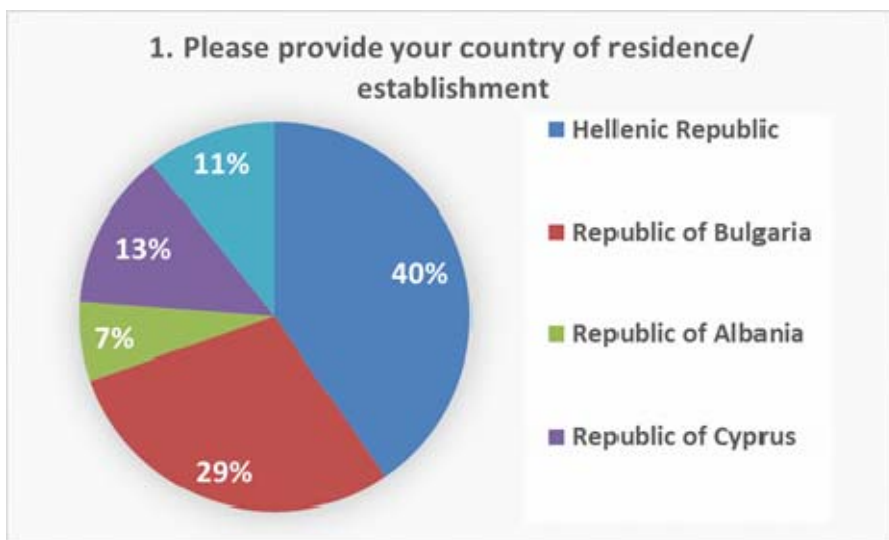


Consequently, in its early phase, the programme has already reached an **important ownership level**, fully integrating actors motivated to proceed with transnational cooperation partnerships.

Also worth noting that more than 20% of the on-line questionnaire responders they haven't participated in an ETC project ever before! This statement clearly depicts the "Balkan-Mediterranean 2014-2020" **transnational cooperation programme added value since it will bring into the ETC goal 20% new actors** across the area.

As far as the country origin is concerned, the main entries of the on-line questionnaire come from Greece and Bulgaria.

Yet, the second phase of consultation has come up with mitigated participation from those two countries and therefore the overall public consultation input acquired a balance as far the country origin is concerned.



During the second phase of the public consultation process five (5) policy development workshops have been organised in the five (5) capital cities of the participating countries, as follow:



- ▶▶ Athens, 25 June 2014
- ▶▶ Skopje, 26 June 2014
- ▶▶ Sofia and Tirana, 27 June 2014
- ▶▶ Nicosia, 30 June 2014

More than 150 representatives actively participated in the aforementioned policy development workshops, with Nicosia and Tirana together gathering up to 100 representatives. Furthermore, written input has been forwarded to the “drafting consultant team” and elaborated as to streamline the programme strategy and priority axes.

As in the first phase of the public consultation, stakeholders and actors’ involvement clearly designated competitiveness, environment and socially driven issues as the main challenges ahead. The programme strategy and priority axes’ set up fully integrates these concerns.

The third phase of the public consultation process was related to the web publication of the draft programme. 46 structured comments have been collected within 13 days (from July 22 to August 3, 2014) with the following country origin:

Participating Country	Number of comments	% of total comments
Albania	8	17%
Bulgaria	8	17%
Cyprus	18	39%
The former Yugoslav Republic of Macedonia	3	7%
Greece	9	20%

Nearly 80% of the responders confirmed agreement with the selected programme priorities, while 74% also agreed with the proposed financial allocation.

Policy themes’ disagreement was related to the programme thematic concentration in just two priority axis and six thematic objectives. The budget distribution disagreement was linked to the importance reserved for the environment while 25% of responders’ requested more balanced budget allocation among the two priorities.

As far as the type and status of the third consultation round responders is concerned, public stakeholders were by far the most involved in all participating countries.

Responder status	Number of comments	% of total comments
Public stakeholder (including Universities, research institutes, etc.)	30	65%
Socio-economic stakeholder (e.g. Chambers, etc.)	2	4%
Civil society stakeholder	7	15%
Private individual	7	15%

The active involvement of key stakeholders throughout the whole public consultation process, particularly limited in time span in order to meet the programming deadlines, clearly demonstrated that the TNCP “Balkan-Mediterranean 2014-2020” programme has generated momentum and high expectations.

Still, significant ground could yet to be gained on additional policy themes’ coverage that can only be addressed with additional resources.

The table below summarizes the participation in each public consultation phase and shows, both, an immediate programme up-take (nearly 450 participations within 3 months’ time) and a balanced ‘country origin’ participation rate.

<b>The INTERREG Balkan-Mediterranean 2014-2020 Public Consultation Process</b>						
	<b>1st Phase May 30 - June 15</b>		<b>2nd Phase 23-20 June</b>	<b>3rd Phase July 22 - August 4</b>	<b>Country Total</b>	
	<i>on-line Questionnaire</i>	<i>info events</i>	<b>Workshops</b>	Web Comments		
Albania	11		50	8	69	15%
Bulgaria	49	48	28	8	133	30%
Cyprus	22		54	18	94	21%
The former Yugoslav Republic of Macedonia	18	12	22	3	55	12%
Greece	67	14	7	9	97	22%
Total	167	74	161	46		
<b>Consultation Phase Total</b>	<b>241</b>		<b>161</b>	<b>46</b>	<b>448</b>	

### **5.6.2. Involvement of partners in the implementation of the cooperation programme and involvement in the Monitoring Committee**

The involvement of socio-economic actors, including civil society and non-governmental organisations, is important as it enhances the programme’s ownership and overall scope. In this respect the participating countries shall endeavour for a wider representation facility involving the civil society partners of the Balkan – Mediterranean cooperation area. However, every participation shall be of transnational relevance and completely independent from the Monitoring (or Selection) Committee funding decisions.

## SECTION 6.Coordination between Funds

*(Reference: point (a) of Article 8(5) of Regulation (EU) No 1299/2013)*

### 6.1 Coordination with other ESI Funds

For the elaboration of the “Balkan-Mediterranean 2014-2020” transnational cooperation programme (TNCP) the choice of Thematic Objectives, Investment Priorities and Specific Objectives take into account the priorities highlighted in the Partnership Agreements of respective countries involved in the programme and the main challenges raised in regional and national programmes of Investment for Growth and Jobs Goal. The objective of the programme is to support complementary actions and avoid overlapping in the different priority axes.

#### General Coordination Functions

In order to ensure coordination among the various European Funds, the National Coordination Authority (NCA) – seated at the Greek Ministry for Development and Competitiveness – will continue to be responsible for the coordination of all programmes of the Greek Partnership Agreement 2014-2020. NCA’s responsibilities include among others: synergies among all programmes and funds, compliance with National and European priorities, thematic concentration of financial resources, horizontal programming and monitoring of implementation, and the operation of an Integrated Management Information System. The fact that the Managing Authority for all European Territorial Cooperation Programmes in Greece – including the TNCP Balkan-Mediterranean 2014-2020 – is seated at the same Ministry ensures full coordination with the Greek sectoral and regional programmes. The respective coordination with the Partner States’ sectoral and regional programmes is ensured by the Partner States’ National Authorities.

At the cooperation programme (CP) level, the Managing Authority ensures complementarity and synergy with the interventions of other programmes within the eligible area of the CP, by closely collaborating with the respective MAs so as to ensure that there is no overlap and that the programmes do not function on a competitive basis. In this framework, the TNCP Balkan-Mediterranean 2014-2020 will need to collaborate with:

- ▶▶ the MAs of the Regional/ Sectoral Operational Programmes in Greece,
- ▶▶ the Partner States’ National Authorities (for coordination with all PSs OPs),
- ▶▶ the MAs of the transnational cooperation programmes
  - Adriatic-Ionian programme;
  - Danube programme
  - Black Sea CBC programme;
  - MED ETC programme; and
  - MED ENI programme.

#### Coordination Mechanisms – Procedures

The establishment of “targeted” project selection criteria will contribute to the synergy among funds and programmes. In particular, the Balkan-Mediterranean CP will establish criteria to select on a priority basis projects which capitalize on the results achieved from prior interventions and projects which exhibit a high degree of synergy/complementarity with other interventions in the eligible area.

In addition, the MA may participate in Committees and/or Networks established by NCA. More specifically, the MA will participate in the Coordination Network for Smart Specialization, the

Evaluation Network, the Network for Horizontal Institutional Capacity issues and the National Environmental Network.

On a multilateral coordination basis the MA may coordinate the calls for proposals with other operational programmes implementing interventions in the transnational eligible area so as to achieve complementarity.

### **Coordination between INTERREG “Balkan-Mediterranean 2014-2020” and other ESI programmes**

Coordination between the TNCP “Balkan-Mediterranean 2014-2020” and ESI funded as well as other national programmes will be ensured during the operations’ selection procedure. A strategic assessment will complement the quality assessment of applications carried out by the Joint Secretariat. In general, the risk of overlaps between national and transnational programmes is minimised due to their different strategic approach and types of interventions considered. Whereas transnational programmes support territorial integration and capacity-building in multi-national partnerships, national programmes focus on concrete implementation measures and investments. Thus they naturally complement one other. The aim is to create links between the transnational projects, serving as “think tanks” or testing grounds for innovative ideas. Particular attention will be placed to linking with “*smart specialisation*” activities on regional level and where appropriate (smart specialisation strategies are foreseen only for EU MS). Complementing innovation related projects by a concrete set of activities (mainly feasibility studies, best practice experiments, skills’ development and local dissemination) will be appropriately assessed during their respective selection procedure. Within this framework endeavour will be made to join and flag specialisation fields via the Smart Specialisation Platform (S3Platform) <sup>14</sup> in order to encourage SME intermediaries to register at the European Cluster Collaboration Platform and thus be identifiable for others in search of cooperation partners.

Areas where the TNCP “Balkan-Mediterranean 2014-2020” programme can achieve synergies with other ESI funds will be in particular:

- ↳ *Priority 1 – Entrepreneurship & Innovation.* The competitiveness of SMEs is a prime concern of regional and national programmes in each participating country. The TNCP “Balkan-Mediterranean 2014-2020” proposes a strong focus on this issue but with a specific attention paid to the transnational dimension for SMEs’ support activities (transnational networks, clusters, joint capacity building, etc.).
  
- ↳ *Priority 2 – Environment.* The Balkan-Mediterranean area is subject to strong human pressures and to global environmental changes that necessitate adapting its development to a sustainable growth model. Regional and national programmes must concentrate a significant part of their budget on the promotion of low carbon economy and the reduction of Green House Gas (GHG) emission. To complement regional and national programmes, the TNCP “Balkan-Mediterranean 2014-2020” puts emphasis on the protection of the environment as a whole and promotes an ecosystem approach for the protection, conservation and promotion of natural and cultural heritage, in particular.

---

<sup>14</sup><http://s3platform.jrc.ec.europa.eu/home;jsessionid=PbYvS6ZCpXwP7FVnMxzRnkgTJ7rvnV2xpQY65QyYChHLwQKNgbvy!1235507078!1392122210307>

### **Coordination with other ETC programmes**

The TNCP “Balkan-Mediterranean 2014-2020” has geographic overlaps with the programme areas of five (5) cross-border programmes (of which 3 IPA CBC programmes) as well as with the TNCP Adrion, Black Sea, Danube, MED, and ENI MED. The majority of cross-border programmes has a very limited programme area (border regions) and supports projects of bilateral character. Projects funded by these programmes will substantially differ from the ones that are eligible in the TNCP “Balkan-Mediterranean 2014-2020”. Yet, thematically there might be similarities between transnational and cross-border programmes and they can both be very well complemented providing policy coherence opportunities. Potential beneficiaries will be encouraged to exploit synergies, e.g. by integrating cross-border partners into the wider transnational networks.

The INTERACT Programme will support the exchange between the programmes bodies and will gather information about funded projects from the entirety of Europe, which will allow applicants and decision makers to investigate previous and on-going cooperation on similar themes.

### **6.2 Coordination with other Union instruments**

The coordination with other Union instruments addressing issues close to the TNCP “Balkan-Mediterranean 2014-2020” will be mainly carried out by checking carefully the coherence between them. It relates mainly to the EU programmes for Research and Innovation Horizon 2020, including the Intelligent Energy – Europe III (IEE III), for the Competitiveness of enterprises and SMEs (COSME) 2014-2020, for the environment LIFE 2014-2020 which supports, among others, low-carbon and climate-resilient economy, for education and training ERASMUS +, as well as the PROGRESS programme. While the Connecting Europe Facility (CEF) is of limited relevance as the TNCP “Balkan-Mediterranean 2014-2020” does not deal with transport, it presents also quite important connection with the objective of environmental protection. Coordination will be ensured through exchange of information between the Managing Authority assisted by the Joint Secretariat and the bodies in charge of the implementation of these programmes on applications, projects and, where relevant, results. This exchange of information will also include the potential redirection of project applicants towards a more suitable programme, where necessary.

Furthermore, the programme includes within its eligible territory candidates and potential candidates to the European Union. European funds are made available to these States to facilitate their political and economic reforms, while preparing to assume the rights and obligations related to the accession to the EU. Thus Albania and the former Yugoslav Republic of Macedonia participate in the programme with the Instrument for Pre-Accession (IPA) Assistance funds. The management of these funds is integrated into the system of management and control of the TNCP “Balkan-Mediterranean 2014-2020” and is under the responsibility of the Managing Authority. The table below shapes the links and potential synergies of the 11 thematic objectives for 2014 and 2020 and the main thematic EU programmes. The TNCP “Balkan-Mediterranean 2014-2020” has a strong thematic and geographical focus. However, as potential complementarities may arise by scaling up projects to different institutional levels, they will be scrutinised during the selection procedure of the submitted applications for funding, in particular.

## Links between the EU 2020 11 Thematic Objectives and the main EU thematic programmes

EU 2020	11 Thematic Objectives <i>(main topic targeted)</i>	H2020	COSME	ERASMUS+	EaSI	LIFE	Creative Europe	CEF
Smart Growth	1) RTD & innovation	✓	✓					
	2) ICT	✓	✓					✓
	3) SMEs competitiveness	✓	✓		✓	✓	✓	✓
Sustainable Growth	4) Low-carbon economy					✓		
	5) Climate change					✓		
	6) Environment & resource efficiency	✓				✓		✓
	7) Sustainable transport							✓
Inclusive Growth	8) Employment & mobility							
	9) Social inclusion				✓			
	10) Education & training	✓		✓	✓	✓		
	11) Institutional capacity							

### The main EU Thematic Programmes:

**Horizon 2020 (H2020)** is the financial instrument implementing the “*Innovation Union*” a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness. The programme is based on a non-territorial, non-place based approach and focuses on individual R&I projects, tackling the whole innovation cycle. It is a top-down approach (directly managed and awarded by the European Commission/executive agency) not counted for EU State Aid purposes, addressing multi-country consortia that includes complex and pan-European networks of competence centers, without geographical pre-allocation. On the other hand, the TNCP “Balkan-Mediterranean 2014-2020” embeds a bottom-up approach with the concrete objective to get the regional SMEs more competitive. Expand transnational cooperation with the aim to maximise opportunities offered for R&I potential beneficiaries and get access to wider technology competences shall be assessed accordingly.

**COSME** is the EU programme for the Competitiveness of Enterprises and SMEs and aims to strengthen competitiveness and SMEs’ sustainability through a wide set of financial instruments, such as an equity facility for growth and a loan guarantee facility. It is directly managed by the European Commission/executive agency and through competitive calls for proposals addresses legal entities without geographical pre-allocation. Therefore it does not take into account geographic specificities in allocating funding, except for the Enterprise Europe Network. Consequently, its implementation logic differs from the one followed by the TNCP “Balkan-Mediterranean 2014-2020”.

**ERASMUS +** brings together existing EU programmes in the fields of Education, Training, Youth and Sport (Erasmus, Leonardo da Vinci, Comenius and Grundtvig; Erasmus Mundus, Tempus,

Alfa, Edulink as well as Youth in Action). It is mainly indirectly managed, awarded directly to final beneficiaries through National Agencies. The programme also foresees for a partnership scheme between education institutions and firms. Yet, the training facility promoted by the Interreg “Balkan-Mediterranean 2014-2020” cooperation programme focuses on specific vocational training and not on education as such.

**EaSI** is the EU programme for Employment and Social Innovation that integrates and extends existing programmes “Progress”, “EURES” and the “European Progress Microfinance Facility”. Together with the European Social Fund, the Fund for the European Aid for the most Deprived and the European Globalisation Adjustment Fund, “EaSI” forms the fourth pillar of the EU Initiative for Employment and Social Inclusion 2014-2020. As “inclusive growth” is also targeted by the TNCP “Balkan-Mediterranean 2014-2020” interactions may occur and will be particularly scrutinised as explained above.

**LIFE** is the EU's financial instrument supporting environmental, nature conservation and climate action projects. It consists of two sub-programmes, for climate change and environment and is relevant to the TNCP “Balkan-Mediterranean 2014-2020”, as environment is one of the two Priority Axes. While the concept and the scale may differ between the two programmes, interactions may occur and will be particularly scrutinised as explained above.

**Creative Europe:** EU programme “Creative Europe” is the European Commission's framework programme for support to the culture and media sectors, setting up two sub-programmes: the Culture sub-programme to promote the culture sector, and the MEDIA sub-programme to support the audiovisual sector. However the programme promotes a “market-oriented” approach that clearly differs from the ecosystem based approach of the TNCP “Balkan-Mediterranean 2014-2020”. As cultural heritage initiatives might be considered under both programmes, efforts will be made to maximise synergies at project level.

**CEF**, the “Connecting Europe Facility” finances projects which fill the missing links in Europe's energy, transport and digital backbone. It will also make Europe's economy greener by promoting cleaner transport modes, high speed broadband connections and facilitating the use of renewable energy in line with the Europe 2020 Strategy. The CEF is specifically designed to promote large infrastructure investment for high-performing, sustainable and joined-up European networks. It comprises three sectors: CEF-Transport, CEF-Energy and CEF-Telecom. As none of these topics are addressed by the TNCP “Balkan-Mediterranean 2014-2020” no interaction is expected between the two programmes.

## SECTION 7.Reduction of Administrative Burden for Beneficiaries

(Reference: point (b) of Article 8(5) of Regulation (EU) No 1299/2013)

As the “Balkan-Mediterranean 2014-2020” transnational cooperation programme (TNCP) is a new ETC programme there is no predecessor programme to assess and report on specific shortcomings.

However, all five (5) participating countries have already experienced CBC and TNCP programmes and are aware of the issues to address in order to ensure smooth and efficient programme implementation.

Furthermore the new programming period regulatory context recognises the ETC specific implementation needs and a separate regulation (Regulation (EU) No 1299/2013) has been issued for the first time ever to address the multi-country implementation context of cooperation programmes. Requirements on simplification are streamlined at European level with specific focus on implementation, financial and control arrangements.

Consequently, the reduction of administrative burden for the beneficiaries shall be addressed, both, at programme and project level, with the aim to reduce the administrative burden for both, beneficiaries and programme bodies. This will not only ensure efficient programme implementation and management, but will also contribute to reduce administrative risks and errors to a minimum.

**At programme level** the following issues shall be considered:

1. The **number of authorities involved** in the programme implementation shall be limited and very well connected (networking) to ensure swift communication and common understanding. Within this framework it is important to keep the whole programme management structure as simple as possible. Smooth communication between the MA and the JS will considerably reduce both the length and the overall cost of management proceedings.
2. As the programme brings together EU member states and IPA countries:
  - The **different administration structure** shall be taken into consideration beforehand and duly reflect any different set of rules in the programme manual and in other implementation tools.
  - The **different sources of funding** shall be suitably streamlined for a **unique co-financing rate**. This will facilitate financial management at both, programme and project levels.
  - **Timely decision** shall be taken with regard to Article 20(2) of the Regulation (EU) No 1299/2013 for activities or operations implemented outside the Union part of the programme area (the **20% flexibility rule**).
3. For the **control and audit procedures** it is important to consider harmonised documents and tools (jointly agreed procedures, check lists, reports' templates etc.). This will not only simplify subsequent work but also guarantee data comparison and transparency as all bodies involved will face the same requirements at programme level. Furthermore the ETC experience has clearly demonstrated that sound financial management requires that all the **national First Level Control systems use common implementation templates** (to be elaborated, agreed by the MC). Harmonised tools and procedures at programme level will also contribute to reduce irregularities, errors and systemic errors in particular.
4. Targeted **training activities** to specific groups shall be considered as the programme brings together authorities and bodies with asymmetric knowledge on ETC regulatory requirements. Within this framework the **INTERACT training facility** shall be fully exploit for all programme authorities and bodies involved.



5. The electronic exchange of information between beneficiaries and programme bodies shall be considered according to the **e-Cohesion** initiative for the structural funds.

**At project level** the whole project life-cycle shall be considered to ensure smooth projects' operation. The following issues shall be taken into account:

1. During the **call for proposals phase** a comprehensive programme manual and a simple application pack with reduced number of documents shall be considered together with communication events. This is important for the beneficiaries in order to understand rules and requirements and avoid or reduce formal mistakes leading to ineligibility of the applications.
2. During the **applications' assessment phase**: adopt a clear set of eligibility and selection criteria and a simple assessment procedure. Simple and transparent **appeal procedures** shall also be considered. The use of simple and harmonised tools and procedures will reduce the time-span of assessment phase and keep potential beneficiaries motivated either for implementation, if the operation is selected for funding, or for further cooperation attempts.
3. For the selected operations' **implementation and monitoring phase** the use of *harmonised rules together with their respective definitions and harmonised application concepts* shall be promoted to ensure smooth implementation procedures.
  - o The harmonised rules based on the EC delegated act for **expenditures' eligibility** shall be taken into consideration. Five sections related to staff costs, office and administrative expenditure, travel and accommodation costs, external expertise and services costs, and equipment expenditure are set at European level. These five budget lines applicable to all ETC programmes are the ones within which all expenditure incurred during the implementation of a project shall be declared. Further guidance is provided in a set of fact sheets issued by the INTERACT programme. The adoption of a *flat rate for the overheads costs and introduction of simplified costs options* are essential for all beneficiaries. Furthermore, the "Guidance on Simplified Cost Options (SCOs)" elaborated by the Commission services in collaboration with the members of the ESF Technical Working Group and the Expert Group for the ESI Funds (EGESIF) will be taken into consideration to effectively deal with the most appropriate alleviation of the administrative burden on project promoters. The document provides guidance on three kinds of simplified costs applicable to ESI Funds: flat rate financing of three categories of costs, standard scales of unit costs and lump sums. Where simplified costs are used, the eligible costs are calculated according to a predefined method based on outputs, results or other costs. Using simplified costs also means reducing the error rate (both at project and programme level) and orientating the human resources involved in the ESI Funds monitoring and management towards the achievement of the policy objectives (instead of being concentrated on collecting and verifying financial documents). Article 67 (simplified costs option) and Article 68 (flat-rate calculation of office and administrative costs) of Regulation (EU) No 1303/2013 as well as the Commission Delegated Regulation (EU) No 481/2014 on the eligibility of expenditure for cooperation programmes will be considered to define the exact scope and content of the simplified costs of the Balkan-Mediterranean 2014-2020 TNCP. Article 18(2) of the ETC Regulation provides that the participating States in the Monitoring Committee shall establish additional rules on eligibility of expenditure for the cooperation

programme as a whole. Furthermore, the use of simplified costs options shall be appropriately promoted to avoid misunderstanding and additional administrative burden.

- As far as the operations' **implementation tools** are concerned the "Harmonised Implementation Tools" (HIT) developed by INTERACT programme shall be taken into consideration as they incorporate more than one programming period implementation experience. Harmonised implementation tools are of utmost importance to achieve reduced administrative burden for both, the programme bodies and beneficiaries. Reporting forms, monitoring checklists, request for changes together shall be kept as simple as possible. Within this framework a limited number of indicators to report by the beneficiaries (through reporting templates) shall be considered. Up to three "**lead indicators**" are sufficient at project level to clearly assess the impact of the operation to the cooperation programme objectives.

Special attention shall be given to the **First Level Control (FLC) harmonisation** that shall be considered at programme level (see above). As every participating country has its own FLC system non harmonised procedures at programme level result to significant certification and reimbursement delays. On the contrary streamlined monitoring contributes to the secure and timely assessment of progress reports and speeds up funds' reimbursement.

## **SECTION 8.Horizontal Principles**

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

### **8.1 Sustainable development**

Sustainable development of the region will be an integrated part of the programme and will be covered by all programme Priorities. Priority 1 on “Entrepreneurship& Innovation” as well as Priority 2 on “Environment” tackle a wide range of topics related to economic, environmental and social sustainability. For example, Priority 1, among others, aims at supporting solutions to societal challenges, such as employment and social inclusion. Priority 2 focuses, inter alia, on challenges related to environmental protection, resource and energy efficiency, water protection, these also being core topics of sustainable development. Furthermore, sustainable development under Priority 2 will also address air quality issues, especially through the inclusion of air quality measures in compliance with Directive 2008/50/EC (e.g. reductions of PM and NO<sub>2</sub>, which in contrast to CO<sub>2</sub> are directly harmful to the health of citizens, ecosystems, crops and buildings). More details on specific actions are described in the respective chapters of each Priority.

Furthermore, the specific objectives of Priority 2 will support transnational cooperation projects that have as their primary aim to improve the implementation of regional policies and programmes related to sustainable development issues. Projects will have to clearly demonstrate in their application that the activities they propose will make the implementation of those regional policies better, in order to eventually contribute to the sustainable development of their regions.

In application forms, a special section will be dedicated to sustainable development criteria. Special attention will be given to project proposals giving clear measurable output indicators on environmental issues (where applicable according to the objectives of the project). Whether or not projects are directly related to sustainable development, they will be invited to take specific measures to reduce the impact of project implementation on the environment, including climate change mitigation and adaptation.

### **8.2 Equal opportunities and non-discrimination**

The European Union has developed a comprehensive legal and policy framework to address equality and non-discrimination, based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In this framework, the “Balkan-Mediterranean 2014-2020” transnational cooperation programme intends to promote equal opportunities and to prevent discrimination through its funded projects where suitable.

Consequently, all projects funded by the programme will be assessed for their planned actions and impacts on fostering equal opportunities and on the prevention of discrimination. The promotion of equal opportunities and non-discrimination (incl. accessibility for persons with disabilities) will be regarded, among other horizontal policies, as a positive factor in the project selection for funding. As a general approach, all projects will be requested to integrate these horizontal issues in their activities, or at least, to consider the project’s influence on these. In practical terms, the projects will have to describe in the application form what impact it will have towards equal opportunities and non-discrimination (incl. accessibility for persons with disabilities) and to provide examples in case concrete activities/outputs are planned in that respect. This will be followed up during the monitoring of the project implementation, and reported upon in the programme’s annual implementation reports.

However, these actions and their positive impact would be a side effect of funded projects rather than a main focus of the programme as there is a wide range of other European programmes (e.g. ESF) dedicated and specifically targeting the issue of gender equality.

### 8.3 Equality between men and women

The specific objectives of the programme cover thematic areas that have no direct link to the horizontal principle of gender equality. This is in particular the case for the specific objectives linked to Priority 2 on environment. However, equality between men and women is a core issue cross-cutting all policies of the European Union. In addition, Priority 1 on entrepreneurship & innovation does not directly promote gender equality, while the promotion of entrepreneurship on equal grounds for men and women is an implicit objective. Consequently, the gender perspective, supporting equality between men and women, becomes an integral part of the Balkan-Mediterranean 2014-2020 programme and all its funded projects.

In general, project applicants are expected to take gender equality into consideration. As already described in chapter 8.2., the promotion of gender equality is regarded as a positive factor when projects are selected for funding. In the application form, the projects will have to indicate whether they will contribute to gender equality, and to provide examples in case concrete activities/outputs are planned. Projects proposals giving practical indications on measures that will be implemented to reduce gender differences in management, retribution, decision-making and job opportunities will be positively noted within the evaluation. Their implementation will be followed up during the project monitoring process, and reported upon in the programme's annual implementation reports.

However, these actions and their positive impact would be a side effect of funded projects rather than a main focus of the programme as there is a wide range of other European programmes (e.g. ESF) dedicated and specifically targeting the issue of gender equality.

## SECTION 9. Separate Elements

### 9.1 Major projects to be implemented during the programming period

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

*In accordance with Article 8(2) of Regulation (EU) No 1299/2013 this information is not subject to the Commission decision approving the cooperation programme but remains under the responsibility of the participating Member States.*

**Table 23: List of major projects (not applicable)**

Title	Planned time of notification/submission date (year, quarter)	Planned start of implementation (year, quarter)	Planned completion date (year quarter)	Priority axes / Investment priority
500 char. max.				

### 9.2 Performance framework (summary table)

*The summary table is generated automatically by the SFC2014 based on the tables outlined by priority axis.*

#### The performance framework of the cooperation programme

ID	Priority axis	Indicator type	Indicator or key implementation step	Measurement unit	Milestone 2018	Final target (2023)	Source of data	Explanation of relevance of indicator where appropriate
PF 06 1	1	Financial indicator	Eligible certified expenditure verified by the certifying authority	Euro	3.542.427	14.169.706	Certifying Authority	Target 2018: 25% of the total eligible expenditure  Target 2023: 100% of the total eligible expenditure
PF 06 3		Output indicator	Number of enterprises receiving non-financial support	number	15	30	Monitoring of the operation	The chosen indicator is representative of PA 1 intervention logic, allowing for both, milestone and final target to reach more

								than 50% of the respective financial indicator.
PF 06 1	2	Financial indicator	Eligible certified expenditure verified by the certifying authority	Euro	5.608.841	22.435.364	Certifying Authority	Target 2018: 25% of the total eligible expenditure Target 2023: 100% of the total eligible expenditure
PF 06 3		Output indicator	Number of strategies/policies /plans/models and tools jointly developed and tested	number	4	8	Monitoring of the operations	The chosen indicator is representative of PA 2 intervention logic, allowing for both, milestone and final target to reach more than 50% of the respective financial indicator.

The performance framework of the “Balkan-Mediterranean 2014-2020” transnational cooperation programme is established according to Art. 8(2) point (b)(v) of Regulation (EU) 1299/2013 and Annex II of Regulation (EU) 1303/2013.

The method used follows the respective guidelines and it is displayed based on the standard format table provided in Annex II of Regulation (EU) 1303/2013. Accordingly, for each Priority Axis – except for the Technical Assistance Axis – intermediate targets (milestones) are set for year 2018, while the final target is set for year 2023.

To ensure consistency, the indicators chosen to measure physical and financial performance, are a representative sub-set of the indicators defined at each Priority Axis level. Within this framework, output indicators (and not result indicators) are chosen to reflect physical progress’ performances while the financial indicator reflects progressive funds’ use in a newly established transnational cooperation territory (there is no Balkan-Mediterranean predecessor programme).

Having regarded the objective targeted by each Priority Axis, the output indicator relevant to Priority Axis 1 targeting competitiveness is the “*number of enterprises receiving non-financial support*” (as direct financial support is not eligible). The final target value (30) is a mathematical aggregation of this output indicator already calculated and established at specific objective level. The intermediate value (15) reflects the immediate up-take of the programme as expressed during the consultation process and it is accordingly set slightly below half of the output final target. Additional sources’ data for the establishment of the indicator value come from the evaluation reports of previous (2007 – 2013) transnational cooperation programmes (as the South East Europe programme) allowing subsequent unit costs’ appraisal.

As Priority Axis 2 is set to promote transnational cooperation in the field on biodiversity, resource efficiency and climate change resilience the relevant output indicator is the “*number of strategies / policies / plans / models and tools jointly developed and tested*”. Due to limited funding a maximum of approximately 8 shared strategies / policies / plans / models and tools could be developed and tested, representing the aggregate final target value. The intermediate value (4) reflects both, the green priorities expressed during the consultation process and the late start of the programme. It is accordingly set slightly below half of the final output target. Additional sources’ data for the establishment of the indicator value come from the evaluation reports of previous (2007 – 2013) transnational cooperation programmes (as the South East Europe programme) allowing for subsequent unit costs’ appraisal.

The aforementioned output indicators are coherent and directly linked with the specific target sought by each Priority Axis, capturing the essential information and respective progress’ implementation. Furthermore, their measurement does not imply administrative burden as they are recorded at specific objective level.

For the financial indicators, the final target value represents the total eligible expenditure of each Priority Axis. The 2018 milestone is set at the 25% of the aforementioned final target, due to both, late programme approval and subsequent implementing provisions requiring the establishment of the programme implementation bodies (as there is no predecessor programme). Within this framework the financial monitoring linked to the eligible expenditure certification requires timespan that goes beyond 2018 reporting records.

### 9.3 List of relevant partners involved in the preparation of the programme

The table below is an indicative list of the partners’ involvement outlined in Section 5.6. It summarizes the status of different stakeholders’ participation during the whole public consultation process.

Stakeholder STATUS	
National Authority/Line Ministries	60
Regional Authority	18
Local Authority	14
Development Agency	7
Chamber Of Commerce	14
Business Support Structure	9
University / Institute	14
Civil Society Organization	43

### 9.4 Applicable programme implementation conditions governing the financial management, programming, monitoring, evaluation and control of the participation of third countries in transnational programmes through a contribution of ENI and IPA resources

(Reference: Article 26 of Regulation (EU) No 1299/2013)

Where a transnational or interregional programme benefits from ENI and/or IPA resources, this section should set out the respective implementation conditions for the financial management, programming, monitoring, evaluation and control. These implementation conditions have to be

*consistent with EU cohesion policy rules.*

*The applicable conditions should largely correspond to the rules applicable to the ERDF part of the programme, except where specific arrangements are necessary (for example concerning arrangements for public procurement or management verifications).*

In a general way, rules applicable to ERDF partners are applied to IPA partners regarding the implementing conditions for the financial management, programming, monitoring, evaluation and control. However, the following issues will have to be considered:

- ✓ the integration of IPA funds in the implementation of the programme follow the rules of the ETC-ERDF; few exceptions to these rules concerns mainly the financial and control monitoring and management of the IPA assistance and will be listed in the respected Financing Agreements (drafted by the European Commission).
- ✓ Financing Agreements between the European Commission, the Managing Authority and the Governments of Albania and the former Yugoslav Republic of Macedonia are to be signed regarding the implementation of IPA assistance integrated in the TNCP “Balkan – Mediterranean 2014 – 2020”;
- ✓ These Financing Agreements will take into account the specific rules to be applied in accordance with the IPA II Regulation (No 231/2014), the Implementing Act and the provisions regarding the contractual procedures for the for EC External Actions;
- ✓ The IPA participating countries’ authorities are represented into the programme bodies and are involved in the programme implementing provisions, ensuring their respective role, as described in Section 5 above.
- ✓ The payment of the programme initial pre-financing is made in instalments pursuing Art. 134 of Regulation (EU) No 1303/2013 and applies to both, ERDF and IPA funds.
- ✓ According to Art. 20 of Regulation (EU) No 1303/2013 up to 20% of ERDF funds allocated to the programme can be spent in IPA countries. According to paragraph (3) of the aforementioned Art. 20, this limit does not apply for operations concerning technical assistance/promotional activities and for capacity-building (conditional on compliance with points (a) and (c) of Art. 20(2)). Accordingly, the activities planned in the framework of approved operations under the SO 2.3 developed in the context of TO-11, ERDF funds can be spent in non-EU countries without limitation.
- ✓ Considering that “eligibility” is not among the fields of implementing conditions referred to in Art. 26 of the Regulation (EU) No 299/2013, IPA funds can only finance operations located in IPA countries. This applies to IPA TA funds as well.
- ✓ Bearing in mind that IPA funds can only be spent on IPA countries, IPA funds will be integrated in every call for proposal, unless the MC decides otherwise.
- ✓ IPA partners can be Lead Partners provided that they fulfil Article 13(4) of Regulation (EU) No 1299/2013) stating that *“Member States and third countries or territories participating in a cooperation programme may agree to the lead beneficiary being located in a third country or territory participating in that cooperation programme, provided that the managing authority is satisfied that the lead beneficiary can carry out the tasks set out in paragraphs 2 and 3 and that the requirements for management, verification and audit are fulfilled”*.



## Annexes

- ↪ A map of the area covered by the cooperation programme
- ↪ Reference on the *ex-ante* evaluation
- ↪ Reference on the SEA
- ↪ A citizens' summary of the cooperation programme (not compulsory)

The drafting of the “Balkan-Mediterranean” 2014-2020 Programme  
has been financially supported  
by the “South East Europe” 2007-2013 Programme.



European Territorial Cooperation Programmes are co-funded by the European Union and  
National Funds of the cooperating countries