

## *ABD PROGRAMME FOR THE PERIOD OF 2014-2020*

The priority actions identified during strategic planning phase should be addressed through the implementation of adequate measures. During the participatory process with the SHG two measures were foreseen as feasible for implementation within the period 2014-2020. All identified priority areas are regrouped into three specific objectives to accommodate possible projects designed by the SHG working groups, including projects proposed for the priority implementation:

### **MEASURE 1: Support to sustainable rural economy development**

(Under the SPECIFIC OBJECTIVE 1: Sustainable regional rural economy development)

**Sub Measure 1.1:** Rural economy development through joint regional initiatives for development of integrated offer of products and services;

**Sub Measure 1.2:** Increasing employment and the competitiveness of the region through strengthening value chains and capacity building;

**Sub Measure 1.3:** Support to individual investments in businesses development within the regional initiatives.

### **MEASURE 2: Support to sustainable management of environment and natural resources**

(Under the SPECIFIC OBJECTIVE 2: Sustainable management of environment and natural resources)

(Under the SPECIFIC OBJECTIVE 3: The infrastructure and energy potentials improvement in the region)

**Sub-Measure 2.1:** Protection of environment and management of natural resources

**Sub-Measure 2.2:** Support to public infrastructure development and energy potential use

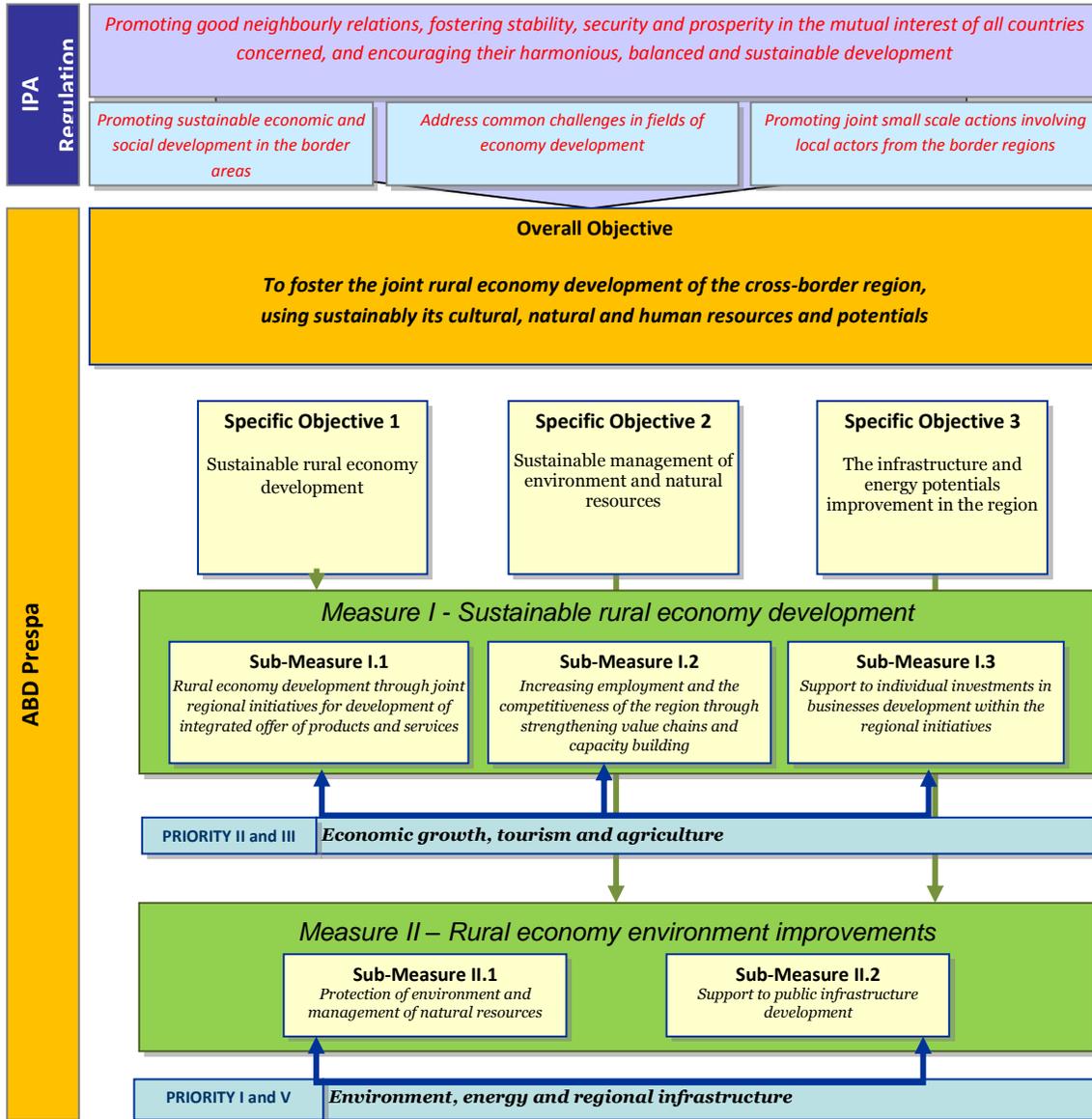
Measure one is related to two priority areas of the Strategic Plan of „Prespa“Region identified by the Regional Stakeholders Group such as Agriculture, Economy growth and Tourism. Measure two is related to the priority area one – Environment, and the priority area Regional infrastructure as well as Energy efficiency. Social cohesion is not the target of the economy development related to the programme for the period 2014-2020.

The measures developed by the SHGs belong to three groups: 1) economic development;2) environmental protection; 3) and resource management and infrastructure development. These correspond to identified priorities of the region and accommodate all proposed actions. However, only measures and sub-measures related to the economic development fall under the SWG mandate and therefore, the regional ABD program will focus on the measures having direct economic impact on the region. Additionally, the Programme will cover “soft support” activities in the environmental protection, energy and infrastructure development. The complementary activities in those sectors requiring support would need to be covered with other type of the national/international assistance.

The first Measure will accommodate activities which have direct economic effect. Eligible activities are those which directly contribute to the main economic goal such as the development of an integrated offer of products and services and strengthening value chains and capacity building in rural areas. Support to individual investments in strengthening touristic offer and improving of production process will be also available.

The second measure, although is clearly related to improvements needed in economic environment of regions, will not be the topic of direct financial support under future ABD Programme, but of the so called “soft support”. Namely support to public advocacy, moderation, promotion and fund raising for identified priorities and respective activities. The region will work with SWG on fund raising for economic environment development (improvements of conditions for rural economy development in the region). This support, the SWG is supposed to provide by engaging its own expertise and procured consultancy services within the new ABD window in the IPA. According to this measure representatives of the SWG member institutions lobby with other line ministries in respective national governments for dressing regional problems of environmental and infrastructural kind, which are beyond the SWG mandate.

The second measure should support also the establishment of the service for SHG members and rural regional population for providing information of financial support offered/available for various interventions in the region. This service is planned to be offered by the regional project office. The service should be constantly strengthened by providing evidence of best practices and establishing the “memory of the region” - a data-base system containing all available data from the region, studies, projects and materials completed to serve for various applications targeting issues of agricultural economy, environment, but also the economic development as a whole.



## **MEASURE 1: Sustainable rural economy development**

**Sub Measure 1.1:** Rural economy development through joint regional initiatives for development of integrated offer of products and services

**Sub Measure 1.2:** Increasing employment and the competitiveness of the region through strengthening value chains and capacity building

**Sub Measure 1.3:** Support to individual investments in businesses development within the regional initiatives

### **Brief description and justification of the measure:**

Prespa cross-border region holds important natural resources, fairly good physical and communal infrastructure and some level of homogeneity of economic, social and other performances. Beside these characteristics, the region experiences depopulation due to poverty reasons, weak performance of socio-economic sectors, and poorly performing governmental structures. Additionally, the region confronts the threat of marginalization in the context of national and regional development and is deficient in terms of distinguished image and identity.

The stakeholder's in the Region indicate training for both employed and unemployed citizens as a prior need when rural economic development is concerned. Beside the universities the region has some other capacities that provide trainings and support for the local businesses, which operate as training and development agencies. They provide similar services in both countries such as help for businesses with credit applications, providing consultancy services, trainings etc., yet more knowledge is needed to be transferred for building human capital capable of responding to challenges of development competitive economy.

Several economic sectors compose the core of the economic activities in the Prespa cross-border area. They are: agriculture, food processing industry, textile industry, construction industry and tourism. These sectors have been developed due to the main characteristics of the area, such as climate, geographic position, history of economy and cooperation and capacities of human resources. Region has natural resources that allow further diversification and development of economic activities. Favorable environment for increasing the number of small and medium enterprises and companies also exist in the region. Local authorities are supportive to private sector and have developed strategic documents and local tax policies which can further stimulate the growth of the economy. At the same time National Programmes for Agriculture and Rural Development and IPARD (only in Macedonia presently) provide support for diversification of the rural economy. More opportunities will rise with further progress in the process of accession of Albania to the EU. Of course this will require further building of the local capacity for absorbing financial assistance in the region, having in mind that even in Macedonia, where IPARD funds are already available for some time, effects for local communities in this region are far from satisfactory.

The agriculture and food processing sector has been growing steadily and has become a comparative advantage of the region. If this trend continues, this sector might be transformed into the leading sector of the rural economy and one of the main economic drivers of the region. However the problems are noticed on the farm level because of malfunctioning of the value chain process, a problem which should be addressed. Introduction of modern food safety standards, quality standards, regional brands, as much as cooperation in vertical and horizontal manner in the region between producers, processors and marketing, in particular tourism is necessary to provide more successful value adding to available resources involved. Since agriculture potentials of the region are not exhausted yet, its further development might create more employment if complemented with development of processing industry.

Due to tourist potentials and the development of tourist infrastructure in the region, there has been a notable growth of interest for tourist offer of the region in the recent years. However, income from this sector is still a minor contribution to local economy for the region of Korca, while lakes Ohrid and Prespa area provides through tourism a valuable income. The tourism can become one of the main economic drivers in the whole region if the wealth of natural, cultural and human resources are conserved and engaged in sustainable manner. However, tourism sector also needs employment of qualified and skilled staff. The region has human potential but it needs systematic training. Capacity building of the tourism labour force and development of new touristic products are the actions that can provide a sustainable growth of this sector in the region. With the establishment of cooperation between the two regions of the cross-border area, tourism sector might prosper even more. Some interventions on improving standards in tourism accommodation and services are required at the individual entrepreneurs level, but also through networks offering standardized high quality services for various alternative tourism options throughout the region.

The challenges of the global and regional crisis endanger the overall competitiveness of the whole region and the rest of economy from both sides of the border and question its future viability and progress. Beside the global and regional challenges, current situation identifies the lack of skills among the employees in SMEs as major problem related to the level of competitiveness. The competitiveness of the existing SMEs is also weak due to the fact that the owners and business managers possess low and inadequate level of management skills. The labour force faces a serious need for further improvement of their skills and capacities. Inadequate vocational training opportunities and limited promotional and marketing knowledge and skills specific to the textile industry are also a constrainer for the development of this sector. Finally, various actors are operating without institutionalized interaction, effective communication, and cooperation between the stakeholders from the same sector, thus the value chain and the supply chain within it perform under the level of efficiency.

*Following strategic goals and activities, 3 sub-measures were foreseen to cover two priority areas of Agriculture and Economy Growth as well as Tourism under one measure title: Sustainable rural economy development. These are:*

Sub Measure 1.1: Rural economy development through joint regional initiatives for development of integrated offer of products and services. The measure is related to financial and technical support intended to identify comparative advantages of the regional products and services, upgrade them and jointly develop marketing strategies for their better access to the market.

Sub Measure 1.2: Increasing employment and the competitiveness of the region by strengthening value chains and capacity building. The measure is related to financial and technical support for increasing regional cohesion through development of regional economic integration in the value chain and to build capacities. Moreover this measure aims to build the capacity of individual farmers and entrepreneurs to deal with upgrading methods required for introducing standards and innovations agreed in the framework of new regional integrations. It is intended to support local, regional and national institutions and organisations capable to pilot new identified and required technical services, running promotions, campaigns, securing support for networking and exchange information between entrepreneurs, tour operators, farmers etc. joining regional initiatives. These activities strengthen capacities of private and public institutions and CSO to support business and the processes of project planning and management

**Sub Measure 1.3: Support to individual investments in businesses development within the regional initiatives. The measure is related to investments in farms, tourist households, small rural restaurants and hotels and SMEs dealing with production, processing or storing regional products for meeting standards required by regional initiative.**

**Main activities:**

Sub Measure 1.1.

1. Identification of regional food and non-food rural products and modeling their upgrade to market demands
2. Identification of touristic potentials and development of regional tourist products
3. Branding of products and the region
4. Technical support to regional initiatives introducing of new technologies, innovations and standards into primary production and processing of agriculture and non-agriculture products; tourism and services; and rehabilitation of valuable traditional production systems.

Sub Measure 1.2:

1. Develop a competitive workforce in the rural areas through trainings, qualification and prequalification with focus on youth and women employment (training of farmers and entrepreneurs to implement various standards and systems in agricultural production and processing; training for fund raising (in particular utilization of national/EU (IPRAD) and international funds for rural development etc.)
2. Establishment of regional public private partnerships, regional business initiatives and clusters, linkages between primary production, processing and trade, establishment of regional markets and creation of an integrated regional.
3. Introduction of shared quality standards through trainings and coaching of stakeholders from the Region interested in joint actions and networking
4. Increase the number of actions focused on business sector regional cohesion and joint promotion of regional businesses on external markets, fairs and other related events including preparation of promotional materials for products and services etc.
5. Public campaigns for raising awareness concerning the qualities of the Region and its comparative advantages

Sub Measure 1.3:

1. Grants for individual entrepreneurial initiatives with special focus on youth and women (individual investments for introduction of new technologies and innovations, such as organics: introduction of modern standards in production & processing of agriculture products, tourism and services and rehabilitation of valuable traditional production systems, improvement of production and standardisation of products within regional initiatives

**Ranking criteria for selecting projects:**

*Valid for Sub Measures (1.1-1.2):*

Number of partners involved in implementation  
Area of coverage in the region  
Regional PPPs engaged to implement activities

*Valid for Sub Measures (1.3):*

Applicant is young (less than 40 years of age on the date of submission of application)  
Applicant is female  
Creating new job opportunities  
Investment promotes and contributes to preservation of cultural heritage and tradition  
Quality of business plan

**Measurable indicators**

Sub Measure 1.1 - Number of products upgraded, branded;

Sub Measure 1.2 - Number of trained enterprenours/producers participating in training programs;  
Sub Measure 1.3 - Increase of business efficiency (income, savings, number of guests etc. Depending of the kind of investment supported);

**Final beneficiaries**

Sub Measure 1.1 - Entrepreneurs, agriculture producers, extension and advisory services;  
Sub Measure 1.2 - Entrepreneurs, agriculture producers; development agencies, NGOs, Academic institution, Municipal economy development services;  
Sub Measure 1.3 - Entrepreneurs, agriculture producers

## Measure 2: Rural economy environment improvements

**Sub-Measure 2.1:** Protection of environment and management of natural resources

**Sub-Measure 2.2:** Support to public infrastructure development

### **Brief description and justification of the measure:**

Region is mostly covered with forested land, pastures and meadows, while the arable land and the permanent crops occupy small part of the region. The average altitude is around 1000 m with peaks above 2000 m. The cross-border region of Prespa is specific in the following aspects. Nature of the Prespa cross-border region is rich in flora and fauna. Some species of its flora and fauna are endemic and protected. In this region there are four national parks, which partially or completely belong to the Prespa cross-border region. These national parks are of a great importance for the countries which they belong, as well as for the local people who live there. However these resources are far from being fully integrated into the economic fabric of the region, representing therefore a potential for rural development still unused. Part of the Lake Prespa that belongs to Macedonia has a status of natural monument, while the entire Lake of Ohrid is declared as a World Heritage protected by UNESCO. The mountains that are positioned around the Lake of Prespa are protected as national parks. Pelister National Park is located in the south-western part of the Macedonia, encompassing an area of 17.150 ha. It is located on the northern side of the Baba massif at altitudes between 900 and 2.601m and it spreads on the territory of Municipality of Resen with part of its south –western slopes. Galicica National Park is located on the mountain range between the Prespa Lake and Ohrid Lake, on the territory of mountain Galicica covering an area of 25.000 ha. In the Albanian part of Prespa cross-border area there are two National Parks: Prespa National park and Drenova Fir.

The region lacks the appropriate level of waste water management. The urban settlements in the region have some wastewater collectors, but they need reconstruction. Most of the rural areas do not have wastewater collectors at all and the waste goes into the water basins. Both Prespa and Ohrid lakes have partial protection from the organic waste pollution representing high risk for future development of the region. For instance, the waste water collectors are mainly covering the Macedonian part of the lakes, while Albanian and Greek side have not started building collectors yet, meaning that shared resources remain under threat as much as rural economies from both sides of neighboring countries.

There is no single landfill in the region that satisfies the standards adopted by the national legislation for solid waste management. The urban municipalities have public communal enterprises which manage the solid waste. However rural municipalities and settlements are mostly not covered by solid waste management mechanisms and collected waste is disposed to irregular landfills. People from rural settlements throw the garbage at more illegal places (mostly located in the vicinity of river basins). This endangers the quality of the water resources in the region, and the agriculture and tourism are the most influenced. There are initiatives for creation of standardized regional disposal facilities and they are going to be created in the future. Even though there are some attempts for preservation of the regional natural resources from pollution or destruction within the national borders of the region<sup>1</sup>, there is not yet a concrete mechanism for integrated management of the environment at cross - border level established. Therefore, strong public advocacy is required in the entire region and cooperation of stakeholders at all levels – from local to national Governments and involvement of international actors. In the meantime, this serious problem requires alternative solutions that will prevent further pollution of the environment, because the current situation can have a serious impact on the economic development of the region. Due to expressed problems, environment is on the top of priority areas which have been identified and selected throughout the process of participatory planning in the region of „ Prespa“ . Energy efficiency, thanks to the development and utilization of renewable energy sources, in particular sun, is also emphasized as high potential sector for regional development. Taking into consideration the number of sunny days, production of photovoltaic energy can

become significantly economic driver, which can employ considerable number of people, improve the situation with the electricity in the region, generate income and contribute to improving the economic situation. However, renewable energy sources and the green industry are sectors, which currently do not significantly contribute to the regional economy. The Albanian part of the region has better practice in utilization of solar collectors. However, there is room for improvement. It is considered that the leader of the awareness process has to be the public sector. However since the public sector lacks human capacity, NGOs might have a crucial role from the technical support point of view (if properly supported and if partnership is established with local self-authorities throughout the region).

Regional strategic document indicated that the natural resources are crucial for development. Fundamentals for their rational use in „Prespa“ cross-border region exist within national legal frameworks and strategic documentation developed by the national parks, as much as in experience gained in the past. The region lacks technical documentation (feasibility studies, technical plans, elaborates, etc.) and strategic documentation, financial resources and qualified and experienced personnel in local administrations for sustainable environmental management. The main burden of the region is the unbalanced and underdeveloped infrastructure for waste management and existence of illegal dumps. The further development of the environment protection can be challenged by the threats of continuation of the pollution trend and the uncontrolled use of natural resources as consequences of the slow implementation of national and local strategies for environmental protection.

Following these two priority areas – environment and energy efficiency soft actions are foreseen for support under the one measures - titled - Sustainable management of environment and natural resources:

**Sub-Measure 2.1:** Protection of environment and management of natural resources and energy efficiency (a soft measure) intended to support cooperation of regional institutions and organizations with those at national and international level to obtain financial support for identified concrete actions and investments focused on sustainable environmental management and protection. Political support will be provided by the SWG for strengthening regional stakeholders' negotiating skills, planning and running action as much as moderation and public advocacy through a political process led by SWG members for mainstreaming policies within line ministries responsible for environment and natural resources as a response to needs of the Region of Prespa). Support will be provided to public involvement in environmental protection issues. This measure is intended to support actions which raise awareness and attract the support of the regional community towards environmental protection considered as a key factor for regional rural economy development.

Prespa cross-border region holds fairly good physical and communal infrastructure. Reconstructions are often required and gaps need to be filled to interlink all parts of the cross-border region, to prevent pollution of shared water resources, to provide improved communication and mobility of people and goods. Stakeholders highlighted in their analysis that capacity for expansion of regional trade between the two parts of the region remains low because of the limits imposed by the regional transportation infrastructure and administrative procedures in customs. If road infrastructure is improved and administrative procedures are eased, the trade can enhance its potential in terms of quantity and diversity of traded goods, thus create conditions for enlargement of the engaged labour force. This sector was stated by the stakeholders as one of the sectors that will benefit the most from the cross-border cooperation.

The cross-border area has insufficient good road infrastructure. The area also suffers of road disconnection because of the shortage of regional roads or highways, which pass through the region on both sides of the border. Road network that connects the countries has the capacity and standards of local roads. Both Macedonia and Albania have motorways that connect the urban settlements, but their conditions are inadequate and they need to be reconstructed. Furthermore, some of the rural settlements do not have an appropriate road connection even with the urban settlements which is a problem that impedes their future development. The capacities of the border crossings points are also the problem since it is lower than the flow of goods and people.

*Following strategic goals and activities a sub-measure was created titled - **Support to public infrastructure development***

**Sub-Measure 2.2:** Support to public infrastructure development (a soft measure) intended to support regional stakeholders public advocacy actions to attract the attention of national and international institutions. This is a first step for obtaining concrete financial support for building or reconstructing infrastructure, necessary step for economic development. Political support will be provided by the SWG for strengthening regional stakeholders facilitation and negotiating skills, planning and running action as much as moderation and public advocacy through a political process led by SWG members for mainstreaming policies within line ministries responsible for infrastructure development and energy sectors as a response to needs of the Region of Prespa). Concerted communities actions for obtaining support for regional green energy potentials use is the other target of this sub-measure (this measure has to provide support to soft activities which will help rising public awareness, do public advocacy and train people to be help communities in the region to obtain financial assistance for above mentioned actions through concerted activities for mutual interest).

**Main activities:**

The main activities concerned in the Sub-Measure 2.1 are public advocacy which is starting with conduction of participatory processes for identifying concrete environmental and energy efficiency themes of common concern, whose solution is of mutual interest for both countries. That is followed by action planning, promotion of needs of the region and establishment of cooperation at all possible levels of decision making for establishing joint mechanisms and practices for concerted environmental protection on the regional level. Also public advocacy for obtaining financial support for establishment of day by day sustainable management natural resources, protection of forests (fires), floods protection, waste management etc. as much as introduction of regional environmental issues in to the formal education have to be adequately planned..

The main activities concerning Sub-Measure 2.2 are related to promotional activities and political actions for obtaining financial support for solving physical infrastructure problems of crucial importance for regional rural economy development.

- Public advocacy for obtaining favorable national legislation, international agreements etc. for RRD
- Assistance with fund raising for infrastructural and environmental projects
- Mainstreaming other sectors of West Balkan governments (infrastructure, trade, environment, social issues etc.) to respond to rural economy development needs and coordinate support and investments with agriculture and RD sectors
- Facilitation and moderation for other regional initiatives which contribute to regional economy development
- Assistance with provision of technical and other documentation for reconstruction and construction of regional infrastructure and environmental actions

**Ranking criteria for selecting projects:**

Sub-Measure 2.1 – Coverage; Number of stakeholders from the region involved and benefiting  
Sub-Measure 2.2 – Coverage; Size of the action – number of beneficiaries

**Measurable indicators**

Sub-Measure 2.1 – Number of relevant stakeholders involved  
Sub-Measure 2.2 – Number of population taking part

**Final beneficiaries**

Sub-Measure 2.1 –Communities of the region, Municipalities and other responsible institutions in the region  
Sub-Measure 2.2 - Communities in the region, Municipalities and other responsible institutions in the region

