***02.12.2020***

**ANNEX 1**

**Situation and SWOT Analysis**

**IPA III CBC Programme**

**Montenegro - Albania**

**2021– 2027**

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# INTRODUCTION

The programme area for the IPA III Cross-Border Programme between Montenegro and Albania covers a territory of 11.640 km2 with a total population of about 743,636 inhabitants. The territory of the programme area is slightly larger in Albania accounting for around 52 % as against 47% in Montenegro. The borderline length is 244 km out of which 38 km are water border composed of Skadar/Shkodra lake, Adriatic sea and rivers. There are three operational land border-crossing points between Albania and Montenegro along this borderline, namely Muriqan (Sukobine), Hani i Hotit (Bozaj), and Vermosh (Gercan) and a 4th under construction Grabom – Zatrijebačka Cijevna.

**Montenegro** has a total area of 13 888 km2. The programme area in Montenegro covers a territory[[1]](#footnote-1) of 5 567 km2 or 40.08 % of the territory. It comprises 13 municipalities and 706 settlements – towns and villages – with a total population of 393,176 habitants, comprising 52.8% of the total population of programme area. It borders with Albania to the east, and Kosovo and Serbia in the north-east. Montenegro has established NUTS classification which is approved by EUROSTAT. For the purposes of strategic planning the country is divided into three geographic regions, northern, central and southern. Municipalities from the three geographic regions are represented in the programming area:

* Andrijevica, Berane, Plav, Gusinje, Petnjica and Rožaje;
* Podgorica, the capital of Montenegro,Tuzi,Cetinje, Danilovgrad**;**
* Budva, Ulcinj and Bar.

Albania has a total area of 28,748 km2. The total length of the border line is 1,094 km, of which 657 km are land border, 316 km of seaport, 48 km of river border and 73 km of lake border. The territory of the programme areas is 6073.45 km2 or 21.13% of the total AL side with 529 settlements and a population of 350,460 inhabitants or 47.3% of the total programme area population. Shkodra region has the covers the largest are 3368 km2 and the largest population of 203,945 inhabitants followed by Lezha. Albania has an administrative division equivalent to the NUTS III with Lezha, Shkodra and Tropoja belonging to the north area[[2]](#footnote-2).

The programme area in Albania includes the following parts:

* Region of Shkodra - with the Municipalities of Shkodra, Malësi e Madhe, Puka, Vau i Dejës, Fush-Arrëz;
* Region of Lezha - with the municipalities of Lezha, Kurbin, Mirdita;
* Municipality of Tropoja.

**Table 1 – Area covered by the programming area**

|  |  |  |  |
| --- | --- | --- | --- |
| Country | Area km2 | % of the Total territory | % of the total programme area |
| Montenegro | **13.888** | **100** |  |
| Rozaje | 431 | 3.11 | 7,7 |
| Berane | 499 | 3.59 | 8.9 |
| Andrijevica | 331 | 2.38 | 5,9 |
| Plav | 326 | 2.34 | 5.85 |
| Danilovgrad | 475 | 3.42 | 8.5 |
| Podgorica | 1,389 | 10.00 | 25 |
| Bar | 504 | 3.62 | 9 |
| Ulcinj | 261 | 1.88 | 4,7 |
| Cetinje | 898 | 6.46 | 16.1 |
| Budva | 122 | 0.88 | 2,2 |
| Petnjica | 174 | 1.25 | 3,1 |
| Gusinje | 157 | 1.13 | 2,8 |
| Tuzi | **n/a** | **n/a** | **n/a** |
| Total programming area ME | **5,567** | **40.08** |  |
| Albania | **28,748** | **100** |  |
| Shkodra | 3368.15 | 11.7 | 55,45 |
| Lezhe | 1648 | 5.73 | 27,13 |
| Tropojë | 1057.3 | 3.67 | 17,4 |
| Total programming area AL | **6073,45** | **21.1** |  |
| Total Programe Area ME+AL | **11.640.45 km2** |  | **47.82 % ME**   * 1. **% AL** |

Overall, the programming area has 22 municipalities and a total of 1,235 settlements – towns and villages. As per the programme area, nine municipalities are directly on the border, Plav, Gusinje, Andrijevica, Podgorica, Tuzi and Ulcinj in Montenegro and Shkodra, Malesi e Madhe, Tropoja in Albania. The borderline crosses through the high mountain ranges of Prokletije/Albanian Alps and the Shkodra Lake to end up in the Adriatic Sea. Border crossing point, especially those of Sukobine (Muriqan), Bozaj (Hani i Hotit) are easily accessible throughout the year, whereas improvement are being made to the road infrastructure of the Vermosh/Grncar border crossing point which is at high altitude and difficult to pass during winter.

The programming area in **Montenegro** is characterized by significant regional differences. It has a contrasted geographic and climate profile, loaded with mountain ranges, plains, valleys, rivers lagoons and lakes. The programming area is home to several National parks, protected zones and landscapes reflecting the rich biodiversity and environmental differences. The continental or northern part of the region, is a mountainous area. Mountain peaks reach up to 2,500 m and the territory is crossed by rivers, like Lim, Morača and Tara, forming impressive canyons and valleys. The region is dominated in the east by Prokletije and Hajla mountains adjacent to Albania. Prokletije is listed as a National Park since 2009. The coastal municipalities of Bar and Ulcinj follow the tradition of cultivating citrus and olive trees and production of olive oil.

The programming area in **Albania**, presents sharp contrasts as it alternates mountains, hills, rivers, lake and sea coastline very close to each other. It has numerous rivers crossing the territory, often causing floods during the rainy seasons. It extends from high mountains (Alps of Albania) in its northern part bordering Montenegro to the coastline (Velipoja and Shengjin) in the north-western part of Albania. The highest peak is Jezerca – 2694m in the Shkodra region with the lowest -6m in the Lezha region. The territory of Shkodra region is dominated by mountains, accounting for 80% of the area; and forests making up for about 30%. Shkodra region is also rich in water resources. Drini, Buna, Shala, Cemi, Kiri are the main rivers that flow in the area, with Drini being the most important river of Albania – hydropower plants build on it produce over 60 % of total electricity production in Albania. Lezha region has its share of high mountains and hills, which cover about 65 % of its territory, while the plains cover the rest. Rivers of Mati, Ishem which flow into the Adriatic sea make the Lezha region rich in water resources, together with several lagoon areas. It has a 38 km coastline which starts at Kepi i Rodonit in the south and borders with Velipoja-Shkodra in the north.

**The Scadar-Shkodra Lake**



Lake/Shkodra Lake is the biggest Lake in the Balkans with a surface of 384 km2 and embodies a unique geographical and environmental cross-border feature of the programme area running through both Montenego and Albania - shared by Montenegro (2/3) and Albania (1/3). It is a Natural protected area for both countries and listed as a Ramsar site. The lake is a crypto depression, filled by the Morača River and drained into the Adriatic by the 41 kilometer-long Bojana (Buna) River, which forms the international border on the lower half of its length. It is home to one of the largest bird reserves in Europe, having 270 bird species, among which are some of the last pelicans in Europe. The lake also contains habitats of seagulls and herons and is abundant in fish, especially in carp, bleak and eel. Cooperation between the two countries with regard to protection and rehabilitation of Shkodra Lake has increased in the last decade.

The programme area has a Mediterranean climate in its coastal area with hot dry summers and autumns and a continental climate in the northern mountainous area with relatively cold winters with heavy snowfalls inland. Such contrasting geographical elements enrich the environment and flora and fauna of the programming area. Its natural resources are stimulating for the development of tourism and agro-business as the main economic drives to increase the opportunities for the welfare and prosperity of the inhabitants in the programme area. Due to the environmental values, the area comprise several Protected areas such as Thethi National Park, Lake Shkodra Natural reserve, Valbona Valley National Park.

# PROGRAMMING PROCESS

*(completed at the end)*

# PESTLE ANALYSIS

## Policy reforms and EU integration process

Both, Montenegro and Albania are committed to become members of the European Union.

Transforming into functional democracies and market economies has been the rationale of deep institutional and restructuring national reform processes in Montenegro and Albania. Negotiations for EU accession negotiations for **Montenegro** have started on June 29th 2012 as the Council endorsed the Commission’s assessment which recognizes that Montenegro complies with EU membership criteria. **By June 2020**, all 33 screened chapters have been opened, three of which are provisionally closed.

**Montenegro** continued to broadly implement the Stabilisation and Association Agreement (SAA) and the meetings of the joint bodies under the agreement took place at regular intervals.

Overall progress in the accession negotiations will depend on progress in the area of rule of law, as per the requirements in the Negotiating Framework. Progress towards meeting the interim benchmarks set in the rule of law chapters 23 and 24 will be key for further progress in the negotiations overall. The public political commitment of the Montenegrin authorities to the strategic goal of European Integration is regularly and consistently stated as the key priority for the country and mostly also translates to policy decisions[[3]](#footnote-3).

**Montenegro** has made progress as regard improvement of the country’s legislative, institutional and policy framework, strengthening of the functioning of the parliament, the judiciary, anti-corruption policy, human rights and protection of minorities[[4]](#footnote-4). Important work on alignment and preparation for the implementation of the EU acquis has been done in most areas. The country has reached a good level of preparation in areas such as company law, intellectual property law, energy, and foreign, security and defense policy. It is moderately prepared in many chapters, such as free movement of goods, agriculture and rural development as well as food safety, veterinary and phytosanitary policy. Montenegro is at some level of preparation in the areas such as environment and climate change, and social policy and employment. Good progress has been made in the areas of Social policy and employment, Financial services, Agriculture and rural development, and food safety, veterinary and phytosanitary policy and Science and research.

Looking ahead, Montenegro should focus in particular on competition policy, economic and monetary policy, statistics and financial control, and specifically on the functioning of the judiciary and freedom of expression. Strengthening the administrative capacity for ensuring the application of the EU acquis remains an important challenge for Montenegro. Montenegro has continued to fully align with all EU common foreign and security policy positions and declarations.

Government of Montenegro adopted the National Strategy of Sustainable Development until 2030 on July 2016, which is the main policy development document of the country. It represents a long-term development strategy setting out solutions for sustainable management of four groups of national resources: human, social, natural and economic ones, which are set as priorities of the overall sustainable development of the Montenegrin society[[5]](#footnote-5).

The integration in the European Union (EU) is considered by **Albania** as the strategic national priority, with the aim of developing its institutions and society in line with the values and principles of the democratic and modern world. Albania has continued to implement the Stabilisation and Association Agreement and the meetings of the joint bodies under the agreement took place.

**Albania** received the status of candidate country in 2014. This decision was a major positive step for Albania and an incentive to proceed further in the reforms and prepare the country for the start of accession negotiations. In June 2018, the Council set out the path for Albania to open accession negotiations by June 2019. In March 2020, the Council of the EU reached unanimity on the decision to open accession negotiations with Albania.

The opening of accession negotiations was the result of Albania's [reform efforts in recent years](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-albania-report.pdf) and acknowledgement of the EU for the efforts made and the progress achieved on Albania's accession road. The decision also provides encouragement to continue with existing reforms and embark on new reforms necessary to prepare Albania for its accession path.  A constructive and sustainable political dialogue will remain essential to consolidate and continue reforms. Albania has already made decisive progress and is close to meet the requirements set by the Council in view of the first intergovernmental conference, to be convened as soon as possible after the adoption of the negotiating frameworks by the Council.

The country has continued to implement reforms related to the EU agenda. On 26 November 2019, Albania was hit by a devastating earthquake of a magnitude of 6.3 Richter. Despite the challenge of dealing with the emergency situation, the Albanian authorities have maintained a constant, strong public political commitment to the country’s strategic goal of European integration. Overall, Albania has increased its efforts and delivered further tangible and sustainable results in the key areas identified in the Council Conclusions of June 2018.

*Albania’s National Strategy for Development and Integration 2014-2020 (NSDI)* is considered as the overarching policy framework for the country in the context of EU integration. It defines four strategic policy pillars that lay down foundation for sectoral and place-based interventions[[6]](#footnote-6):

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

## *Country` Economic Context*

**Montenegro** has a small, open economy, with a high level of trade and investment integration with the EU and the other countries of the Western Balkans. Montenegro relies on income from a booming tourism sector, while it has only a narrow industrial base with low product diversification and labour productivity[[7]](#footnote-7).

Montenegro's economic outlook deteriorated substantially since the second quarter of 2020, as the COVID-19 quarantine measures introduced in April brought large pans of the economy to a halt. Public finances, which improved in 2019, are under significant pressure in 2020 due to fast growing costs to finance the authorities' policy response to the pandemic combined with a sharp decline in budget revenue due to lower economic activity[[8]](#footnote-8).

Montenegro is striving to ensure economic reinforcement and financial stability through fiscal consolidation and structural reforms. Montenegro’s structural reforms in the public sector, the financial sector, and the investment climate have enabled the country to make progress in recent years in increasing per capita income and reducing poverty, advancing structural reforms, and preparing for EU membership. GDP per capita in 2019 was 7,959 EUR while in 2018 it was 7,495 EUR, yet higher than the six countries of the region[[9]](#footnote-9).

Montenegro’s economy entered into recession in 2008, to recover partly in 2010 and 2011 to an average of 2.9%. However, growth for 2019 was estimated to be 4.1% which is a decrease from previous year, which was 5.1% in 2018[[10]](#footnote-10).

As GDP has halted again, according to the data for the first quarter of 2020, there were 283.2 thousands of active populations in Montenegro, out of which there were 237.0 thousands of employed persons or 83.7% and 46.2 thousands of unemployed or 16.3%. The number of persons in employment in comparison with the previous quarter has decreased by 0.5% and in comparison, with the same quarter of previous year has increased by 0.8%. The number of unemployed in comparison with the previous quarter has increased by 2.7% and in comparison, with the same quarter of previous year it has increased by 11.3%[[11]](#footnote-11).

The economy shrank sharply in Q2 as GDP plunged 20.2% year-on-year, following Q1’s 2.7% expansion[[12]](#footnote-12). Inflation has decreased from 1.6% in 2018 to about 1.0% in 2019 and public debt rose from 70.1% of GDP in 2018 to over 77% of GDP in 2019.

The key challenges of sustainable development of Montenegro still remain as follows: to maintain macroeconomic stability, accelerate economic growth by introducing green economy with respect, preservation and evaluation of all national resources, especially natural capital, with increased resource efficiency and increase in the level of economic competitiveness, as well as balanced development both at the regional level as well as between members of different social groups. In the upcoming medium term period, it is necessary to work on strengthening resource efficiency especially in the sector of industry and agriculture, and to try to recover, or maintain, on a sustainable basis, the participation of these two sectors in the total structure of this sector[[13]](#footnote-13).

Montenegro became a full member of the World Trade Organization in April 2012. Member of the Southeast European Cooperation Process (SEECP), since May 11th, 2007, Montenegro has signed the CEFTA membership in July 26th, 2007, and also a free trade agreement with EFTA countries has entered into force on July 2012.

**Albania** has made progress and is prepared in developing a functioning market economy. While GDP growth slowed down due to lower hydroelectric power production, other sectors performed well and unemployment continued to decrease to record lows. The COVID-19 pandemic has exacerbated the structural weaknesses and its economic fall-out erases some of the progress[[14]](#footnote-14).

Two significant shocks that have recently affected the economy of Albania are the devastating 2019 earthquake and the COVID-19 pandemic which dominate the stage of recent economic developments. As the country started its reconstruction phase, the global pandemic forced it to put key economic sectors in lockdown. The tourism sector, a key driver of growth, was hit especially hard because of containment measures and travel restrictions. The crisis has been reflected in the labour market too.

Albania Economic growth bottomed out in 2013 but has been on an increasing trend since then, reaching 3.2% in 2016. In 2018 the GDP growth rate was 4.07 %, which is high in comparison to 2013 when the GDP growth was 1%. INSTAT source.

In April and May 2020, the government amended the 2020 budget to include additional expenditure to buffer the economic fall-out of the pandemic, adjust the planned fiscal deficit from 2.2% to 3.9% in view of the expected drop in revenue and plan the additional deficit financing. The budgetary measures intend to provide additional funds to the health sector, support small businesses and self-employed affected by the lock-down and cushion the socioeconomic impact of the pandemic. In addition, the government allowed to postpone certain tax payments, waived penalties for late utility payments and issued two sovereign guarantees for loans to businesses. Albania submitted its Economic Reform Programme 2020-2022 on time, but the COVID-19 crisis rendered its macro-fiscal projections and policy priorities largely obsolete[[15]](#footnote-15).

In Albania, agriculture is the most important contributor to the economy with almost 20% of the total. Also, trade, transport; accommodation and food services activities with a weight in structure by 16.40 % followed by public administration, education, human health that has also a big impact with 11.50 % in the total economy.

Graph: Structure of branches of economy to GDP

Chart, pie chart

Description automatically generated

Source: INSTAT Gross Domestic Product, 2018

### Economic growth in Albania decelerated in the first three quarters of 2019, reflecting primarily developments in the energy sector, the TAP (Trans Adriatic Pipeline) project entering into its final stage and the closure of gambling activities. However, the increase consumption fuelled by low cost of financing and positive developments in the labour market, as well as higher revenues related to the tourism activity continue to support economic growth.

Graph: Real GDP annual growth during 2010 – 2019



*Source: INSTAT*

Economic growth in the first three quarters of 2019 was supported by the services sector, which accounts for the largest contribution, around 2.1 p.p. The highest contribution came from trade (0.5 p.p.) and real estate activities (0.4 p.p.). The industry sector reflected a slightly higher contribution from mining and quarrying, and a positive effect from manufacturing. The agriculture sector also contributed positively to economic growth, by 0.3 p.p., from 0.2 p.p. a year before. Key challenges ahead remain ensuring long term sustainable growth by pursuing prudent fiscal and monetary policies and structural reforms.

Graph: Real GDP growth, supply side 2010 – 2019-9M



*Source: INSTAT and Bank of Albania. \*semi – final data. \*\*preliminary data*

### ECONOMIC FEATURES OF THE PROGRAMME AREA

Disproportions in the level of development among the northern, central and coastal regions in **Montenegro** are very pronounced. According to the official statistics, the northern region accounts for 53% of the country’s territory, has huge water potential, all the coal, zinc and lead reserves, 67% of arable land, 78% of wood mass, over 70% of livestock, a large potential for developing winter tourism, ecotourism etc. The northern region lags behind the rest of the country both economically and technologically, and unemployment and poverty are on the rise, coupled with constant demographic departure[[16]](#footnote-16).

For the implementation of Regional Development Strategy of Montenegro, which takes place between 2014 and 2020, in 2018, the planned investments are estimated at 794.891.344 EUR, of which the largest part will be directed to the northern region – a total of 418.942.720 EUR. Of all this amount 53% is allocated for the Northern region, 24% for the Central region and 23% for the Southern region. The Action Plan for 2018 was organized around three key development priorities at the national level, which is also defined by the Strategy for the Regional Development – Achieving smart, sustainable and inclusive growth, which are further organized through a sectoral approach, or through further improvement of priority areas for the developments of Montenegro.

The socio-economic development of the **Albania** leans heavily in favour of the central region. The Tirana region contributes with more than one third to the country’s GDP, and is by far the most developed region compared to all other regions of Albania. It indicates clearly that all other regions are below their development potential, as they have yet to find ways and opportunities to benefit from their comparative advantages. Shkodra and Lezha regions reflect broadly these bottlenecks as regards socio-economic development.

Shkodra is the most developed region in the programme area of Albania. Shkodra contributed with 5.2 % of GDP in Albania for 2017, contributing in real terms to 2017 by minus 0.02 %, while GDP per capita was lower than the country level average of 389 thousand ALL[[17]](#footnote-17).

Lezha contributed with 3.3 % of GDP in Albania for 2017, contributing in real terms to 2017 by minus 0.03 %, while GDP per capita was lower than the average at country level of 401 thousand ALL[[18]](#footnote-18).

Main contributors for the GDP for Shkodra and Lezha are trade, agriculture, forestry fishing followed by industry, construction and services [[19]](#footnote-19)

Beside the services sector which is the main contributor to the country’s GDP, the agriculture sector retains a high degree of importance for the economic development and employment in the programming area as a large portion of the population still resides in rural areas, despite significant movements towards urban areas as registered since the last Census 2011.

### Private Sector

The structure of economic operators in the programming area is dominated by small and medium enterprises. SMEs in Montenegro account for 98.6% of the total number of economic operators while in Albania they are 95.4% of the total. Majority of the SMEs in both sides of the border operate in the services sector.

The total number of business entities[[20]](#footnote-20) in **Montenegro** in 2019 was 34,707 with a considerable increase as compared to 2011 (21,127). The economic activity types are mainly on wholesale and retail sale, repair of motor vehicles and motorcycles (10602), Professional, scientific and technical activities (4612), Accommodation and food service activities (4307), followed by construction, manufacturing, transportation and storage, information and communication, real estate, administrative support services.

The number of businesses in the programme area account for 24,921, or around 71% of the total number of businesses of Montenegro.

The economic activity The biggest number of business entities in Montenegro and the programme area is in Podgorica (12,565), which constitutes of around 50% of total number of businesses from the programme area. Following are municipality of Budva with 21 %, municipality of Bar with 12%, municipality of Ulcinj with 4% and municipality of Danilovgrad with participation of 2%.[[21]](#footnote-21)

Number of foreign owned business entities in Montenegro in 2019 is 12.429, which compared with 2018 represents an increase of 47.8%. The highest share of foreign owned business entities by owner's country of origin has Turkey 3.652, i.e. 29.4%; Russia 2.217 business entities, i.e. 17.8%; Serbia 1.627, i.e. 13.1%; and Ukraine 711 business entities, i.e. 5.7%. Observing the year 2019, the highest number of foreign owned business entities is recorded in: Podgorica 3 806 (i.e. 30.6%); Budva 3 655 (i.e. 29.4%); and Bar 1 467 (i.e. 11.8%). By sector of activity, the highest share of foreign owned business entities is in sectors: Wholesale and retail trade, repair of motor vehicles and motorcycles 23.9%; then Professional, scientific and technical activities 20.7%; and Construction 14.0%.[[22]](#footnote-22)

The largest number of active business entities, observed by form of performing economic activity, work as one member society with limited responsibility and it makes 59.9% from total number of active business entities in territory of Montenegro, while the least number of business entities in the area of business associations in stock exchange. In Montenegro the largest number of business subjects is in the class of small business entities‐ 98.7% from total number of business entities, while in class of medium enterprises there are 1.1%. Only 0.1% is distributed by defined criteria in class of large business entities[[23]](#footnote-23).

The structure of economic operators in **Albania** in the programming area is dominated by small and medium enterprises.

The 2018 statistics of distribution of active enterprises, according to the sectors of the economy is as follows: trade (43.4%), hotels and restaurants (16.2%), transport and communication (9.9%), industry (9.6%), construction (4.3%), agriculture and fishery (1.7%) and other services (14.9%). However, despite positive growth of SMEs there have been considerable inequalities among the regions.

Graph: Active enterprises by economic activity in Albania, 2018

Chart, bar chart

Description automatically generated

*Source:* Regional Statistical Yearbook, 2019

The sector with the largest number of active enterprises is the trade sector, followed by agriculture, forestry and fishing and other services. During 2018, both mining and quarrying sector and electricity, water and waste management sector had the lowest number of active enterprises, which constituted 0.6 % of the total.

**Size of enterprises**

Approximately 89.4 % of enterprises are enterprises with 1-4 employed. Big enterprises with 50 and more employees represent only 1.2 % of total enterprises and their contribution to employment in 2018 is 48.1 %, while it was 47.8 % in 2017.

Table: Active enterprises by Regions and size, year 2017-2018

Table

Description automatically generated

Source: INSTAT Regional Statistical Yearbook, 2019

The total number of active enterprises[[24]](#footnote-24) is 162,343 in Albania, where Shkodra accounts for 10,999 (7th in Albania) and Lezha 5,167 being the 9th and Tropoja (within Kukes being the lowest in Albania with Tropoja having 591 businesses of which 70% are in the trade business, 10% in agro-tourism, 10% minerals and 10 % HEC (Hydroelectric Power Station) and other subjects.

Besides the small size of the enterprises, an important factor which is an impediment to economic development in the programming area, in both sides of the border is the lack of technological know-how and labour skills. It remains a key challenge as the market demand for high quality services and products is mismatched by the inadequate labour skills. The lesser developed economies of the rural and remote areas are unable to seize the opportunities offered by more developed coastal cities and larger urban centres of the programme area. Another key challenge is the SMEs poor access to financing; the overly prudent lending policies adopted by financial institutions in both countries are a serious impediment to the growth of enterprises in the programme area.

### Labour market

Unemployment in both Montenegro and Albania is relatively high by international standards. It is still a major economic problem in both countries and is characterised by significant regional differences.

According to the data for the first quarter of 2020, there were 282.6 thousand of active populations in **Montenegro**, out of which there were 236.4 thousand of employed persons or 83.7% and 46.2 thousand of unemployed or 16.3%. The number of persons in employment in comparison with the previous quarter has decreased 0.7% and in comparison, with the same quarter of previous year has increased 0.6%. The number of unemployed in comparison with the previous quarter has increased 2.7% and in comparison, with the same quarter of previous year has increased 11.3%[[25]](#footnote-25). The number of inactive in comparison with the previous quarter has increased 0.6% and in comparison, with the same quarter of previous year has decreased 3.0%. The activity rate for the first quarter 2020 is 56.5%, the employment rate is 47.2%, the unemployment rate is 16.3% and the inactivity rate is 43.5%[[26]](#footnote-26).

According to the latest data (from 2018), 94,000 women in Montenegro work in various economic sectors. Most of them work in trade (26,100), education (10,600) and health care (9,300). Naturally, the wages vary across different sectors of the economy. Although the number of women in Montenegro is slightly higher than that of men, women contribute less to the country’s GDP. There are two reasons for that: lower number of employed women and their employment in the sectors with lower net wages[[27]](#footnote-27).

In 2019 the unemployment rate of the working age population was 15.4 per cent (15 per cent for men and 15.9 per cent for women). Long-term unemployment remains pervasive at 78.9 per cent of all unemployed persons, with women more exposed to long-term unemployment than men (80.6 per cent and 77.4 per cent, respectively). In 2019, the unemployment rate among young people (15–24) stood at 25.2 per cent, over one and a half times that of adults. Approximately 17 per cent of young people are not in employment, education or training (NEET), with young men more likely than young women to be disengaged (18.8 per cent and 15.8 per cent, respectively). The labour market situation of young people (15–24 years of age) has been improving since 2015, with increasing labour force participation rates (from 29.2 to 36.5 per cent), raising employment rates (from 18.8 per cent to 27.3 percent) and declining unemployment (from 37.6 per cent to 25.2 per cent). However, more young men that young women and young people with higher education attainment. [[28]](#footnote-28).

Out of total number of labour force (active population), there are 154.4 thousand or 54.6% of men and 128.2 thousand or 45.4% are women, while 126.7 thousand or 58.2% of inactive persons are women and 91.1 thousand or 41.8% are men. Out of total number of employed persons, there are 130.4 thousand or 55.2% of men and 106.0 thousand or 44.8% are women. When unemployed persons observed, there are 24.1 thousand or 52.1% of men and 22.2 thousand or 47.9% are women[[29]](#footnote-29).

As per the programme area, there are 135,851 employed or 71% of the total Montenegro, where the majority is for Podgorica that accounts for 46% of the whole of ME or 65% of the Programme Area.

|  |  |  |  |
| --- | --- | --- | --- |
| **Municipality** | **Employment** | **Unemployment/Sept 2020** |  |
| Podgorica | 88 694 | 7823 |  |
| Budva | 14 867 | 829 |  |
| Bar | 11490 | 2184 |  |
| Ulcinj | 4 459 | 1417 |  |
| Cetinje | 3 422 | 1223 |  |
| Rozaje | 2 829 | 3768 |  |
| Danilovgrad | 3 660 | 1117 |  |
| Berane | 4 623 | 4576 |  |
| Plav | 1 277 | 1838 |  |
| Andrijevica | 530 | 839 |  |
| Tuz | N/A | 856 |  |
| Gusinje | N/A | 630 |  |
| Petnjica | N/A | 1082 |  |
| **Total average of Montenegro** | **190 132** | **43383** |  |
| **Total PA** | **135851 or 71%** | **28182 65%** |  |

According to the 2019 Labour Force Survey data, the activity rate continues to improve, but is still low at 57.4%, while regional disparities persist, with unemployment disproportionately high in the north with 36.3% as compared to 5.5% in the coastal region. Long-term unemployment remains a major structural challenge, with 63% of the unemployed being out of work for more than two years. The most vulnerable groups on the labour market remain women, youth, Roma and low skilled workers. Of these the Roma and Egyptian community make up around 2% of the total registered unemployed [[30]](#footnote-30). The halt of economic activity introduced in March 2020 to contain the spreading of COVID-19 had a negative impact on the labour market. The unemployment rate rose to 17.4% in April, up from 15.3% in March and 16.4% a year earlier.

The structure of persons in employment by sectors of activity shows that the highest share of them works in the service sector, 74.0%; than in industry and construction, 17.7% and 8.3% in agriculture, forestry and fishing. In the observed period (Sept 2020) there were 8.7 thousand or 21.4% of unemployed persons who searched for work for less than 12 months; 5.5 thousand or 13.5% of unemployed persons searched for work up to 2 years, while 26.5 thousand or 65.1% of unemployed persons searched for work 2 years and over[[31]](#footnote-31).

The average earnings (gross) in Montenegro in August 2020 are 782 Euro, while the average earnings without taxes and contributions (net) are 523 Euro. The average earnings without taxes and contributions (net) in August 2020 comparing to July 2020 increased 0.4% while the average earnings without taxes and contributions (net) in August 2020 comparing to August 2019 increased 1.2%. Having in mind that consumer prices in August 2020 comparing to July 2020 increased 0.1%, the results is that real earnings without taxes and contributions (net) in the same period increased 0.3%[[32]](#footnote-32).

In **Albania** during the second quarter of 2020, the employment rate for the population aged from 15 to 64 is 59.6 %. In this quarter, compared to the same quarter of 2019, the total number of employed decreased with 3.6 %. Compared to the first quarter of 2020, this indicator decreased with 2.6%. In the second quarter of 2020, the official unemployment rate in Albania, for the population aged 15 years and over is 11.9 %. Compared to the second quarter of 2019, the official unemployment rate increased with 0.4 percentage points. Compared to the first quarter 2020, the official unemployment rate increased with 0.5 percentage points.

The labor market shows disparities between women and men in Albania. Women have lower labor force participation rates and employment rates, and higher inactivity rates due to household responsibilities. Youth in Albania has the lowest labor force participation rates and employment rates, and the highest unemployment rates compared to the rest of the population. The unemployment rate in Albania is about double that of the EU-28. Although men have a slightly higher unemployment rate than women in Albania, unemployment statistics mainly capture underemployment for women, since a large percentage are counted as employed in unpaid family labour. Full time equivalent employment rate was 40.2 percent for women and 54.6 percent for men. Data show higher employment of women than men in social sectors of education, human health and social work. According to labor force survey data, in 2018, 13.8 percent of employed women and only 3.9 percent of employed men were employed in these sectors. Although women’s economic empowerment and reduction of the gender gaps in employment and labor market participation are key priorities in various policies, women’s labor force participation, occupational segregation, unpaid family labor in the rural areas, the gender wage gap, and the position of youth and especially of young women in the labor market continue to remain a challenge in the Albanian labour market[[33]](#footnote-33).

In the second quarter of 2020, the labour force participation rate for the population aged from 15 to 64 is 68.1 %. Compared to the second quarter of 2019, the labour force participation rate is 1.7 percentage points lower. Compared with the previous quarter this indicator decreased with 1.5 percentage points.

During the second quarter of 2020, the employment rate for the population aged 15-64 is 59.6 %. The annual growth rate of employment for the population aged 15 and over, from the second quarter of 2019 to the second quarter of 2020, is -3.6 %.

In annual terms, the employment rate decreased 3.7 % in the agricultural sector, 3.7 % in the industry sector and 3.4% in the services sector. Compared to the previous quarter, in the second quarter of 2020, employment for the population aged 15 and over decreased by 2.6 %. Employment decreased in the agricultural sector by 1.1 %, in the industry sector by 6.2 % and in the services sector by 2.3 %[[34]](#footnote-34).

Unemployment in the Shkodra and Lezha regions (2019), mirror the same average unemployment rate at national level, and also the same employment structure. The number of employed in the Prefecture of Shkodër is 7.7% compared to the total employed persons in Albania, while the unemployment rate is 11.9%. The number of employed in the Prefecture of Lezhë is 3.8% of the total employed in Albania, while the unemployment rate is 19.2%, ranking second highest.

### Agriculture and Rural Development

The agricultural sector plays an important role in Montenegro’s economy and is responsible for a significant share of the Gross Domestic Product by 6.4% of it as of 2019, comparing to 2018 which was 6.7%[[35]](#footnote-35). Stats shows that employability in agriculture sector (including forestry and fishing), according to Labour survey, stands at 8.3%[[36]](#footnote-36). Also agriculture topped the chart on average earnings, while the Index of nominal wages without taxes and contributions showed 100.2 points[[37]](#footnote-37).

In accordance with the Agricultural Census of 2010 the average size of utilized agricultural land per holding in Montenegro is 4.6 ha[[38]](#footnote-38). Also, we should take into account the fact that 72% of agricultural holdings possess up to 2 ha of land[[39]](#footnote-39). Regarding the use of agricultural land in Montenegro, the stats in 2018 show that the total agricultural utilized land was 256 807.7 ha[[40]](#footnote-40). Of this surface area, 95.2% is owned by agricultural holdings, and business operators own the rest, 4.8%. The number of agriculture enterprises and the employment in this sector showed an increase over the years. While in 2014 there were a total of 31 agriculture enterprises, this number increased to 38 in 2018 while the employability in 2014 was 986, this number increased to 1,053 in 2018[[41]](#footnote-41).

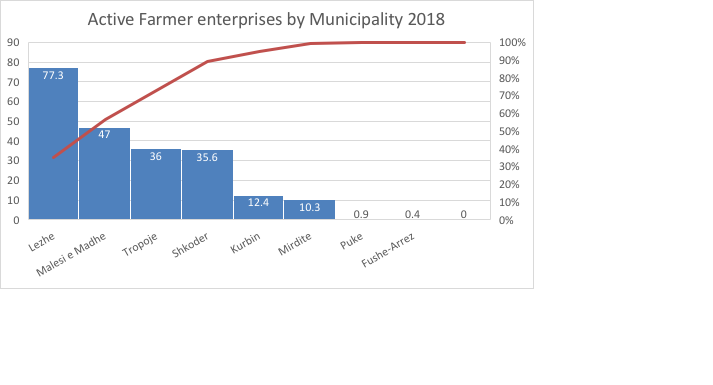
According to Strategy for the Development of Agriculture and Rural Areas 2015-2020, the Agro-Budget for 2015 earmarked 26.7% of available funds for market-price policy measures[[42]](#footnote-42). Strategy also consist of three groups of measures: first group aims at strengthening the competitiveness of food producers and achieve this by supporting investment in primary production and in the processing industry, by supporting the introduction of international standards and by establishing producers’ associations. The second group refers to sustainable resource management where three different types of measures are implemented: the sustainable use of mountain pastures, the preservation of genetic resources in agriculture and the development of organic agriculture. Support for general services in agriculture belongs to the third group of agricultural policies, and refers to financial support given to general services in agriculture, which are of public interest[[43]](#footnote-43).

Number of holdings according to the preliminary data obtained by interview-based farm structure survey 2016 in Montenegro shows that there were 43 791 agricultural holdings, from which there are 43 agricultural enterprises or business entities. Agricultural holding possesses in average 5.8 ha of utilised agricultural land in 2016. In 2010, this average was 4.5 ha. The most agricultural holdings are in interval from 0.1 to 0.5 ha[[44]](#footnote-44). The majority of agricultural holdings using perennial meadows and pastures are with the main position in municipalities: Niksic, Podgorica, Bijelo Polje, Pljevlja, and Berane. There are in average 2.03 persons employed on agricultural holdings. A municipality with the largest number of family agricultural holdings is Podgorica.

**Albania**: Agriculture sector is one of the most important sectors of the economy in Albania. Agriculture product is a part of the regional identity of with a wide range of environmental, natural and climatic changes.

Albanian agricultural sector has been steadily growing. The annual growth rate varied between 2.7% and maximum of 7.9%, depending mainly on weather conditions. In the last four years the sector has been growing at a higher rate than the rest of the economy.

According to MARDWA (Ministry of Agriculture, Rural Development and Agricultural Resources) statistics, around 1.6 million people live on farms, of which 47% are women. About 96% of the farm holders are men. Only 4% of the farm holders are women, even though women are the main labour force in the farms[[45]](#footnote-45).



The agricultural and rural development policy is especially of multi-dimensional importance for Albania, given that agriculture contributes around 20% of the country’s GDP and it employs nearly half of the country´s workforce.

At the end of 2014, Albania established a new strategic framework for the future development of agriculture and rural areas The Inter-sectorial Strategy for Agriculture and Rural Development (ISARD) 2014–2020.

During the period 2008-2017, the budgetary support for agriculture has been fluctuating, yet with an increasing trend. During a decade the average support value has reached EUR 25 Million or 1.4% of the GVA. In 2017, the overall budgetary support amounted to EUR 30.6 Million. Budgetary figures are modest (less than 2 % of the agriculture gross value added) when compared to the agriculture GVA (which in the recent three years remains slightly higher than 22 %)[[46]](#footnote-46). The support is very low, in terms of funding per farm (EUR 87 per farm) or per Ha of UAA (usable agricultural area - approximately EUR 25 per ha, if compared to both the EU and the other Western Balkans (no country less than 60 Euro per Ha of UAA)[[47]](#footnote-47).

The vegetables production in 2019 was 1,258,012 tonnes, increasing by 7.87%, compared with the year 2018. Livestock has been and remains one of the most vital sectors for the economical and social progress of the country. From livestock, are obtained precious food products, meat, milk, eggs, honey. Livestock covers all domestic animals, regardless of the age and location or purpose of the growth. This category includes animals like: Cattle, sheep and goats, pigs, equidae, poultry, bees[[48]](#footnote-48).

The programme area in **Albania** covers about 3% of the country’s total agriculture land[[49]](#footnote-49) Most of its territory is dominated by forests, pastures (83.6%) whereas the portion of land in use for agricultural purposes is only 16.4% or 85,361 ha. The terrain is mostly mountainous and rugged, significantly restricting the areas where agriculture potential can retain some comparative significance. Such areas are mainly situated in the surroundings of Shkodra Lake where the terrain and climatic conditions are favourable for farming vegetables. Lezha region has a tradition for pig farming as it has 91.7% of the total country’s inventory.

### Tourism

Tourism has a different pace of development in the programme area, but while Montenegro is already a popular touristic destination, Albania has still a long way to go. On the other hand, the vision of the Albanian government is increasingly emphasizing in its vision the efforts that is putting in tourism development as a major source for economic development.

**Montenegro**’s economy is strongly dependent on tourism, a key source of GDP growth, foreign exchange, employment and fiscal revenue, with a share of almost 22% of the total GDP and with the strong tendency toward growth. Tourism revenues contribute substantially to both the current account balance and employment. The tourism sector has significant potential for future income generation in the country.

In 2019, contribution of travel and tourism to GDP (% of GDP) for Montenegro was 21.7 %. Though Montenegro contribution of travel and tourism to GDP (% of GDP) fluctuated substantially in recent years, it tended to increase through 2000 - 2019 period ending at 21.7 % in 2019.

In 2019, contribution of travel and tourism to GDP for Montenegro was 1.2 billion US dollars. Contribution of travel and tourism to GDP of Montenegro increased from 0.1 billion US dollars in 2000 to 1.2 billion US dollars in 2019 growing at an average annual rate of 17.13%.

The policy objective on tourism aims to ensure a more balanced overall development of the regions of Montenegro and especially in the tourism sector, which leans heavily on the coastal tourism during summer time.

The programme area, bordering with Albania, provides a diversity of touristic destinations offering seaside and mountain tourism activities such as swimming, hiking and biking and wine tasting as well. The coast of the programme area attracts many tourists that enter Montenegro especially during summer period. Some 406 seaside accommodation facilities are in the Montenegro. Wine tours are organised in Podgorica and southern municipalities’ vineyards. Despite the current low level of tourist visits, the continental region has many advantages for developing all kind of tourisms related to mountain sports (skiing, hiking, biking, rafting, etc.), untouched nature and rich biodiversity (national parks, lakes, canyons, etc.), authentic rural life, traditional and quality food production.

Coastal municipalities in the programming area are also rich in architectural and cultural monuments from the ancient times, which make them very attractive for tourists. Bar is a port town well known for many important historical and cultural monuments.

In **Albania**, tourism has continued to grow steadily over the last 3 years, a trend which was slowed down during COVID pandemic. Tourism has become very important for the Albanian economy. According to the Economic Impact Report of 2018 of the World Travel and Tourism Council1 (WTTC), along 2017, the tourism sector recorded a direct contribution of $ 1.12bn, accounting for about 8.5% of the Gross Domestic Product (GDP) while including indirect multiplier effects, total contribution is almost three times higher than $ 3.47 billion, accounting for about 26.2% of the GDP, positioning this sector as one of the main contributors to the development of the national economy. Meanwhile, the sector's contribution to the economy is projected to grow significantly over the next 10 years, with the tourism sector expected to account for only 8.8% of the GDP in the next 2-3 years, while by 2028, the sector may reach 9.3% of the GDP. Thus, taking into account this upward trend, it is projected that by 2028 the direct and indirect effect of the tourism sector will reach approximately 1/3 of Albania's total GDP[[50]](#footnote-50).

The programme area of Albania is very important for the sustainable tourism development, based on National Park and protected area on seashore and on hinterland, rural traditions and handicrafts and on a very developed tradition of pilgrimage. It has a wide nature, cultural and historical touristic potential, which is largely unexploited. It has a 50 km coastline (12 km Velipoja-Shkodra and 38 km Lezha), suitable to further develop coastline tourism. Recent improvement in road infrastructure has made this coastline easily accessible, especially by tourists from Kosovo and Macedonia. The existing hosting structures, mostly private owned, have difficulties coping with the boost in the number of tourists, especially in Shengjin-Lezha. Despite improvements over the last years, the tourism infrastructure needs more attention, and the existing rich potential of natural and cultural resources has yet to unfold.

Both Shkodra and Lezha regions and Tropoja municipality have high individual potential for developing an all-year round tourism. Attractive nature and landscape of the mountainous and hilly nature, as well as the lake of Shkodra, the National parks, protected zones; tourist sightseeing (natural landscapes, rare species, etc.); agro-tourism, sites of historical and cultural interest such as prehistoric dwelling places, archaeological sites, cult objects, need to be better promoted along to a faster developing coast tourism in Shkodra (Velipoje) and largely in Lezha (Shengjin)

## SOCIAL

### Demography

**Montenegro** is a country in [south-east Europe](https://en.wikipedia.org/wiki/Southeast_Europe) on the [Adriatic](https://en.wikipedia.org/wiki/Adriatic_Sea) coast of the [Balkans](https://en.wikipedia.org/wiki/Balkans). It borders [Bosnia and Herzegovina](https://en.wikipedia.org/wiki/Bosnia_and_Herzegovina) to the north, [Serbia](https://en.wikipedia.org/wiki/Serbia) and [Kosovo](https://en.wikipedia.org/wiki/Kosovo) to the east, [Albania](https://en.wikipedia.org/wiki/Albania) to the southeast, the Adriatic Sea and [Croatia](https://en.wikipedia.org/wiki/Croatia) to the west. The largest and capital city is [Podgorica](https://en.wikipedia.org/wiki/Podgorica), while [Cetinje](https://en.wikipedia.org/wiki/Cetinje) has the status of old royal capital. The total population of Montenegro is 622,028 inhabitants and has been slightly increasing from 620,029 (from Census 2011) to 622,028 inhabitants. Natural population increase is 760 inhabitants (2018) showing a decrease as compared to previous year (760). The population in all has increased as compared to 2001 (614,791).

**Albania** is positioned in South-East Europe, in the western part of the Balkan Peninsula. In the northern part, Albania borders with Montenegro, in the north-east it borders on Kosovo, east bounded by North Macedonia, while in the south borders with Greece. In the western part, Albania has natural borders on the Adriatic and Ionian seas. The capital and largest city by area and population of the [Republic of Albania](https://en.wikipedia.org/wiki/Republic_of_Albania) is Tirana, located in the center of Albania.

The population of Albania on 1 January 2020 INSTAT estimation, is 2,845,955 Inhabitants, experiencing a decrease of 0.6 % when compared to 1 January 2019. During 2019 the natural population increase (births-deaths) is 6,624 inhabitants, experiencing a decrease of 7.1 % compared to the previous year. Net migration (immigration-emigration is – 23,082 inhabitants in 2019. The population of Albania has been decreasing since 2001, although not all Regions have followed this trend. During 2018 the population of Albania decreased from 2,873,458 to 2,866,376 inhabitants.

During 2018, only the population of 15 municipalities (out of 61) increased, consideration the natural increase of population and the net internal migration, whereas all the remaining municipalities had a negative population growth, without the international migration.

The population living in the programme area is 743636 and accounts for around 63% of total population of Montenegro, and 12.3% of Albania. On the other hand, the population in the programming area is almost balanced match as the Montenegrin population accounts for 393176 inhabitants or 52.8%, and Albanian population stands at 350,460 inhabitants or 45 % of the total programme area. Podgorica, Berane, Bar and Rozaje are the main towns in Montenegro, whereas Shkodra and Lezha are the most important urban centres in the Albanian programme area.

**Table 2. Population and density in the programming area**

|  |  |  |
| --- | --- | --- |
| Country/Municipality/Region | Inhabitants | Density in h/km2 |
| Montenegro[[51]](#footnote-51) | 622028 | **45** |
| *Total programming area* | 393176 | **71 (without Tuzi)** |
| % Programe are per total population | **63.20%** |  |
| Rozaje | 23024 | 53 |
| Berane | 26632 | 53 |
| Andrijevica | 4585 | 14 |
| Plav | 8319 | 26 |
| Danilovgrad | 18284 | 38 |
| Podgorica | 189260 | 136 |
| Bar | 44028 | 87 |
| Ulcinj | 20191 | 77 |
| Cetinje | 15181 | 17 |
| Budva | 22061 | 181 |
| Petnjica | 5242 | 30 |
| Gusinje | 3998 | 25 |
| Tuzi | 12371 | n/a |

|  |  |  |
| --- | --- | --- |
| **Albania[[52]](#footnote-52)** | **2845955** | 97 inh/km2 |
| **Total programming area** | **350460** | 71.58 |
| **% Programe are per total population** | **12.31%** |  |
| **Shkoder Region** | 203945 | 60.46 |
| **Lezha Region** | 125.998 | 82.7 |
| **Tropojë** | 20517 | 10.6 |
| **Total ME+AL** | 743636 |  |
| **% ME - AL** | **ME 52.87% and AL 47.3%** |  |

In **Montenegro**, the total number of population leaving in the programme area is 393176 inhabitants or about 63.2% of the total population of ME or 52.87% of the Programme. Podgorica has the biggest population at both country and programme area within ME. Urban population is estimated at 67.2% (2019).

In **Albania** the total number of population living in the programme area is 350,460[[53]](#footnote-53) inhabitants or about 12.31% of the country’s total population or 47%3 % of the programme area. Shkodra is the sixth most populated region in Albania. In Tropoja 75% of the population lives in rural areas with a relatively young population.

### *Migration*

The programming area of both countries has experienced **internal migration** flows. Movement of population towards the central and the coastal regions which are broadly more developed and provide more opportunities is present in the programming area. Both programme areas are characterised of migration from rural to urban areas for a better life and job opportunities. Internal migrants settle to urban regions in search for employment, particularly in the tourism and constructing sectors. Lower population density in rural areas, distances for commute and availability of facilities increase the difficulties of people residing in rural areas.

The analysis of population change in **Montenegro** highlights a polarisation of migration dynamics: in fact, few municipalities alone have managed to attract migratory inflows, while most of the cities have reduced their inhabitants in the last years, even to a notable degree. Focusing on 2015, internal migration statistics reports that the capital city Podgorica has attracted the 38.4% of all reported internal migrants in that year[[54]](#footnote-54). The trend followed in years. Total number of population who moved within Montenegrin borders in 2018 is 6 631 inhabitants. Majority of that population are women with 53% or 3 508 while men are 47% from total number, i.e. 3 123 inhabitants. In 2018 positive net migration was recorded in 10 municipalities. The difference between inhabitants who moved in and moved out is highest in Podgorica and it is 1 418. In north region of Montenegro is recorded net negative migration and it is 1 882 persons. Positive net migration is recorded in other two Montenegrin regions, and it is higher in central region and it is 990 persons, while in seaside part it is 892 persons. Podgorica still is the top region by internal migration in Montenegro with both people moving in (1240) and moving out (823). It is followed by Bar, Budva, Danilovgrad, Tuzi. Rozaje represents a more distinct balance with 47 entries and 160 exits from the Municipality.

From Albania (2019), Shkodra experienced a decrease from net internal migration to -460 people and Lezha has also experienced a decline in the number of net internal migration in the amount of -288 people. Tropoja migration has higher figures as compared to the national level which is 12%.

Montenegro continued to be an attractive country for labour migration in the Western Balkans, with 27,634 work permits delivered in 2019, a stable number compared with 2018. Legal migration is regulated by a quota system established annually. Seasonal workers, mainly from the Western Balkans, work primarily in the tourism, construction and agriculture sectors.

### *Age-Composition*

Based on the data from the Census of 2011 and ongoing trends, the composition of the population in the programming area of both countries shows that 50% of population belongs to the 15-49 years old age segment.

In 2019 the age dependency ratio in Montenegro was 23.15, slightly higher than 2018 but gradually increased compared to 2011 (19) . The age dependency ratio (young people) is 27.31 in 2019 with slight increase from 2018 and descrease of 28.1 (in 2011).

In 2019 the age dependency ratio in Albania was 20.7 (% of working-age population) and higher than 2011 (19). In 2018, in Albania there were 500,192 youths younger than 15 years old and 396,188 elderly people, aged 65 or more. In Albania, the working- age population, that is people aged from 15 to 64 years old, was 1,969,996 people during that same year. The distribution of population by the three main age groups, in every Regions shows higher numbers of young people compared to the elderly.

The young dependency ratio is higher than the old dependency ratio at national level, but at programme area, Lezha is among the regions with the highest elderly depenency ratio at around 21.7 people older than 65 years old per 100 people from 15 to 64 years old and Tropoja among the the highest dependency ratio at Region Level at 32.1 people younger than 15 years old per 100 people from 15-64 years old[[55]](#footnote-55).

### *Density*

In the Montenegrin part the density of population at 71 inh/km2 is higher than national average of 45 inh/km2, while in Albania it is 71inh/km2, lower compared to the national average of 97 inh/km2.

The population density registered in the programming area in **Montenegro** also indicates the flows of internal and external migration from less developed areas or rural areas towards urban and more economically attractive areas. Population density of Andrijevica is the lowest starting by 14 inhabitants per Km2 followed by Cetinje 17 inhabitants per km2 by Plav with 26 and Petcinja with 30 inhabitants per km2. On the other hand, the touristic Budva municipality has the highest population density with 1817 inhabitants followed by Podgorica with 137 inhabitants per km2. Coast cities of Ulcinj and Bar have also a high population density with respectively 77 and 87 inhabitants per km2, generously above Montenegro’s average of 45 inhabitants per km2. In **Albania ‘s** part of the programme area the average population density is 72 inh/km2. The highest population density is observed in the Lezha region, which at 82 inh/km2 is closer to the national average of 97 inh/km2, followed by Shkodra with a population density of 60 inh/km2  Tropoja with a population density of 20,5 inh/km2. It is equally important for Montenegro and Albania to reverse or curb down somehow the migratory tendencies as they represent a concern and a challenge especially when development policies rely on tourism and agro-business.

### *Minorities*

### The ethnic structure of the programming area varies greatly. In Montenegro there is great diversity among the population as its majority is composed of a majority of Montenegrins, then Serbs followed by Bosniaks and Albanians. The largest ethnic groups in the programme area in Montenegro[[56]](#footnote-56) are Serbs who make for 24.8% of the population. The second largest minority group are Bosniaks 16.3%, and the third largest are Albanians with 10.7 %. In coastal municipalities as well as in the municipality of Plav, Albanians form a strong minority while in the municipality of Ulcinj they even constitute a majority of 70 %. In Albania, the presence of ethnic groups in the programming area is negligible. Ethnic Albanians make up for the absolute majority of the population. There is a very small community of ethnic Montenegrins in Shkodra accounting for about 0.13%[[57]](#footnote-57) of the total Shkodra region population.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Montenegrins | Serbs | Bosniaks | Albanians | Croats | Bosnians | Other |
| Rozaje | 401 | 822 | 19269 | 1158 | 6 | 12 | 1296 |
| Berane | 8838 | 14592 | 6021 | 70 | 42 | 5 | 4402 |
| Andrijevica | 1646 | 3137 | - | 1 | 2 | 1 | 284 |
| Plav | 822 | 2098 | 6803 | 2475 | 5 | 5 | 900 |
| Danilovgrad | 11857 | 5001 | 16 | 81 | 55 | 13 | 1449 |
| Podgorica | 106642 | 43248 | 3687 | 9538 | 664 | 105 | 22053 |
| Bar | 19553 | 10656 | 2153 | 2515 | 254 | 53 | 6864 |
| Ulcinj | 2478 | 1145 | 449 | 14076 | 45 | 31 | 1697 |
| Cetinje | 15082 | 727 | 4 | 38 | 42 | 7 | 757 |
| Budva | 9262 | 7247 | 82 | 100 | 167 | 42 | 2318 |
| Petnjica\*[[58]](#footnote-58) | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Gusinje\* | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Tuzi\* | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Total programming area | **176581** | **88673** | **38484** | **30052** | **1282** | **274** | **42020** |
| Total Montenegro | **278865** | **178110** | **53605** | **30439** | **6021** | **427** | **72562** |

*Population by ethnicity per municipalities in Montenegro*

### 

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Ethnic and cultural affiliation | **Shkoder** | **Lezhe** | **Tropoje** | **Total Albania** | **Total Programming area** |
| Albanian | 91.65 | 86.90 |  | 82,58 | 88.74 |
| Greek | 0.02 | 0.03 |  | 0,87 | 0.02 |
| Macedonian | - | 0.01 |  | 0,20 | 0.17 |
| Montenegrin | 0.13 | 0.01 |  | 0,01 | 0.07 |
| Aromanian | 0.01 | 0.01 |  | 0,30 | 0.01 |
| Roma | 0.18 | 0.14 |  | 0.30 | 0.14 |
| Egyptian | 0.32 | 0.18 |  | 0.12 | 0.22 |
| Other | 0.08 | 0.01 |  | 0.09 | 0.07 |

### *Poverty*

In **Montenegro** at risk of poverty rate in 2018 has been 23,3 % versus 23,6% in 2017. The increased poverty rate is much more emphasized in rural areas, 35,6% as against urban areas where it is 17.3 % in 2018. Inequality decreased to 34,8 % in 2018, compared to 36,7 in 2017 (Gini Coefficient) [[59]](#footnote-59).

Economic growth, rising employment, and low inflation reduced the at-risk-of-poverty rate from 25.2 per cent in 2013 to 23.8 per cent in 2018. The groups most at risk of poverty are children and young people, with one quarter of young people 18 to 24 at risk of poverty, low-skilled individuals (41.6 per cent), the unemployed (47.5 per cent), persons living in the north of the country (40 per cent) and in rural areas (35.6 per cent) [[60]](#footnote-60) At risk of poverty or social exclusion rate in 2018 was 31.4% and compared to 2017 it decreased by 2.3 percent points.

Regional disparities are evident – poverty is more evident in the northern regions and diminishes substantially southward in the central and coastal regions. In 2018, 40.0% of population of northern region8 was at risk of poverty, while population of central region had the lowest risk of poverty 14.4%.

The risk of poverty is present for every third resident of rural areas (35.6%). At risk of poverty rate in urban area was 17.3% in 2018.

Despite the development of the economy in the last ten years, however, poverty in **Albania** has remained high. In an effort to adopt policies to share widely the benefits of growth, and reduce poverty, the Government developed the Growth and Poverty Reduction Strategy (GPRS), the precursor to the current National Strategy for Socio-Economic Development (NSSED).

At risk of poverty rate in Albania in 2018 was 23,4% declining by 2.3 percentage points compared to 2017.

In 2 018, around 50% of population was at risk of poverty or social exclusion which is more than double of EU average (22,4% in 2017)[[61]](#footnote-61). About 14% of population is estimated to be vulnerable to poverty[[62]](#footnote-62)

According to INSTAT (At- risk of poverty rate in Albania, in 2018, is 23.4%. In 2017, this indicator was 23.7%, decreasing by 0.3 percentage point.

In comparison to other EU countries, the Albanian at risk of poverty rate in 2018 is 23.4 % which ranks Albania before Serbia (24.3 %) and Rumania (23.5 %). In 2018, the Gini coefficient was estimated at 35,4 %, decreasing from the 36.8% for 2017[[63]](#footnote-63).

The regions in the programme area are poorer compared to the national average of poverty rate 14.3%. Lezha region registers a 17.5% poverty rate and Shkodra regions is slightly better with a 15.7% poverty rate. Poverty has become an urban concern, indicating a sluggish performance of economy over the last years, while the revival of the already exhausted urban potential to lead economic growth has become imperative.

### Education and Youth

The education system in Montenegro is centrally managed, while in Albania it is decentralized with shared responsibilities between central and local government.

The needs for primary and secondary education are broadly covered in the **Montenegro**’s programme area. Montenegro retains a good coverage of the territory with primary and secondary schools, including rural areas.

In **Montenegro** programme area, there are 11 public pre-primary kindergartens (22002 children), 22 private pre-primary institutions (1078) plus 2 private international preschool institutions. According to the official statistics, there are 88 public primary schools (5 primary music schools included in this number), and 2 private international schools in the programme area. The overall branch units of the main primary schools total to 113. There are 29 public secondary schools, 1 public-private school, 2 private international secondary schools. In total 32 secondary schools. [[64]](#footnote-64)

Education is provided in Montenegrin language and also in Albanian language (in municipalities peopled with ethnic Albanians).

There are 4 universities in the programme area: one public University of Montenegro (19 faculties and 2 institutes) based in Podgorica and three private universities: the Mediterranean University (6 faculties) based in Podgorica; the Donja Gorica University (12 faculties and 2 institutes) (in suburbs of Podgorica), the Adriatic University Bar (formed in 2017, 8 faculties). Not all faculties members of the four universities are part of the programme area, but in total 38 faculties and 3 institutes. There is also one state independent Faculty for Montenegrin Language and Literature based in Cetinje, and two private faculties: Faculty of Business Management in Bar and Faculty for state and European studies based in Podgorica.

At national level, the latest figures (2018) show spending on education at 4% of GDP. The importance of early childhood education and care (ECEC) continued to be promoted and kindergarten outreach services are available in some rural areas. Participation rates for 0-5 year olds showed a small increase from 48% in 2018 to 52% in 2019. The overall number of school-going Roma and Egyptian children, and children with disabilities, remains low, most concerning is the low level of Roma and Egyptian children completing compulsory education. In this context, Montenegro should ensure close synergy when implementing the 2016-2020 strategy for social inclusion of Roma, the Poznan Declaration on Roma integration, and the more recent strategy for inclusive education 2019-2025. It is also preparing a draft lifelong entrepreneurial learning strategy (2020-2024).

The Ministry of Education continues to revise programmes and qualifications in cooperation with the business community. It is also committed to implementing and monitoring the 2015 Riga Conclusions on Vocational Education and Training (VET), as reflected in the revised VET strategy (2020-2024), adopted in January 2020. Proper implementation of the strategy will be an important element moving forward, given its focus on providing quality and inclusive education geared towards the labour market, and the need for green and digital skills. Recommendations include capacity building of in-company trainers and mentors in schools, and sustainability of the joint funding model between education and private sector. From 2017 to 2020, the Vocational Education Centre of Montenegro has prepared 54 modularised education programmes, based on the learning outcomes, which are implemented from the school 2017/2018 (10 education programmes), 2018/2019 (16 education programmes), 2019/2020 (15 education programmes), 2020/2021 (13 education programmes).[[65]](#footnote-65)

In May 2019, the government signed the first (3-year) financing agreement with the University of Montenegro (UoM) based on, among others, quality assurance, enrolment policy and improvement of study programmes. Montenegro continues to participate actively in the EU Erasmus+ programme. In 2019, 1 379 incoming and outgoing participants were funded, while 9 capacity building projects were awarded in the area of higher education and 3 in the area of youth. Montenegro has also requested to join the eTwinning Platform for teachers. For the first time, six young volunteers from Montenegro participated in the European Solidarity Corps.

The Youth Strategy 2017-2021 is being implemented and all 24 local municipalities have local youth action plans, and all of them being harmonized with the key priorities of the National Youth Strategy. According to the Law on Youth, municipalities are obliged to adopt Local youth action plans, and as such, they have to be in harmonization with the National Youth Strategy 2017-2021. The Strategy defines six key priorities (outcomes) regarding Montenegrin youth[[66]](#footnote-66). The new Law on Youth was adopted in April 2019, prescribing new solutions with the aim of improving the creation and implementation of youth policy at the national and local level.

All three bylaws recognized within the Law have already adopted 3 Rulebooks[[67]](#footnote-67). in 2019 and 2020 the Ministry of Sports and Youth has allocated close to 236.000EUR for the reconstruction and adaptation of 11 youth clubs in Montenegro. Youth clubs are opened in Mojkovac, Plav, Petnjica, Danilovgrad, Nikšić, Šavnik, Cetinje, Bar, Kotor, Plevlja and adapted Youth Center in Podgorica. There is the intention to open youth clubs in every municipality in Montenegro.

Montenegro actively joined the fifth edition of the European Week of Sport under the framework of the European Commission’s initiative European Week of Sport Beyond Borders. It actively participates in Erasmus Plus Union Programme. In 2019, 1 379 incoming and outgoing participants were funded, while 9 capacity building projects were awarded in the area of higher education and 3 in the area of youth.

Additionally, more than 9500 free European youth cards were distributed to young people nationwide. Also, Montenegrin Government continuously provides financial support for implementing projects aimed on youth mobility, intercultural exchanges, youth participation and non-formal education gathering young people from six Western Balkan counties through Regional Youth Cooperation Office (RYCO).

The **Albanian** programme area has a good coverage with primary and secondary education institutions. It has[[68]](#footnote-68) 177 kindergartens with 7014 children enrolled (2019).

The Lezha region has 19101 students in total with 17284 enrolled in public schools and 1817 in private schools. There are 4 vocational education schools (2 private and 2 public) with a total of 1056 students (665 in public and 391 in private).

The Shkodra region has 27609 students in total with 23137 enrolled in public schools and 4472 in private schools. There are 5 vocational education schools (5 public and 1 public) with a total of 1730 students (1592 in public and 138 in private).

There is a University with 6 faculties in Shkodra, named “Luigj Gurakuqi”, which represents perhaps the most important centre of intellectual, social and cultural development in the programme area within Albania. During the 2019-2020 academic year, there were 2 039 students enrolled for the bachelor degree and 621 for master studies. It has had a cooperation agreement with the University of Podgorica since 2004.

Nationally, in 2018, 35,278 pupils graduated from upper secondary education, marking a decrease of 3.2 % compared to 2017. In the 2018-2019 school year, 502,120 students and children attended pre-university education, marking a decrease of 3.6 % compared to the 2017-2018 school year. The decline in the number of students in absolute value follows the decline in the age group population belonging to pre-university education. In the 2018-2019 school year, a total of 78,942 children attended pre-school, marking a decrease of 2.6 %, while a total of 306,530 students attended 9-year education, marking a decrease of 4.1 % compared to the year before. Of the total upper secondary education students, 87.6 % attend public secondary education.

Pupils enrolled in public education across prefectures, make up the majority, compared to enrollments in private education. However, there are considerable differences between the prefectures which have the highest percentage of private upper secondary education such as Shkodër. In Tropoja there is no private upper secondary education.

The share of highly educated persons is higher among women than men (18.2 percent vs. 14.5 percent). The participation in formal or non-formal education which indicate life-long learning is almost the same among women and men (10.8 percent and 10.2 percent respectively). However, the segregation according to educational areas is still prominent. Among women who are tertiary students, 44.3 percent studies in the field of education, health and welfare, humanities and arts, while at the same time among men who are tertiary students 21.4 percent studies in the same fields.

Based on the NSES 2014-2020 (National Strategy on Employment and Skills), it sets specific gender focused targets in regard to VET and employment that results from the skills and training received in the VET system. It also includes in its objectives the re-conceptualization of the national public VET system on principles of equality and diversity, as well as the inclusion of gender equality and diversity goals in the VET curricula and elimination of gender stereotypes[[69]](#footnote-69).

Vocational education has been a priority in recent years. For this reason, enrolment in vocational education has been increasing year-on-year, with a growth in the 2018-2019 school year of 1.09 % with respect to 2017-2018’s. The highest increase for public vocational education this year, compared to 2017-2018, is in Shkodër and Lezhë (among other regions). In 2018, 37,795 pupils graduated from 9-year education, or 95.4 % of students in the ninth grade of 2017-2018, marking a decrease of 1 percentage points, compared to the previous year. In 2018, 35,278 pupils graduated from upper secondary education, marking a decrease of 3.2 % compared to 2017.

The ratio of pupils to teacher in compulsory education (9-year school) which for Kukës prefecture is 10.3 pupils per teacher, varies by municipalities where that’s of Tropoja has the lowest ratio of 8 pupils per teacher.

In Lezha, the number of pupils attending primary, lower secondary and upper secondary education in Lezha represents 4, 8 % of total number of pupils in the country. The ratio of pupils to teacher in compulsory education (9-year school) which for Lezha prefecture is 12 pupils per teacher, varies by municipalities, where that’s of Mirdita has the lowest ratio of 8.8 pupils per teacher, while the highest ratio is hold by Kurbin municipality with a ratio of 13.1 pupils per teacher.

In Shkodra, the number of pupils attending primary, lower secondary and upper secondary education represents 7.0% of total number of pupils of Albania. The ratio of pupils to teacher in compulsory education (9-year school) which for Shkodra prefecture is 9.4 pupils per teacher, varies by municipalities where that’s of Fushë Arrëz has the lowest ratio of 6.1 pupils per teacher, while the highest ratio is hold by Shkodra municipality with a ratio of 10.4 pupils per teacher.

At national level, Albania has made some progress on establishing a policy framework for pre-school education. The enrolment rate in early childhood education and care for 3-4-year-olds reached 73%, in the school year 2017-2018 compared with 55% in 2008. It also marks an increase in participation of children from disadvantaged backgrounds (66 % in 2018 against 26 % in 2017).

According to LFS (Labour Force Survey) data of 2018, adult (25-64) participation in formal or non-formal education and training was extremely low (0.9%) compared to the EU-28 average (11.1%). In 2019, 19,589 people (including 8 480 women) were registered in vocational courses, of whom 8,714 unemployed from the employment offices. In total, 13 570 people received a certificate during this period.

Enrolment rates of Roma people and Egyptians increased from the previous academic year in both pre-university (+6 %) and early childhood education and care (although very low overall). Their access to higher education also improved, by 13.8% in the 2018/2019 academic year. Albania continued to participate actively in EU programmes, in particular Erasmus+ , with very good results in 2019, especially in terms of mobility (6,067 students, as against 4,028 in 2018) and capacity building in higher education projects, where five Albanian higher education institutions were selected as lead project coordinators. Albanian’s National Research and Education Network is connected to the pan-European GÉANT network for scientific excellence, research, education and innovation, and therefore national efforts should be made in the fields of open access and open data.

As relates to youth, the Law on youth (adopted on 4 October 2019), is expected to enhance the role of youth organisations in decision-making and ensure the efficiency of state institutions working on issues affecting young people. The criteria for national youth representative organisations to be recognised by the institution responsible for youth have to be approved by decision of the Council of Ministers. Three youth centres were established in 2018, among them in Lac/Kurbin. The Regional Youth Cooperation Office (RYCO) has its headquarters in Tirana and continues to be active in the region. Albania actively participates in Erasmus Plus with very good results in 2019, especially in terms of mobility (6,067 students, as against 4,028 in 2018) and capacity building in higher education projects, where five Albanian higher education institutions were selected as lead project coordinators.

Both Montenegro and Albania are coping with the COVID-19 pandemic which has affected all spheres of life, education among others. The Ministry of Education in ME actively provided a variety of distance- learning opportunities for the different education levels, including a portal for teacher-student communication with classes divided by years and subjects, as well as a dedicated YouTube channel with recorded classes. In Al, the school interruption occurred toward the end of 2019 due to the tragic earthquake in central Albania and during the first quarter of 2020 to the COVID-19 pandemic outbreak, clearly highlighted the shortcomings and the challenges in the provision of distance learning at all levels of education.

Unequal educational level is present in the programme area, with illiteracy increasing in remote areas. Highly educated young people have a tendency to leave towards regions that provide more opportunities or abroad. The secondary education system is less attractive and accessible, especially for young rural population in the programme area. Private schools and Vocational training are present but still more efforts are required to match labour market demands for qualified and skilled employees. Roma and marginalised groups need to be better integrated in the education system; insufficient inclusion of children with special needs; need to better match curricula with market demands and entrepreneurship.

The education system in the programme area in both countries requires reform, especially practical learning experiences and links with the business sector, especially for young people, including innovative technologies and ICT. Increasing enrolment rates for marginalized groups is also a priority.

In addition, COVID-19 global crises demand for further innovative and quick actions to address learning environment for students at all levels.

**3.3.3 R&D, ICT, Innovation**

**Montenegro** has a growing scientific base, and the level of funding has been rising since 2017. R&I funding access has improved through training support to access international funding. Research and development (R&D) funding increased to 0.50% of GDP in 2018 (up from 0.37% in 2017). In January 2020, the University of Montenegro (UoM) was awarded the ‘HR Excellence in Research Award’. In June 2019, Montenegro was the first country in the region to adopt a smart specialisation strategy (S3), covering the period 2019-2024 and prioritising the areas of agriculture, energy, health, tourism and ICT. A new Law on innovation activities was adopted which provides for the establishment of an Innovation Fund to act as separate agency focused specifically on S3 implementation. A Law on incentives for R&I development was also adopted. The country’s participation in Horizon 2020 has improved and shows a very good trend for 2019, receiving EUR 3.2 m of direct EU contribution and reaching a success rate of 13,9% as compared to 12% for the overall Horizon 2020 programme. Montenegro engages actively with international bodies such as COST, CERN, IAEA, and EUREKA, which should produce positive effects on business-academia cooperation. Montenegro is committed to continue participating in the European Social Survey European Research Infrastructure Consortium (ESS-ERIC).

Montenegro spends about 0.41% of GDP in **Research and Development**[[70]](#footnote-70); 58% belong to the public sector; 27% originate from private businesses and about 15% funded by EU and other international organizations’ projects. 59.4 %, of researchers is employed in the higher education –followed by the Government sector with 32% and businesses with 8%. R&D in the non-profit sector accounts for only 0.6 %.

A new science and technology park is being established in Podgorica, while the one in Niksic (Technopolis) is already operational with 29 tenants, with equipment of its three laboratories.

As stated in the last World Economic Forum report on global competitiveness in the field of ICT, Montenegro is a regional leader. This is also the case in the field of the development of the electronic government – Montenegro[[71]](#footnote-71). All the main units of the educational institutions, up to the university level, are provided with the Internet connection, the information systems in health and education are established. Legislation in the field of information society is largely harmonized with the EU. Strategy for the Information Society Development 2020“outlines the strategic development tools in this development field, with a view to reaching the EU standards set out in the Digital Agenda 2020. Internet connection remains an important goal, but also a significant challenge which should contribute to the creation of a digital Montenegro. The successful integration of ICT is not only recognised in education and healthcare services but also in the wide economy. The COVID-19 crisis has pushed forward digitalisation in our communications. According to Monstat data, the share of the ICT sector contribution to the GDP is 4.2 %.

The innovation system in Montenegro is regulated by the international legal acts, legislative and strategic framework in this field (6 International Acts, 4 national Laws). The Law on Innovation Activity regulates the organization, conditions and manner of funding innovation activity in Montenegro, in a way that allows innovation to become a pillar of the development of a dynamic and relevant environment for the development of science and research. In the Amendments to the Strategy of Scientific-Research Activity of Montenegro (2012–2016), innovation has been identified as the factor for increasing the competitiveness and technological development. The Regional Development Strategy of Montenegro (2014–2020) establishes a number of mechanisms and measures, whose implementation is aimed at achieving a balanced socio-economic development of all local self-government units and regions, based on competitiveness, innovation and employment.

**Albania** is at an early stage in the area of science and research. Some progress was made over the reporting period, especially with the completion of the mapping phase of the Smart Specialisation Strategy. Despite a significant increase in national resources for research and innovation (from ALL 62.12 million for 2018 to ALL 227.34 million for 2019), this is still well below the target and still needs to step up investments in scientific research and other measures to strengthen research and innovation capacity at national level. Limited progress was made with the implementation of the 2017-2021 action plan to support the development of innovative policies, which is aimed at promoting better links between academia, industry and government.

The capacity for research, development and innovation remained very low, as public spending on research (though up slightly) remained negligible at 0.03% of GDP. In the global competitiveness index, Albania ranks particularly low for innovation capability (110th of 141) and R&D (126th), with increasing numbers of publications in scientific journals and patents the only positive developments in this area.

Albania has an ongoing agreement with Montenegro as regards the mobility of researchers and technical experts between partner universities; setting up joint research centres to study hydro resources of Buna river and Shkodra lake; and a joint centre of advanced studies on seismological risks in the Western Balkans.

The capacity for research, development and innovation remained very low, as public spending on research (though up slightly) remained negligible at 0.03% of GDP. In the global competitiveness index, Albania ranks particularly low for innovation capability (110th of 141) and R&D (126th), with increasing numbers of publications in scientific journals and patents the only positive developments in this area.

Its participation in Horizon 2020 has improved and shows a good trend for 2019 and growing during 2020, nonetheless still more efforts are needed when compared to the countries of the region. Albanian entities have participated in 40 actions of Horizon 2020, receiving 4.2 million euros of direct EU contribution. The National Agency for Scientific Research and Innovation (NASRI) has strengthened its efforts to raise awareness on Horizon funding opportunities, but further measures should be invested to support participation through national funding.

### Health

The organization of the health system in Montenegro and Albania is similar; it is largely public with a modest (but increasing) private presence, and territorial coverage is duly provided with services of primary, secondary and tertiary health care.

The Government of Montenegro adopted the Montenegro Development Directions 2015-2018 (July 2015) with the ultimate purpose to increasing the quality of life, and health being one of the policy fields.

Based on the analysis of the healthcare system in Montenegro, the condition of the population’s health, the analysis of the financing of the existing healthcare system, planning and strategic documents and the recognized "weaknesses" in the system, it is necessary to continue reforms in the direction of improving the efficiency and quality of the healthcare system. In this regard, activities on rationalizing resources in healthcare have been initiated with an integrated and continuous approach to healthcare; as well as activities on defining the packages of medical services[[72]](#footnote-72) Bearing in mind that, in accordance with the Health Development Master Plan of Montenegro, the focus will be in the forthcoming period on preserving and improving health and improving the organization and functioning of the healthcare system through:

* prevention and control of chronic non-communicable diseases
* Prevention and control of infectious diseases
* Implementation of the Continuing Medical Education Program in Montenegro (CME)
* healthcare information system and e-health
* Construction and improvement of healthcare infrastructure

Some health indicators (e.g. life expectancy, infant mortality rate, maternal mortality rate) show a regular improvement in public health in Montenegro.

Life expectancy at birth in Montenegro data[[73]](#footnote-73) for 2018 was 76.77 years which is higher as compared to 2011 (75.50). Mortality rate of infants in 2019 was 2 as compared to 5.2 in 2011 which represents significant indicator of one nation’s health and level of health care development, as well as indicator of overall socio-economic development.

Primary health care in Montenegro is provided at municipal level and all municipalities have a primary health centre. Secondary health care is also quite present in the territory of programme area. The Clinical Centre in Podgorica serves as a general hospital for Podgorica, Danilovgrad among others while providing also Tertiary health care for the whole Montenegro. In addition, the programming area has 3 other general hospitals (in Bar, Berane, and Cetinje) and 2 health centers in Plav and Rozaje.

The total number of employees in the health sector in the programming area amounts to 4327[[74]](#footnote-74) health workers and associates, or about 66% of the total workforce employed in the health sector in Montenegro (6528 in total).

Similar to Montenegro, the primary health care in **Albania** is provided at commune and municipal level, while secondary health care is mainly located in the biggest urban centres. The primary health care service is the first contact point of the population to address their health problems. The basic institutions that provide these services are polyclinics, health centers, ambulances and special child and woman counselling services.

Most of these institutions are concentrated in the prefectures where the population is highest, such as Shkodra region. During 2018, the average number of contacts of the population in the primary service at the country level is 3 contacts per person. This indicator is highest in the Lezhë prefecture with 4 contacts per person, and lowest in the Kukës region (including Tropoja) prefecture with 2 contacts per person.

The programme area has 6 hospitals: 3 in Lezha, 2 Shkodra[[75]](#footnote-75), and 1 in Tropoja (Bajram Curri), 65 health centres: 57 in Shkodra and Lezha and 8 in Tropoja[[76]](#footnote-76). There are 977 health professionals in the programme area: 831 in Lezha and Shkodra and 146 in Tropoja.

Overall, health services in Albania are improving, but more needs to be done to ensure universal access to such services by poor households.

Public spending on health remains at 2.9 % of GDP and more resources are needed to be invested in primary health care, especially in maternal and child health.[[77]](#footnote-77)

The COVID-19 pandemic has also created major challenges to the programme area as the rest of the countries and the world. Both countries have responded to the situation with setting up the relevant structures to manage the situation with the EU substantially contributing to alleviate the situation.

### Culture

The culture in the programme area is, in overall, characterized by elements of different individual and common traditions. Tourist centres and big cities are rich in cultural heritages that include monuments and religious sites (churches, monasteries and mosques), old towns, archaeological sites and different museums. The programme area is also rich in diversified culinary and handicraft traditions that could play an important role in further promotion and tourism development. Limited public investments and subsidies have kept a low level of cultural activities in the programme area despite its rich heritage. This creates favourable conditions to further develop join initiatives aimed at adding value to the common heritage to the two sides of the border areas.

The programme area in **Montenegro** is home to a variety of religious beliefs, traditions, and cultures. The area contains mixed ethnicity population (Montenegrins, Serbs, Albanians, Bosniaks), with a long history of being closely connected to each other. Such history and tradition make for a good ground of cross-border initiatives as cross-border relations and cultural links are deep rooted in the mindset of the population in the programme area.

The programme area in Montenegro is rich in museums 11 (of 21 in total Montenegro), religious building 107 (out of 289 in total), libraries 12 (out of 22 in total), archives 9 (out of 14), theatres (3 out of 4), concert halls (14 out of 27), organisation of events/festivals (72 out of 124)[[78]](#footnote-78)

Culture is an important contributor to the national economy, illustrated by the significant contribution of the culture sector to GDP (4.62% of total GDP), a high percentage of cultural employment (3.12% of the total employed population) and a high percentage of employment in cultural establishments (5.13%). Exposure to arts education in key formative years may facilitate the nurturing of a domestic audience for cultural goods and services, as well as foster creativity and potentially inspire individuals to pursue creative employment; inducing standard setting, knowledge and capacity building, promoting and valorizing cultural heritage, safeguarding it and enhancing, promoting creative expressions by improving the levels and perception of the freedom of expression are some the main strategic approaches to culture development[[79]](#footnote-79).

Ministry of Culture continues to invest in creative hubs and industries, infrastructure and arts development. Further investment in mapping the local creative start-up ecosystem would be beneficial for added stimulus. In March 2020, the Ministry announced a public call for co-financing cultural and artistic activities of public interest to support and protect unemployed artists and various operators affected by the COVID-19 pandemic and supported 145 projects for financial assistance of 346.840,00 EUR. Amendments to the Law on the protection of the cultural and historic region of Kotor aim to contribute to better conservation. Numerous events were organised as part of the 2019 European Heritage days. The Regional Youth Cooperation Office supports intercultural youth exchange programmes. There is one successful lead awarded under the Culture Sub-Programme of Creative Europe and 6 awarded as partners in other projects in the framework of Western Balkans dedicated call for proposals, as well as 4 awarded organizations ad partners under the European cooperation projects call for 2019. [[80]](#footnote-80), Montenegro had two successful grants in the new mobility action ‘i- Portunus’.

In **Albania**, the programme area is rich in cultural heritage. Beside the famous Rozafa castle, there are several museums in Shkodra a considerable number of archaeological sites and tourist attraction related to the region’s and city’s cultural heritage. Lezha, an archaeological park since 2005, has also its castle ruins dominating the city, together with other attractions which could be found in the region such as museums, churches. The most important monument in the Lezha region is the mausoleum of the Albanian national hero Gjergj Kastrioti placed onto the ruins of the ancient church where the Albanian League to fight the ottomans was established in 1444 in Lezha city. The Programme area of Albania accounts for a considerable number of religious buildings (199), museums (12), libraries (6), archives (6), 2 theatres, concert halls (10), cultural associations (17) and series of annual events/festivals that are organised (27 as per 2019). It remains to utilise at best these potentials and explore extensively.

The national strategy for culture for 2019-2025 was adopted in December 2019 and the Law on cultural heritage and museums was adopted in May 2018. Albania envisages to exploit fully the potential of its existing cultural heritage and continue to cooperate with UNESCO on the management of its World heritage sites.

Albania continued to participate in the EU Creative Europe programme. In 2019, Albania benefited of three projects under this programme. Albania has better success rates projects under the Culture strand of Creative Europe (and particularly with Literary Translations). In the new mobility action, i-Portunus, 4 artists from Albania were funded.

Both countries possess a wealth of cultural and natural heritage sites that can be fully explored through the programme accentuating its values, history, common and shared values, traditions and customs.

### Civil Society

There are 5932 CSOs registered in **Montenegro** (417 registered in 2019)[[81]](#footnote-81) with 4062 registered in the programme area. The most influential and experienced CSOs are located in Podgorica (2392 accounting for more than 50%), active in various sectors (human rights, public policy, environment and rural development, capacity building, disabilities, etc.). Most of them have an experience in defining CBC projects. In the other regions and particularly in the northern region CSOs are less developed. Human capacities and funding capacities are generally insufficient; partnerships with local authorities as well as regional CSO networking are still weak. However, the local network of community organisations is diverse and rich. Some of them, such as the mountaineer’s associations, may play an important role in implementing the CBC initiatives.

Civil society continues to be actively involved in the accession process, including in the different working groups on the negotiation chapters. Its role in the accession process is recognised and promoted at political level. However, in many cases, NGOs’ participation in working groups remains a formality; the lack of timely information, inclusion and openness to their recommendations prevents them from influencing the decision-making process.[[82]](#footnote-82)

Officially there are 11,739 registered CSOs in **Albania** (313 new CSOs registered in 2019)[[83]](#footnote-83). The development of the CSOs in Albania has been shaped based on the country development and associated with legal initiatives and changes tending to create an enabling environment for the CSOs. CSOs in Albania are diverse in their types of activities and services. They provide goods and services in various areas for different type of beneficiaries. Apart from service provision, many of CSOs (working mainly in the field of democracy) are involved in awareness raising, advocacy and lobbying campaigns towards policy influencing to improve the legal and regulatory framework affecting the operation of CSOs and the life of their beneficiaries. In regards to the geographical coverage, mostly of the organizations continue to be based in the largest cities, such as Tirana, Vlora, Shkodra and Elbasani, while their operations are spread in other areas of the country. The organizations based in small cities and rural areas are still underdeveloped and do not have permanent staff. The Agency for the Support of Civil Society remains the main mechanism at the national level for distribution of public funds to CSOs, aiming to support their institutional development. A National Council for Civil Society established in 2015 as a an independent advisory structure of the Government of Albania, to guarantee the institutional cooperation among CSOs and government.

## INFRASTRUCTURE

The position of the programme area highlights the importance of a good transport infrastructure in the future development of tourism, trade, agriculture, cultural exchanges, competitiveness, and other related sectors affecting GDP growth. An efficient and well-functioning passenger and freight transport system is considered vital for a competitive economy but also to increase the degree of integration both within the country and in the regional and wider international surroundings, and to stimulate the attraction of transport flows in the region. The development of an efficient transport system also results in the shorter travel times, changing market conditions of business and increasing company competitiveness due to easier access to the (regional) market and direct engagement of domestic construction operatives, equipment, materials and workforce at the construction stage, which has its own multiplying effects on overall economic growth.

The EU’s transport policy aims to foster clean, safe and efficient travel throughout Europe, underpinning the internal market for goods (transferring them between their place of production and consumption) and the right of citizens to travel freely throughout the EU (for both work and pleasure). Motorisation rates for the enlargement countries were considerably lower than in the EU-28. There were, on average, 331.7 passenger cars per 1 000 inhabitants in Montenegro in 2018 with an increase as compared to previous years, and Albania 160.3 with an increase as compared to previous years too[[84]](#footnote-84).

Montenegro and Albania are part of the SEETO[[85]](#footnote-85) – core Network. The most important route in this area is the road that connects Podgorica with Shkodra through Bozaj (Hani i Hotit), which is a part of the European Core Roads Network.

The road infrastructure linking Montenegro and Albania especially through Sukobine (Muriqan) and Bozaj (Hani i Hotit) has been significantly upgraded. The services infrastructure of these border-crossing points has also been improved allowing faster communication between the two areas, thus able to facilitate transport, trade and tourism. The third one in Vermosh-Grncar (Plav) is less developed. A fourth border-crossing point in Zatrijebacka Cijevna - Grabom, will be linked with it by about 23 km of road inside Albanian territory, but is still not operational. It will significantly shorten the time of travelling from Plav to Podgorica (expected travel time through the Albanian territory about half an hour). It will also serve to the community living in Albanian since it shortens the travel time to Plav. New joint border crossing point will be opened on the Shkoder lake, Ckla-Zogaj[[86]](#footnote-86).

Apart from land borders entrances with neighbouring countries, international access to and from Montenegro is possible through the Port of Bar (with ferry services from Italy) and the international airports of Podgorica (TGD) and Tivat (TIV).[[87]](#footnote-87)

When it comes to Skadar/Shkodra Lake, the valorisation of this area is planned through the construction of adequate infrastructure in the Port of Virpazar aimed at conducting international water transport, fulfilment of conditions for the establishment of a maritime route between the Port of Virpazar and the Port of Skadar in the Republic of Albania. Moreover, in cooperation with the other state bodies in Montenegro and state bodies in the Republic of Albania, establishment of a navigation route on river Bojana is planned, as well as the finding of an adequate model for the protection of the river Bojana estuary from the depositing of sedimentation from the sea and river sides. When it comes to Port of Virpazar, within the framework of INTERREG IPA CBC AL-MNE programme – Thematic Project Transport, Ministry of Transport and Maritime Affairs is a partner in the project ‘*multimodal transport connectivity – ALMONIT’*, in which the lead partner is Albanian Development Fund while other partners are the Region of Puglia and the Region of Molise.[[88]](#footnote-88). The aim of “ALMONIT-MTC Albania, Montenegro, Italy Multimodal Transport Connectivity” is to establish a long-term partnership between stakeholders through multimodal inland water and maritime transport connections. Results of the project would be: A multimodal lake transport that will connect Albania with Montenegro on Lake Shkodra - specifically the Port of Virpazar with the relevant harbor in Shkodra; Four multimodal maritime transport that will connect Italy, Albania and Montenegro - more specifically this maritime transport will operate in Port of Bar (IT), Port of Bar (Montenegro), Port of Shengjin (AL), Port of Termoli (Molise, IT).

Montenegro continues to participate actively in the EU strategy for the development of the Danube Region (EUSDR) as well as in the EU strategy for the Adriatic and Ionian Region (EUSAIR). Albania participates actively in around 35 regional organisations and initiatives, such as the Central European Free Trade Agreement (CEFTA), the Energy Community, the Transport Community, the South East European Cooperation Process (SEECP) and the Regional Cooperation Council.

As repose to COVID-19, upon joint initiative by the Permanent Secretariat of the Transport Community and the CEFTA Secretariat the six governments in the Western Balkans have implemented measures to facilitate the transport and trade of essential goods within the region applicable for both Montenegro and Albania.

Additional incentive to improvement of condition of the transport system should be achieved through the upcoming implementation of the new Transport Development Strategy of Montenegro 2019-2035 adopted by the Government in June 2019 and implementation of the Treaty Establishing South-East European Transport Community signed in Trieste in 2017

***Roads***

Total length of Montenegro’s roads is approximately 7,000 km, of which around 1,850 km consists of main and regional roads, while the remaining length consists of local roads. Currently, on the section 1 (Smokovac - Matesevo) of the new motorway, began in 2015 and should be completed by 2021 (only section 1).

The connections between Podgorica and the coastal towns have significantly improved, journey times have become shorter and routes safer with the completion of Sozina tunnel (travel time from Podgorica to Bar, under half an hour) and numerous upgrades of roads towards Cetinje and Bar. However, the secondary and rural road network, managed by the municipalities requires improvement as it is often in poor condition. In the **Albanian** programme area, the roads infrastructure has been substantially improved in the last 5 years. Transport of commodities and people is easier and faster now. Travelling to Lezha, and Shkodra from Tirana takes no more than 120 minutes.

***Railway Transport***

Montenegro’s railway network consists of three (mostly) electrified, standard gauge railway corridors with a total length of 150 km. These railways connect the Port of Bar with Podgorica and Podgorica with Albania (Podgorica-Shkoder railway). The railway line to Albania offers exclusively freight service. Railways are operated by companies, which independently handle railway infrastructure, passenger transport, cargo transport and maintenance of the rolling stock.

Montenegro and Albania have agreed to integrate procedures of organizing **railway** transport between countries. One railway passes through the programme area from Podgorica to Shkodra of about 63.5 km in length; it is used only for freight transport as the line is not electrified. The same railway connects Tirana with Shkodra via Lezha. Since the infrastructure development has focused chiefly on roads network, the railway network has received little attention from respective Governments, thus leading to deterioration of physical conditions of this railway over years. Future plans include its electrification, at least on the Montenegrin side, and using this railway also for passenger transport, by adopting the city of Tuzi as the common border station. The railway connection with Albania needs major upgrade on Albanian side in order to be able to handle passenger traffic[[89]](#footnote-89).

***Air and Maritime Transport***

The Podgorica ***airport*** in Montenegro is the major airport in the programme area. There is also the Berane airport that is not functioning (last flights were during the 80s). Also, Spiro Mugosa Airport is a non-commercial airport in Podgorica used frequently for parachuting, gliding, and other air sports.

The programme area in **Montenegro** is home to the **port** of Bar, the biggest in Montenegro, and also to marinas in Budva. There is also marina in Bar, close to the port of Bar. There are also small harbours such as the one in Ulcinj. In the Albanian programming area there is the port of Shengjin (Lezha region) which serves the needs of the northern part of Albania for maritime transport.

Relations with **Albania** remained good with some further improvement in infrastructure and cross-border cooperation. Maritime delimitation between the two countries remain pending.[[90]](#footnote-90) In Albania, a law on activities of maritime tourism was adopted in June 2020, followed by a law on introducing VAT exemptions for the imported tourism boats/yachts

***Telecommunication***

Telecommunication in the programme area benefits from both land (fixed) and mobile telephony. In Montenegro, the developments of telecommunication networks largely rely on the private sector. Fixed broadband services, and in particular the optical fibre sector, has shown strong growth, albeit mainly in the main towns. In the first nine months of 2019, the number of fibre connections has increased by 24%, totalling 34% of all fixed broadband connections. Although 98.6% of Montenegrin enterprises use computers, only 18% of them have Internet connections equal or faster than 100 Mbit/s.

The fixed telephony in Montenegro is fully digitalized. The number of mobile phone subscriptions has increased from 1097.9 in 2007 to 1822.8 in 2018 with mobile broadband penetration (per 100 inhabitants) at 8.8 and fixed broadband penetration at 24.9. In **Albania**, number of mobile phone subscriptions has increased from 785.8 in 2007 to 1445.6 in 2018 with mobile broadband penetration (per 100 inhabitants) at 12.6. However, with the exception of the main cities, penetration of fixed telephony in rural areas is low.

***Information Technologies***

In **Montenegro**, 72% of households have internet access at home.[[91]](#footnote-91) The developments of telecommunication networks largely rely on the private sector. Fixed broadband services, and in particular the optical fiber sector, has shown strong growth, albeit mainly in the main towns. In the first nine months of 2019, the number of fiber connections has increased by 24%, totaling 34% of all fixed broadband connections. Although 98.6% of Montenegrin enterprises use computers, only 18% of them have Internet connections equal or faster than 100 Mbit/s.[[92]](#footnote-92)

In **Albania**, households enjoying internet access has been increased (up from 80.7% in 2017 to 82.2% in 2018)[[93]](#footnote-93) Fixed internet broadband penetration is low, with 436,192 subscribers connected in the December of 2019, a 20% increase from 2018, with a penetration rate of about 15.24% of the population and 60% of the households being covered. There is a considerable gap in fixed internet-broadband penetration between urban and rural areas. Rural areas account for 40% of the population, but only 5% are connected to the internet. The mobile penetration rate at the end of 2019 was 61.8% as compared to 63% at the end of 2018. In 2019, there were about 1.7 million active users of mobile broadband, about 1.2 % compared with 2018. The volume of data usage during 2019 increased by 15% compared with 2018[[94]](#footnote-94).

***Energy***

Energy is available to all municipalities in the programming area in **Montenegro**. Most of the energy needs are met through imports – all oil and derivates are imported as well as one third of its electricity consumption. In fact, wholesale electricity market in Montenegro operates on the basis of off-exchange transactions, while the ultimate goal is its full integration into the EU single market.

The Economic Reform Program for Montenegro 2019-2021 set out priority reform measure entitled “Enhancing legislative-regulatory and institutional framework for integration into regional electricity market'' for a period of three years. In 2019, the draft law transposing Regulation (EU) 347/2013 on guidelines on trans-European energy infrastructure was prepared and public debate was conducted. At the moment, legislation that will transpose Regulation (EU) 1227/2011 on wholesale energy market integrity and transparency is being prepared.

**In Albania,** the majority of hydropower energy of the country, about 52.3%, is generated in the programme area which has two of three biggest hydropower plants of the Albania: Koman and Vau i Dejes, near Lezha, with a capacity of 850MW altogether. Ashta Hydropower plant, near Shkoder, with an installed capacity of 53MW. The completion of the 400 kv interconnection line between Albania and Montenegro (Elbasan-Podgorica), increases the capacities of energy exchanges between the two countries and connects Albania with regional and European networks, thus increasing the security of electricity supply in the country. Although there are large, yet unexploited hydropower resources Albania is characterized by a low efficiency in the use of electricity. Use of electricity for heating purposes is widely spread.

In the field of energy, the Commission is facilitating expanding the EU Energy Union to the Western Balkans and creating a single regulatory space under the Energy Community Treaty.[[95]](#footnote-95) Energy is part of the first pillar of the Green Agenda for the Western Balkans: (1) climate action, including decarbonisation, energy and mobility.

An concept design, with EU funding for the Ionian-Adriatic pipeline’s routes through Montenegro and Albania is being prepared.[[96]](#footnote-96)

***Water Supply and Water Sewerage***

In 2017 water distributed in Montenegro amounted to 47 690 000 m3, which is 4.9% more than in 2014. The total amount of wastewater from settlements in Montenegro in 2017 amounted to 20 417 000 m3.

Of the total 2 496 377.0 thousands m3 of captured water, there are 2 495 445.0 thousands m3 of water from the own water supply system (surface water 99.9%, underground water 0.1%), and 932 thousands m3 from the public water supply[[97]](#footnote-97). Specially pointed out are the following areas of activity: Electricity, gas, steam and air-conditioning supply; Manufacture of basic metals and fabricated metal products, except machinery and equipment; Manufacture of food products, beverages and tobacco products and other manufacturing, and repair and installation of machinery and equipment, which capture and use 99.9% of the total water quantity. Of the total water used in the industry, there is 99.8% of water used in sector Electricity, gas and steam supply, air-conditioning, while there are 0.2% of water used in sectors Mining and Manufacturing.

Of the total industrial waste water, there are 75.1% from Manufacturing sector, and the rest 24.9% are from Mining and Electricity, gas and steam supply, and air-conditioning supply.

In the **Albanian** programme area, the water supply, sewage systems and irrigation remains problematic. "Water Supply Coverage" for 2019 is almost at the same level of the previous year, nevertheless the investment made for the extension of the distribution of the networks for the new customers. "Sewer Coverage" has increased by about 1% compared to 2018 (77.2%), reaching 52.9%. The water supply and sewerage sector needs physical investment to fulfil the requirements of the European Water Directive. The needs for physical investment in the sector are around 5 billion euro, which projected in 25 years corresponds to an amount of about 200 million euro per year. The Central Government for 2019 has spent for the investment in the WWS sector an amount of 4,432 billion ALL, equivalent to about EUR 35 million, from which approximately 300 million ALL are spent in support of sector reform, respectively, Durres 76.6 million ALL, Malesi e Madhe 50 million ALL, Rrogozhine 49.5 million ALL, Vau i Dejes 35 million ALL[[98]](#footnote-98). Further improvements in infrastructure are needed to maintain and promote sustained levels of tourism, and reduce regional disparities.

## ENVIRONMENT

Environmental protection and preservation are key for a sustainable development of the programme area, which is quite in rich on environmental resources and biodiversity on both sides of the border. The programme area is very rich on environmental resources and biodiversity.

**Montenegro** has a high biological diversity due to its geological background, climate and the position of sea and mountains in close proximity.

Montenegro has 4 inscribed items on the UNESCO World Heritage List: Natural and cultural-historical area of Kotor, Durmitor National Park, Stećak tombstones - medieval cemeteries (3 sites within the multinational nomination: Greek cemetery and Bare Žugića in Žabljak, as well as Greek cemetery in Plužine ) and Venetian fortifications from the 16th to the 17th century (Kotor Fortress within the multinational nomination).

The final phase of the nomination of European original beech forests and rainforest beech complexes has begun with the drafting of the Nomination Dossier for the third extension of the UNESCO World Natural Heritage Series "Ancient and untouched beech forests of the Carpathians and other regions of Europe". On the territory of Montenegro, on that occasion, the Biogradska gora National Park was recognized as the most important natural asset from Montenegro, which has all the necessary values and corresponds to the propositions of the candidacy. Also, one biosphere reserve - Tara River Basin. h Environmental preservation protection is a pillar of all development strategies of the country. Together with mountains and water, forests form a substantial part of the brand of Montenegro in the area of sustainable and green tourism. Forests are of vital economic significance to population in rural areas where forests are one of the main sources of income and of heating energy. Potential of services and products, including timber biomass, non-wood products, recreation and tourism, and eco-system services has been realised with the help of investment in forest infrastructure and forest tending, leading to an increase of the share of forestry and wood industry in the GDP. Forests are one of the resources for rural development and increasing the employment in rural areas.

A high level of finalisation of wood products has been achieved through the development and cooperation of companies within the added value chain. Montenegro is an exporter of quality wood products. The timber residues are efficiently used as the main renewable energy source for heating and co-generation.

Montenegro met the initial benchmark under Chapter 27 by adopting the National Strategy for Transposition, Implementation and Implementation of the EU Acquis in the Field of Environment and Climate Change with the Action Plan for 2016-2020 in July 2016.

Chapter 27 was opened at the Intergovernmental Conference held on December 10, 2018 in Brussels.

The EU common position for Chapter 27 defines 8 final criteria that need to be met in the coming period in order to achieve internal readiness for the temporary closure of negotiations under PP 27.

An Action Plan for meeting the final benchmarks in this chapter is being drafted. I . Past IPA assistance in the areas of environment and climate change focused on alignment with the acquis and administrative capacity building, as well as on creating a cleaner, safer environment. Investments were mainly in the area of wastewater management and solid waste management. it is important to support public awareness-raising on issues relevant to environmental protection and climate change action, as well as to encourage the "greening" of public procurement. Montenegro also participates in the EU Environment Partnership Programme for Accession (EPPA) in the Western Balkans and Turkey which has the aim to further develop environmental governance through compliance with the EU environmental acquis. As regards investment needs, the priority areas are to improve the solid waste management and waste water treatment and water management facilities in line with the EU standards, i.e. focussed on the largest and strategically most important agglomerations (densely populated and industrialised territories) and environmentally sensitive areas, where both national and local authorities demonstrate clear ownership and commitment for timely design and implementation, as well as eventual maintenance of investments. Significant efforts are needed on implementation and enforcement, in particular on waste management, water quality, nature protection and climate change[[99]](#footnote-99).

Montenegro programme area comprises of 5 national parks – Lovćen, Durmitor, Biogradska gora, Skadarsko jezero, Prokletije. 4 are in programme area + nature park salina Ulcinj. It also has 3 Nature Parks: (i).Nature Park Ulcin salina (UL municipality); (ii).Nature Park River Zeta (on PG and DG municipality); (iii).Nature Park Komovi (PG, Andrijevica, Kolašin Municipality;):

* Skadarsko jezero is located in the municipalities of Podgorica and Bar. One third of the lake belongs to Albania. The Montenegrin part (about 40,000 hectares) was listed as a National Park in 1983. Biggest lake in the Balkans, it is exceptionally rich in birds and fishes as well as in marsh vegetation. Skadar Lake is on the list of internationally significant wetland areas as water and migratory bird’s habitat (Ramsar Convention)
* *Biogradska Gora* is surrounded by the municipalities of Andrijevice, Berane, Kolašin, and Mojkovac. The National Park was proclaimed in 1952 and covers 54 km2.It isknown for its untouched forests (among the last primary forests in Europe), the great diversity of flora and fauna and for its six glacial lakes including the famous Biogradsko Lake.
* *Lovcen* is a mountainous area national park in the Budva and Cetinje municipalities covering an area of 6220 hectares.
* *Prokletije* is a mountain range that extends from northern [Albania](http://en.wikipedia.org/wiki/Albania), to south-western [Kosovo](http://en.wikipedia.org/wiki/Kosovo) and eastern [Montenegro](http://en.wikipedia.org/wiki/Montenegro). Exceptional and untouched natural site, it was proclaimed a National Park in Montenegro in 2009 (the Park covers about 210 km2 mainly in Plav municipality). It is therefore the last National Park listed in Montenegro. However, the management unit of the park is not yet established.
* In June 2019, the municipality of Ulcinj proclaimed Ulcinj Salina as a nature park, which in September 2019, was also included on the Ramsar list, declaring it a wetland of international importance. The Zeta River valley was designated as a nature park in December 2019. While further support for the maintenance of Ulcinj Salina comes from the national budget, resolute and urgent action is still required for its sustainable management and protection, including, first and foremost, ownership clarification. In March 2020, the Parliament ratified the law on Nagoya Protocol on access to genetic resources and the fair and equitable sharing of benefits arising from their utilisation to the convention on biological diversity.

According Commission’s Report 2020, significant efforts are needed on implementation and enforcement, in particular on waste management, water quality, nature protection and climate change. Montenegro should considerably step up ambitions towards a green transition, and continue focusing on effectively implement the national strategy for transposition, implementation and enforcement of the EU acquis on environment and climate change, especially in the waste, water add nature protection sectors; take urgent measures to preserve and improve the ecological value of protected areas and potential Natura 2000 sites such as Ulcinj Salina, Lake Skadar, the Tara river and other river courses; develop its National Energy and Climate Plan in line with the Energy Community recommendations.

Industry and agriculture are not big polluters in the programme area, although the levels of fluoride in Podgorice exceed the allowable limits 3-6 times during the year, while there is a general need for technological renewal. Main threats for the environment are related to the absence of wastewater treatment systems (Podgorica is partially equipped with wastewater treatment plant) and adequate landfills for solid waste. Several investment projects co-funded by the EU or supported by European banks are planned and should improve this situation. A special problem in Montenegro are residual chemicals, which have expired or can no longer be used for other reasons. They are located in old factories which no longer work and went through numerous transformations and business crises, and which caused inadequate care for chemicals in the factory[[100]](#footnote-100).

In **Albania**, the programme area has a wealth of biodiversity and climate as it includes mountains, hills, plains, lake, rivers and coastline. It has 11[[101]](#footnote-101) natural parks, managed nature reserves and protected landscape which contain the largest natural values and biodiversity in the country. In recent years, these areas have been attracting more and more visitors, domestic or foreign, reaching over 2.4 million in 2018.[[102]](#footnote-102). Regional Environmental Agencies are present in both regions of the Albanian programming area.

Tropoja is characterised by a relevant quantity of environmental resources with mountainous landscape dominance (Albanian Alps), and parks, reserves, water resources, a variety of biodiversity wealth. Around 40% of the territory is in the protected area, including mountains, canions, river sites, lakes, forests and pasture, flora, fauna with a complexity of valuable landscapes. It has among the biggest number of natural monuments (Caves, Rocks, Karstic sites) in the alps area. The protected areas of Tropoja include (3) *Gashi River natural Reserve* (with a surface of 3000ha), *Valbone Valley National park* river – a natural park of 8000ha, *Nikaj Mertur Regional Nature Park*. Medicinal plants are a potential source for the remote areas of Tropoja. Forest management are a critical issue that needs to be address, pollution, utilisation and valorisation of natural resources and accessing them effectively.

Three national protected parks are in the Shkodra Region – *Thethi national park* situated in the mountain area bordering with Montenegro; *Bjeshka e Oroshit (Mirdite), Shkreli Regional Natural Park (Malesi e Madhe)* *Lake Shkodra* and *Buna river-Velipoje* which have been qualified as Ramsar sites. The most important natural park in the programme area is the Shkodra Lake. Cooperation between the two countries with regard to protection and rehabilitation of Shkodra Lake has increased in the last decade.

Protected areas in the Lezha region include *Berzane*, *Kune-Vain-Tale*, *Patok - Fushekuqe - Ishem* which are all Managed Nature Reserves. It also includes some 4,745 ha of protected landscapes. The most important protected area in the Lezha region is the Kune-Vain-Tale, a complex of lagoons with the 125ha sand island of Kune on the right of the Drini river delta. This area has a rich flora and is home to about 70 bird species, 22 reptiles (out of 33 at national level) and also 6 types of amphibians out of a total of 15 at national level.

As relates to environmental approximation, limited progress was made in further aligning the policies and legislation with the acquis, in areas such as waste and water management, environmental crime and civil protection. However, significant efforts are still needed on implementation and enforcement, especially on waste management, water and air quality and climate change.

Social and economic changes of recent years, demographic shifts in both Albania and Montenegro have put pressure on protecting and preserving the environment and biodiversity in the programming area. Over the past decade damages are evident in the forests area due to the interventions of the local population. The largest source of pollution of surface and groundwater is untreated wastewater. The protection of natural resources with a focus in the forests, protected zones and exploitation of water resources represent economic and environmental values for this area. Another problem remains the natural disasters such as the floods, fires but also earthquakes (the latest of November 2019 created substantial problems in the programme area in Albania)[[103]](#footnote-103). However, it is worth noting that the adoption of the new law "On civil protection" and the establishment of the National Civil Protection Agency creates conditions and opportunities for a significant improvement in the field of disaster risk reduction and civil protection. Although the awareness on environment protection has increased, a higher degree of enforcement of environmental protection standards is required to ensure proper urban development and the expansion of tourism.

Energy efficiency measures will be an additional incentive to ensure resource efficient and cleaner production, in line with the environment protection concept and minimisation of potential negative impacts of the introduction of modern technologies would be another consideration to tackling environmental issues. Reduction of existing pollution, management of urban waste and ensuring the quality of drinking water for purposes of protecting public health and guaranteeing a clean environment, associated with measures to protect the land from natural and man-made destruction, to improve natural disasters and other disasters management and the capacities for the purpose of protecting the lives of people, property, the environment and cultural heritage and enforcement of a strategic urban planning process are the main challenges to cope with in the programming area.

## LEGAL AND INSTITUTIONAL ARRANGEMENTS

The country has adopted three main policy objectives, namely Smart, Sustainable and Inclusive growth in the Montenegro development Directions (MDD) 2018-2021. The MDD identifies tourism, energy, agribusiness and rural development, as well as manufacturing industry, as the main priority sectors, recognising the need to increase productivity and enable job creation.

For the implementation of Regional Development Strategy of Montenegro, which takes place between 2014 and 2020 an Action Plan for the Implementation of the Strategy was adopted for 2018.

**Montenegro** is a unitary state. The only sub-national level is formed by 24 municipalities and there are no regions or other intermediary levels of governance. During Montenegro’s reform process, the “Regional Development Law” of 2011 divided the country into three regions for statistical purposes, with no legislative or implementing powers vested in those regions.

In **Montenegro**, the principle of local self-government is recognised in the Constitution of Montenegro, the Law on Local Self-Government, the Law on Local Self-Government Financing, the Act on Territorial Organization of Montenegro, as well as in internal regulations, rulebooks of ministries and acts of local communities. Details of the legal framework are established by a number of laws that have been under almost constant review. The several amendments and adoptions of laws relating to local self-government that are currently taking place reflect Montenegro’s positive efforts to advance the necessary reforms. The central objectives of the current legislative developments relate in particular to the improvement of the internal structure and workforce capacity of local authorities, the reinforcement of inter-municipal cooperation, the introduction of a polytypic model of organization of local self-government units and the introduction of a system of more stable sources of revenue for local authorities.

In 2010, **Montenegro** adopted its [Law on Local Self-Government](http://www.uom.co.me/en/wp-content/uploads/2010/12/Law-on-Local-Self-Government.pdf) which was amended in April 2020. The law outlines the specifics on of the functioning of the municipalities. It gives details on the structures, decision-making procedures and tasks of the municipalities.

In November 2011, the Parliament of Montenegro passed the Act on Territorial Organization of Montenegro. This Act lays down the conditions and the procedure for initiating a territorial change. Accordingly, any change to municipal boundaries will only be made in conformity with this law. In 2013, 2014, 2020/3 the act was amended by Three Changes and Amendments to the Act on Territorial Organization of Montenegro. These changes granted municipality status to Petnjica, Gusinje and Tuzi.

There are several Local Action Plans prepared by the Municipalities of the Programme area covering the social plans, youth, Roma inclusion, gender equality, energy plans.

Additionally, the Montenegro Economic Reform programme 2020-2022 Strategy of Public Administration Reform in Montenegro 2011– 2016, lays down some future reforms on local self-government.

In **Albania**, Local government has undergone a series of structural and institutional reforms, starting from the Administrative and Territorial Reform, which aimed at transforming the quality of local government by strengthening local autonomy, enhancing the institutional capacity of local administrations and the efficiency of public service delivery.

The law “On the territorial and administrative division of the local government units in the Republic of Albania”, adopted by the Albanian Parliament in July 2014 and entered into force in December 2014, paved the way for the new administrative and territorial organization in 61 local governments, that have the responsibility to manage local public matters and to face new challenges in larger territories.

This law divides the country into 12 prefectures and 61 municipalities.

In support of the territorial reform in 2015, the law no. 139/2015 “On Local Self-Government”, which regulates the organization and functioning of the units of local self-government in the Republic of Albania, as well as defines their increased functions, competences, rights and duties, was approved.

In the same context, in July 2015 the National Cross-cutting Strategy for Decentralization and Local Government 2015-2020 (NSDLG) was adopted, setting out the vision for strengthening local democracy and advance the decentralization process according to the highest advanced European standards, through: (i) improving the overall efficiency of local government structures; (ii) strengthen local fiscal capacities; (iii) fostering sustainable local development; and (iv) deepening good governance and local democracy through participation, civic engagement and the creation of community structures for dialogue and consultation in decision-making. The goals and objectives of this strategy are fully in line with the overall goals and objectives of the National Strategy for Development and Integration 2015-2020 for Albania's economic and social development on its path to European integration.

According to the legislation in force, in January 2016 municipalities started implementing the larger competencies and new functions that were delegated and decentralized to the local level, accompanied by specific budgetary transfers in the form of unconditional grants. The first pieces of sub-legislation regulating such delegation were developed.

The following year, in 2017, the Law on Local Finances was adopted in order to ensure the financing of local self-government units in accordance with the principles of local autonomy sanctioned in the Albanian Constitution, the European Charter of Local Self-Government and the law on local self-government. In spite of all the above efforts, the creation of a new more favourable context for local government operations was but a necessary premise for exploring the potentials this new context offers. There is still a huge need for substantial efforts to increase the administrative capacity of local government units to carry out their expanded competencies and provide them with the necessary financial resources.

Municipal governments are expected to take on an increasingly active role towards building territorial cohesion and establishing an enabling environment that promotes local economic growth and meets the real needs of citizens.

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| **Bilateral Agreements** | **Date of Signing** | **Year of Signing** |
| Joint Declaration between the Prime Minister of Montenegro H.E.Mr. Duško Marković and the Prime Minister of the Republic of Albania H.E.Mr.Edi Rama within the Framework of the First Intergovernmental Meeting Montenegro-Albania | 3-Jul-18 | 2018 |
| Agreement between the Government of Montenegro and the Council of Ministers of the Republic of Albania on Cooperation and Mutual Assistance in Emergencies | 3-Jul-18 | 2018 |
| Agreement between the Government of Montenegro and the Council of Ministers of the Republic of Albania on the Opening of the Common Border Crossing Point Ckla (Montenegro)-Zogaj (Republic of Albania) for International Road and lake Passenger Traffic | 3-Jul-18 | 2018 |
| Agreement between the Government of Montenegro and the Council of Ministers of the Republic of Albania regarding Air Policing Cross-Border Operations | 3-Jul-18 | 2018 |
| Framework Agreement between the Government of Montenegro and the Council of Ministers of the Republic of Albania on Mutual Relations in Transboundary Water Resources Management | 3-Jul-18 | 2018 |
| Programme of Cultural Cooperation between the Ministry of Culture of Montenegro and the Ministry of Culture of Albania for the Period 2018-2020 | 3-Jul-18 | 2018 |
| Protocol between the Ministry of the Interior of Montenegro and the Ministry of Interior of the Republic of Albania on the Implementation of shared Control Border and Payment of Expenditures for works conducted at the shared Border Crossing Point of Zatrijebacka Cijevna-Grabon | 28-May-18 | 2018 |
| Agreement between the Ministry of Health of Montenegro and the Ministry of Health of the Republic of Albania on Collaboration in the Field of Health | 3-Apr-17 | 2017 |
| Protocol between the Ministry of Agriculture and Rural Development of Montenegro and the Ministry of Agriculture, Rural Development and water Administration of the Republic of Albania on the Implementation of the Agreement between the Government of Montenegro and the Council of Minister of the Republic of Albania on Conducting Border Railway Transport between both Countries, done at Podgorica, on August3, 2012 | 20-Jul-16 | 2016 |
| Protocol between the Ministry of Interior of Montenegro and the Ministry of Interior of the Republic of Albania on Implementation Agreement between the Government of Montenegro and the Council of Ministers of the Republic of Albania on Organising Border Control of rail Transport, signed in Podgorica, on August 3, 2012 | 1-Jul-16 | 2016 |
| Protocol between the Customs Administration of Montenegro and the Customs General Directorate of the Republic of Albania for Implementation of the Agreement between the Government of Montenegro and the Council of Ministers of the Republic of Albania on Conducting Border Rail Transport between both Countries, done on 3 August 2012, in Podgorica | 20-Jun-16 | 2016 |
| Agreement between the Ministry of Sustainable Development and Tourism of Montenegro and the Ministry of Urban Development of the Republic of Albania on Cooperation in the Field of Spatial Planning | 30-Oct-15 | 2015 |
| Agreement on Cooperation between the Government of Montenegro and the Council of Ministers of the Republic of Albania in the Context of the Accession to the European Union | 22-May-15 | 2015 |
| Agreement between the Government of Montenegro and the Council of Ministers of the Republic of Albania on Economic Cooperation | 24-Feb-15 | 2015 |
| Agreement between the Government of Montenegro and the Council of Ministers of the Republic of Albania on Mutual Recognition of Driving Licenses | 15-Dec-14 | 2014 |
| Protocol between the General Secretariat of Government of Montenegro and the Ministry of Internal Affairs of the Republic of Albania on Intensifying Cooperation in the Fight Against Trafficking in Persons and on the Enhanced Identification, Notification, Referral and Voluntary Assisted Return of Victims/Potential Victims of Trafficking | 9-Dec-14 | 2014 |
| Technical Agreement between the Ministry of Defense of the Republic of Albania and the Ministry of Defense of Montenegro on Demilitarization of Ammunition (NSPA-Pilot project) | 20-Oct-14 | 2014 |
| Agreement between the Ministry of Sustainable Development and Tourism of Montenegro and the Ministry of Urban Development and Tourism of the Republic of Albania on Cooperation in the Field of Tourism | 25-Apr-14 | 2014 |

## CONCLUSIONS

The programme area shares common values and features and diverse at the same time which provide for a huge potential to engage in cross-border initiatives and activities and transfer know-how, work jointly, create synergies to increase the level of the quality of services and enhance economic development. Some specific features worth mentioning are nature, geographic position, demographic trends, economy, human resources, etc.

The programme should build upon the best practices and wealth of initiatives and projects undertaken through IPA I and II CBC between both countries and other transnational programmes such as Italy-Albania-Montenegro, EU Strategy for the Adriatic and Ionian Region, Union Programmes (Erasmus Plus, Creative Europe, EaSI, Europe for Citizens, Horizon Europe, COSME etc which are under programming as well for 2021-2027 and both countries participate).

* **Economic characteristics** of both countries indicate similar trends. The structure of economy is different on both sides of the border. While Albanian regions rely on agriculture, services, wholesale and retail markets, Montenegrin regions feature more developed industry (wood, leather, etc), and the level of tourism is much highly developed. Agriculture is commonly important for both sides.
* **Competitiveness requires attention as it is still under development on both sides of the border** taking into consideration that both countries have an increased interest to invest it. Higher productivity and further investment in know-how and use of innovation technologies is a precondition to becoming more competitive both nationally and internationally. In border areas businesses normally exploit across the border and international trade opportunities. Majority of SMEs in programme area work in the service sector major and there are great opportunities, including innovation and capacity building, to further the development with joint initiatives promoting local products and crafts.
* **Both sides of the programme area are increasingly becoming more attractive to foreign investors,** but there is a need on both sides to improve conditions and especially the infrastructure for doing business. Investments in tourism, renewable energy and agriculture could be potential sectors for attracting more FDIs. Light industry and food processing industries are also considered as a potential for accelerated economic growth of the programme area.
* **Agriculture is a major economic potential in the programme area**. In general, rural economy is fragmented, to much higher degree in the Albanian programme area, and small agricultural holdings have difficulties in accessing markets. Production is moderately diversified and the range of main agricultural produce on both sides of the border is more complementary than competing. Improving access to market and strengthening the food security system and inspection bodies will be important for increasing agriculture sector competitiveness. Improve efficiency in agriculture and forestry and to develop additional sources of income from preserving natural assets and tourism. Such actions can be best integrated within the tourism or SME and competitiveness.

Further improvement of access to market, especially local products, rural infrastructure, better management of water resources could be next priorities in the programme area. Modernizing agriculture, upgrading production processes and establishing the EU compliance food safety standards, enhancing traditional agricultural production are challenges to cope with in the programme area. Cross-border initiatives can support and promote: i) the diversification of rural activities (e.g. tourist accommodation in farms); ii) access to markets and development of production and marketing of organic food products and crafts; iii) the protection (e.g. protected denomination of origin) and marketing of traditional agricultural and agro-food products; and iv) the cooperation among producers

* **Unemployment remains an issue to be targeted** for the population of the programme area, especially for the socially sensitive groups such as youth and rural population, women, Roma. Employment insecurity is considered as the main reason for high migration rate, especially in the rural or less developed areas where the unemployment rates are high as result from subsistence and low-scale agricultural production that provide a form of social security for the bulk of the rural population and work as a buffer against high rates of registered unemployment. Such issues can be very well tackled within the tourism promoting being a backbone of Montenegro economy and strategy for boosting employment for Albania.
* **Environment protection needs serious consideration in future development plans of the programme area.** With the overall development of the programme area largely relying on natural resources, the environmental protection and preservation of these resources is crucial for the sustainable development of the area. Improved waste management, control of pollution, an efficient use of energy resources, managing natural disasters and other disasters and improved land management are amongst the key priorities to be addressed by governmental and local development plans. Further valorisation of natural resources in the view of economic development is a key issue for the development of the area, especially on the Albanian side of the border.
* **Infrastructure is a main obstacle to the economic and social development** of the programme area. The sustainable development and improvement of transport and public infrastructure could contribute to sustainable economic growth and a general increase of wealth in the programme area. Plans are ahead to invest through various programmes in the programme area to improve infrastructure. Development of infrastructure and the diffusion of networks and services to support business development and innovation, could contribute to a general increase of wealth and economy in the area. Rehabilitation and electrification of the railway line from Podgorica to the state border with Albania (SEETO railway direction 2) will significantly contribute to the conditions for environment preservation and to the possibility of developing passenger traffic on the Podgorica - Skadar route, especially considering the intention of the Albanian side to improve and electrify this railroad in its territory.
* The programme area has high **tourism** potential but these opportunities are utilized mainly in the Montenegrin side, while tourism in the Albanian side is still developing with increasing attention and focus from both national and local level in view of the great potentials. CBC initiative aiming to produce a joint touristic offer should be considered.  Obvious synergies, potentially to be supported by the CBC programme, can be built between the regions in Albania and the coastal areas in Montenegro (developing within the programme area and the coastal tourism that can serve as a connecting bridge), but also with the “less touristic areas” in north-east of Montenegro which  have similar characteristics in terms of environment, wild nature and mountains with north of Albania. As such, the improved infrastructure in the Alps, Tamare and Prokletjili Mountains/Accursed Mountains could be supported with the development of new integrated and regional products. A strong potential is the culinary tourism based on the Albanian and Montenegro culinary tradition, in the production of local wines and other local products to be shared and developed jointly.
* **There is a rich historic-cultural-artistic heritage in the bordering area that needs to be preserved.** Further valorisation of historical and culture heritage could contribute to strengthening the identity of the area. Cultural heritage is an asset for the economic development of the programme area. The cooperation among culture institutions is present, but it could be intensified further. Cross-border cooperation could play an important role in protecting and promoting this heritage and further strengthening the regional cooperation ties between the two countries
* improving the **educational** curricula is a major priority for the programme area focusing in youth and marginalised groups. The CBC programme will have a limited role in addressing these issues but may support exchanges between schools and vocational training centres in the border areas. The presence of universities and research centres in both sides of the programme area is an asset for the CBC programme and an opportunity not only for further enhancing academic cooperation, but also for initiating research programmes in the border area and in several sectors such as agriculture or tourism.

Overall, the **health sector is unevenly developed** and the lack of a proper legal framework for health insurance in rural areas (in Albanian side of the border) is still hampering its development. Given that health sector is centrally managed, perhaps not much can be done under CBC programmes, but certainly there is room for potential joint activities related to health prevention campaigns and health education.

* **Encouraging regional CSO networks** (including environmental, social, youth, roma, cultural organisations, etc) could contribute to maintaining and strengthening the ties between the communities on both sides of the border in this multi-ethnic programme area.
* **Research & Development and ICT penetration is quite diverse**. Montenegro is quite developed in this area while Albania needs more efforts to invest. Governmental, regional or local support activities for R&D activities are present and need to be further developed through national support. Potential to explore between education institutions in both countries, and research, development and innovation area.
* **Local and regional governments are in general, financially weak and cannot boost local development.** They need more efforts in management, financial control and budgeting, democratic approaches in decision making processes. Cooperation between local and regional governments between two countries could be improved.

**SWOT ANALYSES**

**IPA III CBC Montenegro – Albania 2021-2027**

The preparation of this SWOT analysis relied on (i) the wider consultations held with stakeholders established in the eligible area of both countries and (ii) a critical examination of socio-economic data at national and programme area level of Montenegro and Albania.

The key issues emphasized in the SWOT analysis, as indicated above, were extracted from extensive consultations with stakeholders at national, regional and local level. Thus, tens of questionnaires (a tool provided by the CBIB+ project) were sent to municipalities, regions, line Ministries and NGOs enquiring on the strengths, weaknesses, opportunities and threats of the eligible area, as well as on their views regarding the priorities per thematic cluster in the eligible area.

Despite the pandemic situation created by the Covid-19, on the Albanian side, OS representatives and JTS staff of the programme traveled to the eligible regions and interviewed officials in a large number of municipalities and regions where the response of stakeholders was more than satisfactory, with 100 % of the municipalities and regions responding.

Hence, this SWOT analysis is the product of aggregating answers from the questionnaires, assessing the socio-economic situation of both countries, prioritizing and integrating all of it in the pages below.

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|  | **STRENGTHS** | **WEAKNESSES** | **OPPORTUNITIES** | **THREATS** |

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| --- | --- | --- | --- | --- |
| 1. **Improved employment opportunities and social rights** | ***TP1 Employment, Labour Mobility, Social and Cultural Inclusion***   * Relatively low-cost of the labour force * Relatively young population and positive growth rates * Presence of vocational education schools * Existence of higher education institutions supporting the furtherance of knowledge and skills at local level * Multi-ethnicity as an advantage for economic, social and cultural inclusion | ***TP1 Employment, Labour Mobility, Social and Cultural Inclusion***   * De-population and outflow of skilled and educated people from rural parts of the programme area * Unemployment rate remains high, especially amongst youth, women, Roma and low-skilled workers * Vocational education and training curricula not fully aligned with labour market demands * Large number of households dependent from remittances from abroad * Low level of education among the rural population and socially marginalized groups such as Roma, etc. * Weak labour promotion institutions at local level | ***TP1 Employment, Labour Mobility, Social and Cultural Inclusion***   * Improvement of the level of vocational education and training in view of better matching the labour-market demand for a higher skilled workforce. * Enhancement of research & development activities by using existing research and higher education centres * Programmes for rural population and especially women and marginalised groups increasing their accessibility to labour market * Developing employment programs for the integration of socially marginalized groups. * Opened opportunities towards the EU by joining the European Network of Employment Services (EURES) which would facilitate employment mobility * Improvement in labour mobility in the CBC area * Advantage deriving from relatively low level of labour costs (especially in northern Albania) | ***TP1 Employment, Labour Mobility, Social and Cultural Inclusion***   * Lack of employment opportunities leading to higher migration towards developed areas of the country or abroad, especially of young and qualified workers * Prolonged Covid-19 economic crisis which increases unemployment, with major spill over effects onto less educated and vulnerable groups * Poor access of the rural population to the formal educational system, due to poverty and/or inadequate educational infrastructure * Significant informal employment * High percentage of young people not being educated, employed or trained |
| ***TP6 Youth, Education and Sports***   * Relatively young population and high birth-rate * High presence of public and private universities * Presence of sports, youth and cultural and recreational centres in the program area * Multi-ethnicity as an advantage for social and cultural development * Existence of vocational and formal and non-formal training providers * Multilingual environment * An enthusiastic young generation eager to learn and progress | ***TP6 Youth, Education and Sports***   * Curriculum not aligned with labour market demand and inefficient employment-oriented vocational education and training * Underdeveloped system for lifelong learning * Low level of education of the rural population and socially marginalized groups * High level of drop-outs from elementary and secondary education as result of poor education offered especially in some rural areas | ***TP6 Youth, Education and Sports***   * Improvement of the level of vocational education and training in view of better serving the labour-market needs with skills needed * Furtherance of research & development actions by using existing research and high educational centres   The use of internet in order to improve the access to education in rural areas and enhancing virtual cross border contacts and cooperation | ***TP6 Youth, Education and Sports***   * Limited access of rural population to the formal educational system, due to poverty * Moderate rural ICT infrastructure, augmenting regional disparities * Migration of youth due to lack of opportunities |

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|  | **STRENGTHS** | **WEAKNESSES** | **OPPORTUNITIES** | **THREATS** |

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| 1. **Greener and improved resource efficiency** | ***TP2 protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management***   * Rich natural biodiversity, untouched and attractive environment, diversity of natural landscapes. * Wide forest areas with high natural value * High potential for using renewable energy sources (hydroelectricity, wind power, solar energy and biomass)   Clean area without industrial pollution, especially the coast and mountainous areas | ***TP2 protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management***   * Significant efforts are needed for the enforcement of environment regulations and standards in particular on waste management, water, air quality, nature protection and climate change * Poor management and control mechanism for protection of natural resources * Inadequate solid waste management; * lack of wastewater treatment systems and lack of systems for treatment of WWTP products * Inappropriate land management * Low awareness of environmental issues * Management of natural disasters and other disasters infrastructure * Energy efficiency on low levels in many ways (infrastructure, education, implementation of regulations). | ***TP2 protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management***   * Better management of forestry and protected areas * Development of joint programmes for waste treatment * An increase of actions focused on environmental protection, forestry, sustainable agriculture, solid waste and wastewater management, etc. * Local interest for producing green energy * Increased public awareness on environmental protection measures under the pressure of eco-tourists demands. * Existence of several protected areas and national parks appropriate for the development of eco-tourism * Improved mechanisms to manage natural disasters such as floods, fires, earthquakes and other disasters * Increased use of Energy efficiency -greenhouse gas emissions and other pollutants and water use decreased | ***TP2 protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management***   * Pollution of land and water resources due to inadequate or absent solid waste and wastewater treatment system * Uncontrolled and out of standards urbanisation process * Uncontrolled exploitation of natural resources (timber, river gravels, forest fruits), especially de-forestation * Pressures on the coastal environment due to high tourist frequentation |

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|  | **STRENGTHTS** | **WEAKNESSES** | **OPPORTUNITIES** | **THREATS** |

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| 1. **Improved public infrastructures/ connectivity** | ***TP3 Promoting sustainable Transport and Improving Public Infrastructure***   * Strategic geographic position in the wider region and participation in European Transport Networks * Easy connections by improved road infrastructure * Improved border-crossing infrastructure and services * Railway connectivity * Relative proximity and easy access in the entire programme area to the airports in Podgorica, and Tirana * Ports of Bar and Shëngjin, as an important economic asset for the region | ***TP3 Promoting sustainable Transport and Improving Public Infrastructure***   * Rural and secondary road network and railways infrastructure in poor conditions * Insufficient financial resources for the re-construction and maintenance of deteriorated local infrastructure * Poor reliability and shortage of electricity supply, heavily dependent on hydro resources (AL) * Poor infrastructures and insufficient capacities for treatment water, sewage and solid waste, particularly in rural areas * Incorrect applications of urban planning standards * Limited internet accessibility especially in rural areas | ***TP3 Promoting sustainable Transport and Improving Public Infrastructure***   * Programmes improvement of road and rail networks linking Montenegro and Albania * Existing plan and funds (EU, European banks, etc) for management and wastewater systems * Easier movement of people and goods through improved roads and new (including re-opened) cross–border points * Increased investment in water supply, sewerage system and waste treatment for improving solid waste * Potential for increasing maritime transport * Development of alternative energy production   Improvement of internet accessibility  Increase public/private partnership for building adequate road infrastructure | ***TP3 Promoting sustainable Transport and Improving Public Infrastructure***   * Limited financial resources delaying investments in public infrastructure and especially maintenance * the absence of complete tender documents for most infrastructure investments * Illegal construction putting additional pressure on infrastructure capacity in the programme area * Unresolved property issues which impede investments in infrastructure. * Underdeveloped urban planning, including planning for sustainable means of public and private transport * Dominant mountainous relief with poor infrastructure can have a negative impact on local economic development |
| ***TP4 Promoting the digital economy and society***   * Presence of public and private Universities in the programme area. * Increasing percentage of population actively using ICT technology * Adoption of the Smart Specialisation Strategy (ME) and mapping completed (AL) * National strategies promoting ICT and R&D | ***TP4 Promoting the digital economy and society***   * Moderate research and innovation practices of universities and other operators in the programme area * Modest Internet penetration * Poor use ICT tools at Universities, schools and businesses * Limited funding for the research and development | ***TP4 Promoting the digital economy and society***   * Developing and implementing cross-border ICT projects * Investment in ICT and R&D programmes that would fit private sector development needs * Strengthening research, technological and innovation * Student exchange programmes | ***TP4 Promoting the digital economy and society***  Insufficient interest of private sector for technological development and modernisation of production processes |

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|  | **STRENGtHS** | **WEAKNESSES** | **OPPORTUNITIES** | **THREATS** |

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| **4. Improved business environment and competitiveness** | ***TP5 Encouraging Tourism and Cultural and Natural Heritage***   * Pleasant Mediterranean and continental climate enabling diverse types of tourism throughout the programme area * Rich and diverse natural sites, well suited for outdoor leisure and activities * Rich cultural and historical heritage * Numerous community associations involved in activities to preserve culture and nature * Multicultural diversity, and tradition in cultural exchanges * Rich culinary traditions suitable for agro-tourism * Relatively long-standing experience in the Montenegrin coast with massive tourism * Natural resources, Skadar/Shkoder Lake, and cultural heritage as potential for development of tourism * Increasing Investments in infrastructure aiming to support the development of the tourism industry in areas surrounding the Skadar/Shkoder Lake | ***TP5 Encouraging Tourism and Cultural and Natural Heritage***   * Underdeveloped tourism infrastructure in view of international standards * Unbalanced tourism development with the prevalence of seashore tourism as against mountain and agro-tourism * Insufficient efforts and funding for the protection and preservation of nature and of historical and archaeological heritage * Limited recognition of the potential of historical and cultural heritage as a source of income through tourism and culture activities * Limited international recognition of the region as attractive touristic destination * Lack of understanding of cultural and historical heritage potential of the programme area * Lack of proper protection of cultural and historical monuments and sites | ***TP5 Encouraging Tourism and Cultural and Natural Heritage***   * Promote initiatives for further including the cultural heritage in the tourism offer * Promotion of specific culinary tradition and agro-food products to contribute to strengthening the identity and tourist experience of the region * Developing and strengthening local institutional capacities related to promotion of tourism, cultural and traditional assets * Development of eco-tourism in connection with outdoor “experiences” as an integrated package (e.g. mountaineering, rafting, trekking, biking) * Promotion of cooperation between tourist agencies to provide integrated tourist packages across the border * Creation of an integrated tourism product including both lake, coastal and mountain areas | ***TP5 Encouraging Tourism and Cultural and Natural Heritage***   * Insufficient tourism promotion, both at national and regional levels due to scarcity of funding * Environmental pollution in areas with a high potential for eco-tourism * Illegal buildings close to the seashore, natural parks and cultural heritage sites. |
| ***TP8 Enhancing competitiveness, the business environment and the development of small and medium-sized enterprises, trade and investment***  ***TP9: strengthening research, technological development, innovation and digital technologies***   * Free-trade agreement between the two countries and membership in CEFTA * Favourable business climate, corporate taxes and overall legal and institutional framework for FDI (Foreign Direct Investments) attraction * Economic cooperation protocols and regional forum between Albania as a country or the Shkodra Region and Montenegro * Large and increasing number of SMEs in the overall region with diversified activities * Relatively good coverage of the programme area with universities and vocational training centres * Existence of business incubators (MN) and regional development agencies (AL) | ***TP8 Enhancing competitiveness, the business environment and the development of small and medium-sized enterprises, trade and investment***  ***TP9: strengthening research, technological development, innovation and digital technologies***   * Low competitiveness of businesses, low productivity, old-fashion management and insufficient know-how * Continuous migration and outflow of skilled labour force * Limited exposure to international markets * Small scale organization of farming and low productivity of agribusiness activities * Limited entrepreneurial culture dominated by retail trade and small service activities rather than activities requiring long-term capital investment * High inequality in urban and rural development * Low level of technology penetration * Limited availability of micro-credit schemes | ***TP8 Enhancing competitiveness, the business environment and the development of small and medium-sized enterprises, trade and investment***  ***TP9: strengthening research, technological development, innovation and digital technologies***   * Development of various mechanisms and instruments aiming at facilitating the establishment of business partnerships for cross border initiatives * Specialisation of SMEs and strengthening through adding value to their products * Identification of some special products of the area that could be further branded nationally and internationally * Further development of agriculture products and agro-processing industry and wood, crafts industry | ***TP8 Enhancing competitiveness, the business environment and the development of small and medium-sized enterprises, trade and investment***  ***TP9: strengthening research, technological development, innovation and digital technologies***   * Limited access to credit system for farms and SME-s may slow down the economic development * Informal economy competing unfairly with the formal sector * Considerable level of corruption * Brain drain due to migration to more developed regions within the countries or abroad |

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| **STRENGHTS** | | **WEAKNESSES** | **OPPORTUNITIES** | | **THREATS** | |
| ***TP7 Promoting local and regional governance***   * Protocol of cooperation between the countries being applied * Regional development strategies adopted * Regional development plans in place | * ***TP7 Promoting local and regional governance*** * Limited capacities of the local government units to implement development policies * Insufficient financial resources to finance development goals * Lack of proper knowledge by the local administration to obtain and implement EU funds * Poorly paid staff in local and regional administrations * Underdeveloped and underequipped local - self-government administrations | | | ***TP7 Promoting local and regional governance***   * Participation of local and regional government units into joint initiatives or programs to enhance their technical and administrative capacity * Establishment of EU units and donor coordination in municipalities within the Albanian programme area | | ***TP7 Promoting local and regional governance***   * Financially weak local government units * Lack of funding for training of local and regional government administration to increase their capacity to formulate and implement policies * Lack of cooperation between proper regional structures |

1. Statistical Yearbook 2019, Montenegro. Tuzi is a new Municipality introduced as an administrative division of the Municipality of Podgorica and is in the initial stages of organization. No precise boundary has been established for the newly formed Municipality of Tuzi and the area is included in the surface of the Capital of Podgorica:

   <http://www.monstat.org/userfiles/file/publikacije/godisnjak%202019/GODISNJAK%202019f.pdf> [↑](#footnote-ref-1)
2. Statistical Regions in the European Union and partner countries, 2020 Edition <https://ec.europa.eu/eurostat/documents/3859598/10967554/KS-GQ-20-092-EN-N.pdf/9d57ae79-3ee7-3c14-da3e-34726da385cf> [↑](#footnote-ref-2)
3. https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/montenegro\_report\_2020.pdf [↑](#footnote-ref-3)
4. 4. EU Progress Report 2020 [↑](#footnote-ref-4)
5. <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180817-revised-indicative-strategy-paper-2014-2020-for-montenegro.pdf> [↑](#footnote-ref-5)
6. Draft National Strategy for Development and Integration 2014-2020 (NSDI) [↑](#footnote-ref-6)
7. Country Strategy Paper, Montenegro 2014-2020 [↑](#footnote-ref-7)
8. EU Progress Report Monteengro, 2020 [↑](#footnote-ref-8)
9. MONSTAT, GDP of Montenegro, Release No 159, September 2020 [↑](#footnote-ref-9)
10. MONSTAT, GDP of Montenegro, Release No 159, September 2020 [↑](#footnote-ref-10)
11. MONSTAT, Labour Force Survey, Release No 99, June 2020 [↑](#footnote-ref-11)
12. <https://www.focus-economics.com/countries/montenegro> [↑](#footnote-ref-12)
13. The National Strategy for Sustainable Development 2030 [↑](#footnote-ref-13)
14. EU Progress Report, Albania 2020 [↑](#footnote-ref-14)
15. EU Progress Report Albania, 2020 [↑](#footnote-ref-15)
16. Radulovic, J. THE PROBLEMS OF REGIONAL DEVELOPMENT IN MONTENEGRO, Agroinform Publishing House, Budapest [↑](#footnote-ref-16)
17. Regional Statistical Yearbook 2019, Albania [↑](#footnote-ref-17)
18. Regional Statistical Yearbook 2019, Albania [↑](#footnote-ref-18)
19. http://www.instat.gov.al/media/7172/regjistri-i-ndermarrjeve-2020.pdf [↑](#footnote-ref-19)
20. MONSTAT data [↑](#footnote-ref-20)
21. Exact no of SMEs are: Podgorica (12565), Budva (5271), Bar (3188), Ulcinj (1134), Cetinje (741), Rozaje (610), Danilovgrad (593), Berane (549), Plav (111), Andrijevica (68), Tuz (35), Gusinje (29) and Petnjica (27) [↑](#footnote-ref-21)
22. MONSTAT, Number and structure of foreign owned business entities in Montenegro 2019, Release No 123, July 2020 [↑](#footnote-ref-22)
23. MONSTAT, Number and structure of business entities, Release No 46, March 2012 [↑](#footnote-ref-23)
24. http://www.instat.gov.al/media/7172/regjistri-i-ndermarrjeve-2020.pdf [↑](#footnote-ref-24)
25. [↑](#footnote-ref-25)
26. MONSTAT, Labour force survey, Release No 99/2, September 2020 [↑](#footnote-ref-26)
27. UNDP Report – Women’s Contribution to the Economy of Montenegro, February 2020 [↑](#footnote-ref-27)
28. https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms\_749201.pdf [↑](#footnote-ref-28)
29. MONSTAT, Labour force survey, Release No 99/2, September 2020 [↑](#footnote-ref-29)
30. EU Progress Report 2020, Montenegro [↑](#footnote-ref-30)
31. MONSTAT, Labour force survey, Release No 99/2, September 2020 [↑](#footnote-ref-31)
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36. MONSTAT, Labour Force survey, Release No 161, September 2020 [↑](#footnote-ref-36)
37. MONSTAT, Average earnings (wages), Release 180, October 2020 [↑](#footnote-ref-37)
38. Strategy for the Development of Agriculture and Rural Areas 2015-2020 [↑](#footnote-ref-38)
39. PROGRAMME FOR THE DEVELOPMENT OF AGRICULTURE AND RURAL AREAS UNDER IPARD II 2014-2020 [↑](#footnote-ref-39)
40. Statistical Yearbook of Montenegro 2019. [↑](#footnote-ref-40)
41. Statistical Yearbook of Montenegro 2019. [↑](#footnote-ref-41)
42. Strategy for the Development of Agriculture and Rural Areas 2015-2020 [↑](#footnote-ref-42)
43. Strategy for the Development of Agriculture and Rural Areas 2015-2020 [↑](#footnote-ref-43)
44. Source Monstat, Farm Structure Survey 2016. [↑](#footnote-ref-44)
45. Rural Development Programme [↑](#footnote-ref-45)
46. Agricultural statistics database - Albania 2018. [↑](#footnote-ref-46)
47. Source: APM database - Albania 2018; Agricultural statistics database - Albania 2018 [↑](#footnote-ref-47)
48. Statistical Yearbook [↑](#footnote-ref-48)
49. Statistical yearbook, Ministry of Agriculture [↑](#footnote-ref-49)
50. Albania National-Tourism-Strategy-2019-2023 [↑](#footnote-ref-50)
51. MONSTAT. Statistical Yearbook 2019, Montenegro. - Natural Population change. Data are from Statistical Yearbook 2019 and refers to 2018 year Estimated number of population by municipalities mid-year 2019. <http://www.monstat.org/userfiles/file/publikacije/godisnjak%202019/GODISNJAK%202019f.pdf> [↑](#footnote-ref-51)
52. Regional Statistical Yearbook Albania 2019, INSTAT [↑](#footnote-ref-52)
53. [↑](#footnote-ref-53)
54. MIGRATUP – Territorial and Urban Potenntials Connected to Migration and Refugee Flows <https://www.espon.eu/sites/default/files/attachments/MIGRATUP_FinalMainReport.pdf> [↑](#footnote-ref-54)
55. Data for Tropoja are provided within Kukes Region. Regional Statistical Yearbook 2019, Albania. [↑](#footnote-ref-55)
56. MONSTAT, Census 2011 [↑](#footnote-ref-56)
57. INSTAT, Census 2011 [↑](#footnote-ref-57)
58. \*These municipalities do not exist during Population census 2011 and because of that data are not available, Gusine, Petnica, Tuzi [↑](#footnote-ref-58)
59. World Bank, Country program snapshot [↑](#footnote-ref-59)
60. https://www.monstat.org/userfiles/file/anketa%20o%20dohotku/RELEASE\_Survey\_on\_Income\_and\_Living\_Conditions\_EU-SILC\_2018.pdf [↑](#footnote-ref-60)
61. <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/albania_report_2020.pdf> [↑](#footnote-ref-61)
62. (https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\_documents/2014/20140919-csp-albania.pdf [↑](#footnote-ref-62)
63. INSTAT Income and leaving conditions in Albania 2017-2018 [↑](#footnote-ref-63)
64. The school network: <http://www.skolskamreza.edu.me/>

    The school statistics <https://skolskastatistika.edu.me/> [↑](#footnote-ref-64)
65. Source: Ministry of Education website. [↑](#footnote-ref-65)
66. A. Young people achieve economic and social security through improved access to the labor market and employment; B. Young people have access to quality education; C. Young people are active citizens, involved, motivated, proactive and participate in decision-making and community development processes, in the creation of policies and their implementation; D. Young people are healthy, they are safe, have access to an adequate support system for transition to adulthood and self-realization; E. Young people have access to quality cultural contents as creators and consumers; F.Normative and institutional framework for the implementation of youth policy has been established. [↑](#footnote-ref-66)
67. - the Rulebook on criteria and conditions for choosing a space for youth service ("Official Gazette of Montenegro", No. 074/19 of 30.12.2019)

    - the Rulebook on the method of functioning youth services and the performance of the administrative and technical jobs needed for their functioning was adopted ("Official Gazette of Montenegro", No. 009/20 of 21.02.2020)

    - the Rulebook on conditions, manner and procedure for election of members of the Council for Youth

    (("Official Gazette of Montenegro", No.058/20 od 19.06.2020)) [↑](#footnote-ref-67)
68. INSTAT and Regional Education Directorates of Mirdita and Kurbin [↑](#footnote-ref-68)
69. Albania, Gender Equality Index 2020 [↑](#footnote-ref-69)
70. R&D in 2011, Montenegro Statistical Office, release No. 24 [↑](#footnote-ref-70)
71. Strategy for the Information Society Development 2020, Montenegro [↑](#footnote-ref-71)
72. Montenegro Development Directions 2018-2021 [↑](#footnote-ref-72)
73. https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=ME [↑](#footnote-ref-73)
74. The Institute for Public Health of Montenegro (Report on health care staff in Public Health Institutions according to the status of permanent employees on 31. 12. 2019. For some municipalities no special personnel report is kept but the data are submitted within the health centers to which those municipalities belong, which is the case for the municipalities of Petnjica (belongs to the Berane Health Center), Gusinje (belongs to the Plav Health Center) and Tuzi (belongs to the Podgorica Health Center). All these three municipalities have health stations that are part of these health centers. [↑](#footnote-ref-74)
75. Regiona Statistical Yearbook 2019, Albania [↑](#footnote-ref-75)
76. Tropoja Strategy, pg. 51 [↑](#footnote-ref-76)
77. Commission Report, Albania 2020 [↑](#footnote-ref-77)
78. For museums, number is from 2018, because the research is being conducted triennially; for libraries, number is from 2016, because the research is being conducted triennially; for archives, number is from 2017, because the research is being conducted triennially; for number of theaters, number is from season 2017/2018. [↑](#footnote-ref-78)
79. <http://www.mku.gov.me/ResourceManager/FileDownload.aspx?rid=269023&rType=2&file=CDIS_Analytical_Brief_Montenegro.pdf> [↑](#footnote-ref-79)
80. <https://eacea.ec.europa.eu/sites/eacea-site/files/coop_publication_projects_with_partners-2.pdf> [↑](#footnote-ref-80)
81. National statistics 2019 [↑](#footnote-ref-81)
82. Commission Report, Montenegro 2020 [↑](#footnote-ref-82)
83. Monitoring Matrix on Enabling Evironment for Civil Society Development, Country Report Albania 2019, Partners Albania [↑](#footnote-ref-83)
84. EU Progress Report 2020 (data of 2018) [↑](#footnote-ref-84)
85. South-East Transport Observatory. Road Corridors & Links involves in: Albania, Bosnia, Croatia, Kosovo, former Yugoslav Republic of Macedonia, Serbia, Montenegro [↑](#footnote-ref-85)
86. <https://www.gov.me/en/News/187661/Minister-Nuhodzic-signs-Agreement-on-opening-of-joint-border-crossing-Ckla-Zogaj.html> [↑](#footnote-ref-86)
87. Transport Development Strategy – Montenegro 2019-2035, revision no.3, on 04 Feb 2019 [↑](#footnote-ref-87)
88. Transport Development Strategy – Montenegro 2019-2035, revision no.3, on 04 Feb 2019. <https://almonitmtc.italy-albania-montenegro.eu/>

    <https://www.italy-albania-montenegro.eu/almonit-mtc-the-project-that-brings-shores-closer-launch-event-in-tirana> [↑](#footnote-ref-88)
89. Transport Development Strategy – Montenegro 2019-2035, revision no.3, on 04 Feb 2019 [↑](#footnote-ref-89)
90. EU Commission Report Montenegro 2020 [↑](#footnote-ref-90)
91. MONSTAT, “SY MNE - 2019, page 185 [↑](#footnote-ref-91)
92. Commission Report, Montenegro 2020 [↑](#footnote-ref-92)
93. Commission Report, Albania 2020 [↑](#footnote-ref-93)
94. Commission Report, Albania 2020 [↑](#footnote-ref-94)
95. 2020 Communication on EU enlargement policy [↑](#footnote-ref-95)
96. Commission Report, Montenegro 2020 [↑](#footnote-ref-96)
97. http://www.monstat.org/uploads/files/vode/2019/Water\_use\_and\_protection\_against\_pollution\_in%20\_the\_industry\_2019.pdf [↑](#footnote-ref-97)
98. https://www.erru.al/doc/Annual\_Report\_2019\_eng.pdf [↑](#footnote-ref-98)
99. EU Progress Report 2020, Montenegro [↑](#footnote-ref-99)
100. According to the data obtained from the Administration for Inspection Affairs residual chemicals are located in: (i) Old factory AD "Dekor" – Rožaje; (ii) AD Vunarski kombinat “Vunko” – Bijelo Polje; (iii) A.D. "KIPS POLIMKA" - Berane – V; (iv) Sulphate cellulose and paper factory – Berane; (v)The former electrode factory Piva, PlužineObod Cetinje [↑](#footnote-ref-100)
101. http://turizmi.gov.al/wp-content/uploads/2019/09/Dokumenti-i-Politikave-Strategjike-per-Mbrojtjen-e-Biodiversitetit.pdf [↑](#footnote-ref-101)
102. National Tourism Strategy 2019-2023 https://turizmi.gov.al/wp-content/uploads/2019/12/National-Tourism-Strategy-2019-2023-EN.pdf [↑](#footnote-ref-102)
103. The earthquake that hit Albania in November 2019 created problems in some of the municipalities of the programme area including Kurbin, Mirdite, Lezhe) [↑](#footnote-ref-103)