

# EX ANTE EVALUATION OF THE TRANSNATIONAL COOPERATION PROGRAMME BALKAN – MEDITERRANEAN 2014-2020

## “Final Report”



*Prepared for:*

**MANAGING AUTHORITY OF EUROPEAN TERRITORIAL COOPERATION PROGRAMMES  
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## 1. INTRODUCTION

This is the Ex - Ante Evaluation deliverable of the project titled «Expert -Consultant to provide the context of:

- i) The Ex-Ante Evaluation of the Transnational Cooperation Programme (TNCP) “Balkan - Mediterranean 2014-2020”
- ii) The Strategic Environmental Assessment (SEA) of the Transnational Cooperation Programme (TNCP) “Balkan - Mediterranean 2014-2020”».

This deliverable presents a draft of the Ex - Ante evaluation of the Balkan Mediterranean Programme including analysis of the following:

- Programme strategy
- Indicators, monitoring and evaluation
- Consistency of financial allocations
- Contribution to Europe 2020 strategy
- Strategic Environmental Assessment

It is based on the TNCP operational programme final draft that were available until the 3<sup>rd</sup> of September 2014, taking into account the results of the open consultation and the comments and suggestions of the Task Force meeting of the 19<sup>th</sup> of August 2014 in Nicosia, Cyprus.

## 2. EXECUTIVE SUMMARY

The Balkan-Mediterranean programme area is one of the most diverse and complex transnational co-operation areas in Europe, including EU member states and non EU countries. The elaboration of an analysis for a transnational co-operation programme is a great challenge. Apart from the different status and relation to the EU of the programme partners, the area is characterized by highly distinct economic, social, infrastructural, technological and administrative and institutional disparities and diversities.

A significant point for the programme area is thus the regional disparities in terms of economic power, innovation, competitiveness and accessibility between urban areas and rural areas. These disparities have been spotted by different territorial analysis exercises. In the national level, the EU countries have applied the European policies financed by the EU financial instruments (EU funds) in order to achieve economic development with social cohesion, given special attention to the environmental protection. On the other hand the non EU countries have been financed by international organizations, while they are also funded by EU under the IPA regime and the inter-regional transnational programmes.

In this framework, the current Balkan-Mediterranean Programme is developed and will be implemented in a complementary manner, by giving priority to SMEs, entrepreneurship and environment, while taking care to give an additional boost to economic development and social cohesion.

The existing institutional and regulatory framework consists of specific communications and regulations that set the principles and the rules for the development and implementation of the TNCP “Balkan-Mediterranean Programme 2014-2020”.

This programme is a result of a joint decision of the European Commission and the countries of South Eastern Europe to enhance and support cohesion and development of the areas involved. Its overall objective is *to build on shared territorial assets and promote integrated territorial development and cooperation for a more competitive and sustainable Balkan – Mediterranean area.*

The participating countries and the eligible areas are as follows:

- Bulgaria: the entire country
- Cyprus: the entire country
- Greece: the entire country
- Albania: the entire country (participating with the European funds of the IPA - Instrument for Pre-Accession Assistance)
- The former Yugoslav Republic of Macedonia: the entire country (participating with the European funds of the IPA)

The Ex Ante evaluation procedure so far has provided in summary the following results:

- Consistency of Programme Objectives: The overall rationale of the programme strategy is characterised by a significant degree of internal consistency. The programme objectives are generally well-defined and structured alongside a clear hierarchy, while they cover the identified needs (taking into account the Programme nature and character). The individual statements for the different objectives are in general sufficiently realistic and pragmatic. This pragmatic rationale of the overall programme strategy allows in general that the expected Community added value will materialize over time. The Programme shows a very high level of external coherence with respect to the Balkan Mediterranean area’s intervention priorities/needs assessed by EU. This judgment is underpinned by an absence of conflicts and the existence of widespread complementarity relationships with these intervention priorities/needs. It could strongly stressed, however, that, due to the small size of the Programme, the latter cannot constitute an independent instrument of development in the area, but a serious complementary catalyst for the activation of the socio-economic resources of the eligible areas.
- Indicators, monitoring and evaluation: In general, the result indicators can provide information on the progress towards the progress realization, taking into account that the current programme is a small one, in comparison with other streamline or interregional programmes. They are also responsive to the programme policy, as far as their value is influenced by the actions funded under the priority axes. For all of the result indicators there are no intermediate steps defined for their achievement in the programme. Referring to their robustness and their statistical validation, the foreseen actual value numbers are quite small, while the sources of the data collection are only a few. In this context, the indicators can be characterized as robust and statistically valid. Finally, they are complementary and consistent with the output indicators. In this context, these indicators do not capture in the best manner the impact of the programme on the involved regions. However, this is something that was expected and can be affordable, taking into account the size and the character of this new initiative. Since the addressed regions will be also covered by mainstream and interregional programmes, it might be difficult to assess the quantitative measure on the impact of this specific programme. The overall impact could be possibly evaluated in a qualitative manner during the interim and ex post evaluation exercises, by highlighting the transnational schemes and actions that have concluded either to larger projects funded by other programmes or private financing or to sustainable cooperation and coordination of efforts (in the business sector or in the public sector). The target values assessed in the programme can certainly be realized.

The output indicators have been defined in a satisfactory manner and they are relevant and clear. The quantified target values of these indicators are feasible to be achieved. In both cases of result and output indicators, there are not defined intermediate targets (milestones) for the achievement

of the relevant specific objectives. These milestones should be added to the programme in order to capture essential information on the progress of the related priority axis and that it can be realistically achieved.

The proposed implementation system complies with the applied regulations. The currently presented form of the system appears to be sufficient and adequate by utilizing the experience from the previous programming period. In addition, the qualitative and quantitative analysis regarding the administrative capacity and the data collection procedures shows that the proposed schemes and infrastructure cover the needs of the programme.

- Consistency of financial allocations: The financial allocations are quantitatively and qualitatively reasonable, in relation to the thematic and specific objectives and the related expected results.
- Contribution to Europe 2020 strategy: The proposed priority axes, the investment priorities and the thematic / specific objectives contribute to the achievement of the E2020 strategy targets.
- Strategic Environmental Assessment: This assessment is submitted as a separate deliverable. An informative summary of this assessment is provided in this report, showing that the impact of the programme will be overall positive.

### 3. METHODOLOGICAL APPROACH

The Ex-Ante evaluation should ensure that the operational programme clearly articulates its intervention logic and can demonstrate its contribution to the Europe 2020 strategy. It should also help to put in place functioning monitoring systems which meet evaluation requirements. Its recommendations should be clear, based on evidence and adapted to the particular needs of the programme. In this framework, the basic guidelines followed for the elaboration of the present Ex -Ante evaluation are described in the document titled “The Programming Period 2014-2020, Monitoring and Evaluation of European Coherency Policy – Guidance Document on Ex Ante Evaluation”, EU, January 2013. This guidance clarifies the components and the process of the Ex Ante evaluation and applies to programmes funded by the ERDF, the ESF and the Cohesion Fund. According to this guidance document the tasks of an Ex -Ante evaluation are grouped into five components:

- Programme strategy
- Indicators, monitoring and evaluation
- Consistency of financial allocations
- Contribution to Europe 2020 strategy
- Strategic Environmental Assessment

These components are analysed in this report for the TNCP “Balkan Mediterranean Programme 2014-2020”. In this context, the practical steps for the evaluation implementation are the following:

- Step 1 - Preparation: project inception
- Step 2 – Programme and Intelligence Gathering: programme review, literature review, data analysis
- Step 3 – Final Analysis and Reporting: programme components’ analysis and evaluation, reporting (report ready for Consultations)
- Step 4 – Consultation Results: analysis of consultation results and update of the report
- Step 5 – Final Report: final report ready to be sent to EU
- Step 6 – Report Finalization: final report taking into account any possible comments and suggestions made by EU agencies.

#### 4. THE TNCP “BALKAN MEDITERRANEAN 2014-2020”

The new TNCP "Balkan-Mediterranean 2014-2020" is a result of a joint decision of the European Commission and the countries of South Eastern Europe to enhance and support cohesion and development of the areas involved. The European Commission, along with the countries of South East Europe, jointly decided to establish this new transnational cooperation Programme based on the need to promote the European Territorial Cooperation development policies in the region.

The participating countries and the eligible areas are as follows:

- Bulgaria: the entire country
- Cyprus: the entire country
- Greece: the entire country
- Albania: the entire country (participating with the European funds of the IPA - Instrument for Pre-Accession Assistance)
- FYROM: the entire country (participating with the European funds of the IPA)

The programme overall objective is *to build on shared territorial assets and promote integrated territorial development and cooperation for a more competitive and sustainable Balkan – Mediterranean area*. This Transnational Cooperation Programme will have a budget amount equal to € 39,727,652.11.

The TNCP “Balkan-Mediterranean 2014-2020” Programme shall promote economic, social, environmental and institutional cohesion and development in the wider area by improving socio-economic competitiveness and institutional capacity in the regions. The Programme will include mainly soft actions, excluding the large infrastructure projects.

Its priority axes are the following

1. Entrepreneurship and Innovation. The overall investment accounts for 36% of the total cooperation programme budget (€14,169,704.19 of public funds).
2. Environment. This Priority Axis accounts for 57% of the total cooperation programme budget (€22,435,364.96 of public funds).

The Technical Assistance is developed within Priority Axis 3 and accounts for 7% of the programme budget. Apart from thematic orientation, the TNCP “Balkan-Mediterranean 2014-2020” addresses horizontal thematic aspects highlighted in the EU regulations: sustainable development, equal opportunities and non-discrimination, equality between men and women.



In addition, besides the thematic concentration and the choice of Thematic Objectives (TO), specific issues are addressed in a cross-cutting way in the different investment priorities of the programme contributing to the overall objectives of the Programme: social cohesion, as well as territorial cohesion.

## 5. SOCIO-ECONOMIC AND TERRITORIAL ANALYSIS

### 5.1 INTRODUCTORY COMMENTS

The Balkan Mediterranean Programme area is one of the most diverse and complex transnational co-operation areas in Europe, including EU member states and non EU countries.

The elaboration of an analysis for a transnational co-operation programme is a great challenge. Apart from the different status and relation to the EU of the programme partners, the area is characterized by highly distinct economic, social, infrastructural, technological and administrative and institutional disparities and diversities. There are quite a lot of problems related to the availability of harmonized data. In this context, for this analysis the latest most current and available data have been used.

In the next paragraphs, an analysis of the Balkan Mediterranean Programme partners is provided, while an analysis of the territorial integration factors is given in the sequel.

### 5.2 ALBANIA

Albania lies in the Southwestern part of the Balkan Peninsula, covering an area of 28,748 square kilometers. It occupies a strategic geographical location in South-Eastern Europe along the Strait of Otranto which links the Adriatic Sea with the Ionian Sea and separates Albania from Italy. Albania shares a border with Greece to the south/southeast (282 km), former Yugoslav Republic of Macedonia to the east (151 km), Kosovo to the northeast (112 km), and Montenegro to the northwest (172 km)<sup>1</sup>. The capital city of Albania is Tirana. Other major cities include Durrës, Vlorë, Fier, and Shkodër. Albania is a country of about 3.6 million inhabitants.

Much of Albania's surface is mountainous – the average height above sea level is 708 m and its highest peak, Mount of Korabi, is 2,753 m. The country is rich in water resources with the main rivers being extensively managed to generate hydro-electricity.

The country has nearly 450 km of seacoast along the Adriatic and Ionian Seas. Over a third of the territory of Albania is forested and the country is very rich in flora. Other natural resources include petroleum, natural gas, coal, bauxite, chromites, copper, iron ore, nickel, salt, timber, and hydropower.

The economy of Albania has maintained relative macroeconomic stability despite the global financial and economic crisis (MIPD 2011-2013). However, economic growth slowed down in 2009 as a consequence of reduced exports, remittances and credit growth. Albanian economic growth rates nevertheless exceed the growth rates of its regional neighbours. The unemployment rate has been continuously going down and reached 13.8% in 2009 and 13% in 2013 (national statistical data). However, economic development is hampered by the still poor infrastructure in the transport, energy and environment sector in many parts of

the country and lack of skilled labour force. Moreover, the legal uncertainty brought about by the lingering of unresolved property rights issues, continuous to obstruct a proper functioning of the market economy.

Government expenditure on health is low (2.8% of GDP). Disparities in coverage by basic health services exist due to the geographical distribution of service-providers and limited access in remote areas. Regarding environmental protection, Albania will have to make considerable and sustained efforts to align its legislation with the environmental *acquis* and to implement and enforce it effectively. It will also need to step up its efforts to mitigate and adapt to climate change. Overall, it will be particularly important to improve the necessary technical and human capacity matched by the required investments in environmental infrastructure.

Agriculture continues to be one of the main sectors of the economy, generating about 18.5% of Gross Domestic Product (in 2008) and 57% of total employment. However, labour productivity in agriculture is very low compared to the rest of the Albanian economy. In general, the Albanian agricultural system is characterised by small size of farms, land fragmentation, underdeveloped irrigation and drainage systems, deficient infrastructure, lack of access to markets, the low level of development of the agri-food industry, the low technological level, weak farmers organisations and lack of access to financing.

In this framework, in order for the country to achieve the priorities selected for support in the programming period 2011-2013, the Commission focuses its assistance for Albania primarily on the following sectors:

- Justice and Home Affairs
- Public Administration Reform
- Transport
- Environment and Climate Change
- Social Development
- Agriculture and Rural Development.

### 5.3 BULGARIA

Bulgaria is the least developed EU Member State with a GDP per capita of 45 % of the EU average (Position of the Commission Services on the development of Partnership Agreement and Programmes in Bulgaria, 2014-2020). Bulgaria's GDP increased by 1.7 % in 2011, largely driven by strong exports of both goods and services, and GDP growth was expected to reach 0.5 % in 2012 and 1.9 % in 2013. Bulgaria has the lowest labour productivity and the highest energy intensity of the EU. Structurally lower budget revenues and inefficiencies in public spending, notably in the education and health sectors, could jeopardise long-term sustainability of public finances.

Bulgaria is divided into six NUTS2 regions, but it is among the most centralized countries in the EU with almost no decision-making competences transferred to the regions. Rural areas show major disparities with urban areas and are characterized by strong outward migration. In the least developed regions, where marginalized communities (Roma) tend to concentrate, life expectancy is shorter and infant mortality higher, although quality of healthcare remains comparatively similar. While the population of rural areas continues to decline, rapid growth puts pressure on the infrastructure of Sofia and other urban growth poles. With 72.6 % of the EU-27 average (2008), GDP per head is highest in the capital city region of Yugozapaden (South West), with that region also showing the highest growth rate. The Severozapaden (Northwestern) region is the EU's poorest region with a GDP per capita of just 27 % of the EU average (Eurostat 2009).

The Severen Tsentralen (North-Central) region has been ranked the EU's second poorest with 29 %, together with Romania's North East. The South-Central and North-eastern regions are the fourth and fifth poorest ones respectively. The economic underperformance of individual regions also reflects weaknesses in the areas of education, employment, and R&I investment. The poorly educated regional workforce causes low labour productivity and, due to the high share of low value-added sectors, the poorest regions are most vulnerable to competition from emerging economies.

The Europe 2020 targets for the Country are as follows:

Europe 2020 headline targets	Current situation in Bulgaria	National 2020 target
3% of EU's GDP to be invested in research and development	0.6 %	1.5 %
20% greenhouse gas (GHG) emissions reduction compared to 1990	-12% (2020 projected emissions compared to 2005) +11% (2010 emissions Compared to 2005)	+20% (national binding target for non-ETS sectors compared to 2005)
20% of energy from renewables	13.8 % (2010)	16 %
20% increase in energy efficiency	17.4 Mtoe (2010)	- 3.20 Mtoe1 = 15.8 Mtoe
75% of the population aged 20-64 employed	63.9 % (2011)	76 %
Reducing early school leaving to less than 10%	12.8 % (2011)	11 %
At least 40% of 30-34 years old completing tertiary or equivalent education	27.3 % (2011)	36 %
Reducing the number of people at risk of poverty or exclusion by at least 20 million in the EU (compared with 2008 levels)	67 000	260 000

In this framework, the priorities of funding in order for the country to tackle the main development challenges and to implement the Europe 2020 strategy are the following:

- Increase labour market participation through improved employment, social inclusion and education policies (Increase employment rates of young and older people, disadvantaged groups, and long-term unemployed, Improve the quality of education, Promoting Social Inclusion)
- Innovation-friendly business environment (Support business development [incl. agro-food, fisheries and aquaculture sectors], Facilitate access to finance and advanced business services for SMEs and start-ups, Support private R&I investment, infrastructures and capacities)
- Modern infrastructure for growth and jobs (Develop a high quality, interoperable railway system and multi-modal transport connections, Expand access to, and use of, high quality ICT-networks)
- Environment-friendly and resource-efficient economy (Promote a low-carbon economy, energy efficiency and renewable energy sources, Invest substantially in the water and waste processing sectors, Protect the environment, improving management of natural resources, investing in adaptation to climate change, addressing specific natural and man-made risks)
- Strengthen capacity of public administration, governance and judiciary (Develop an efficient and business-friendly (national and municipal) public administration, include regulatory agencies and competition authorities, Enhance the capacity of the judiciary, Promote e-government).

## 5.4 CYPRUS

Cyprus has a small, open, services-oriented economy, with micro-services and family owned enterprises. For a very long period, Cyprus maintained a GDP growth. In 2011, GDP per capita in PPS in Cyprus amounted to 91.5% of the EU-27 average and was expected to decline in 2012 and 2013 (Position of the Commission Services on the development of Partnership Agreement and Programmes in Cyprus, 2014-2020). Economic activity was badly affected by the accident in July 2011 that destroyed the Vassilikos electricity producing plant, which accounted for half of the island's total generating capacity.

Domestic demand, traditionally the main driver of growth, decreased considerably in 2011, due to tightening bank lending conditions along with a worsening external environment and a persistent financial market uncertainty.

The prevailing high government deficit (-6.3% in 2011) and the large exposure of the Cypriot banking sector to Greece resulted in the Cypriot sovereign debt being perceived as increasingly risky, culminating in a series of downgrades of Cyprus' credit rating. This inhibited the ability of the government and the commercial banks to borrow from international financial markets, to which they have de facto lost access since June 2011.

The worsening of the macroeconomic outlook adversely affected the Cypriot labour market. Unemployment is on the rise, reaching historically high figures (10.9% in July 2012 from an average 4.5% in the years 2005-2008), especially for young people (25.8% in June 2012 from 9% in 2008) and the labour market is characterised by an inadequate supply of skills to match current and future labour demand.

The Europe 2020 targets for the Country are as follows:

Europe 2020 headline targets	Current situation in Cyprus	National 2020 target
3% of expenditure on research and development	0.5% (2010)	0.5%
20% greenhouse gas (GHG) emissions reduction compared to 1990	-19% (2020 Projected emissions compared to 2005) -5% (2010 emissions compared to 2005)	-5% (national binding target for non-ETS sectors compared to 2005)
20% of energy consumption from renewables	5.7% (2010)	13%
20% increase in energy efficiency	-3.6% (2010)	-14.3%
75% of the population aged 20-64 should be employed	73.8% (2011)	75-77%
The share of early school leavers should be under 10%	11.2% (2011)	10%
At least 40% of 30-34 years old should have completed a tertiary education	45.8% (2011)	46%
Reducing the number of people at risk of poverty or exclusion by 20 million in the EU	188.000 persons, i.e. 23.6% (2010)	27 000 people lifted out of poverty or exclusion, or reduction of AROPE to 19.3%

In this framework, the priorities for funding in order for the Country to tackle the main development challenges and to implement the Europe 2020 strategy are the following:

- Innovation-friendly business environment (Increase RD&I investment and ensure transfer and uptake of research and innovation findings, Enhance business innovation and competitiveness through access to finance and advanced business services, Develop ICT applications and promote e-commerce)
- Promote environment-friendly and efficient use of resources, and climate change resilience for sustainable growth and jobs (Shift to an energy efficient, low-carbon economy and promotion of renewable energy resources, Improve management of natural resources and environmental protection, Climate change mitigation and adaptation including risk management, Promote sustainable urban mobility)

- Increase labour market participation through improved employment, social, education and skills development policies (Integrate the unemployed and inactive in the labour market, Modernise the social protection systems, Improve the labour market relevance of education, training and lifelong learning).

## 5.5 THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The former Yugoslav Republic of Macedonia is a small, landlocked country in the heart of the Western Balkans. It is nestled between Greece, Bulgaria, Serbia, Kosovo and Albania. Its territory (25,713 square kilometres) occupies a traditional trading route between the northern and southern as well as eastern and western Balkans. It has a strong multi-ethnic character, with the population of just over 2 million including six main non-majority ethnic communities.

The country is a transition economy and is making progress towards establishing a functioning market economy (MIPD 2011-2013). Despite the global economic crisis the economy is stable with a moderate budget deficit of 2 % and a growth forecast of 0.5 %. Unemployment is very high and is estimated at over 32%, while foreign direct investments remain low. GDP per capita is 32% of the EU-27 average.

Looking forward, a prudent fiscal policy is needed to maintain macro-economic stability and to promote growth and jobs. It is also important to improve the business environment to make it more attractive for investors and to increase competitiveness. Flanking measures to support employment including active labour market measures should be undertaken. Economic and social disparities between regions are relatively high despite the small size of the country. In particular, the differences in infrastructural endowment and income levels between the capital and rural areas are significant. GDP per capita is twice as high in the capital region.

Labour mobility is low despite significant differences in unemployment rates between regions. Infrastructure needs to be developed to build links with the wider region as well as within the country, thus supporting trade, investment and factor mobility.

Socioeconomic development, in particular as regards vulnerable groups and the less developed and rural regions, is a priority.

In this framework, the following priorities for IPA support have been identified:

- Support the economic and social development of the country
- Improve good governance and reduce corruption
- Ensure non-discrimination and respect of human rights.

## 5.6 GREECE

The Greek economy has been in recession since 2008. In 2011, real GDP contracted substantially more than in 2010, falling by -7.1% (Position of the Commission Services on the development of Partnership Agreement and Programmes in Greece, 2014-2020). This is mainly due to very weak domestic demand, in turn the result of fiscal adjustment, declines in household disposable income in a weak labour market and restrictive credit conditions.

Productivity growth is far below Eurozone average, and despite the recent labour market reforms, unemployment remains high. The competitiveness of the Greek economy is weak, after many consecutive years of deterioration.

In 2012 further contraction is expected in the economic activity. In July 2012, unemployment rate in Greece reached 25.1% from 17.8% in July 2011. This deterioration in the labour market affects almost every population group but is even more detrimental to vulnerable groups (women and young population) and increases poverty and social exclusion rates. In Greece the unemployment rate among young people (under 25 years old) in July 2012 was the highest in EU27 (55.6%).

Despite a continued economic growth in Greece (up to 2008), disparities within and among regions remain pronounced. In fact, figures regarding the average GDP per capita for the period 2007-2009 of the thirteen Greek regions in comparison with the EU average demonstrate significant divergences. The region of "Attica" reaches a GDP per capita 120,1% while in Western Greece it is only 66.2% followed by Eastern Macedonia & Thrace with 67.8%. Preliminary figures for 2010 show that the disparity among regions has further deteriorated and that the average per capita GDP has continued to fall dramatically across the country.

There are serious structural challenges that need to be addressed nationally and trans-nationally to make the Greek economy more sustainable and inclusive. The lack of an efficient public administration and a modern, flexible and competitive business friendly environment prohibits growth and job creation. The current economic and financial crisis has been transformed to a job and social crisis. In this context, a major challenge will be the promotion of employment and support to labour mobility. Promoting active inclusion and combating poverty are essential to preserve social cohesion.

The Europe 2020 targets for the Country are as follows:



Europe 2020 headline targets	Current situation in Greece	National 2020 target
R&D	0,6% (2007)	2% GDP
Employment	59.9% (2011)	70%
Early school leaving	13.1% (2011)	9.7%
Tertiary education	28.9% (2011)	32%
Poverty	619 000	Reduction by 450 000 in the number of people at-risk of poverty or social exclusion by 2020
Energy efficiency	n/a (the Commission is not yet able to provide this overview)	2,7 Mtoe
Renewable Energy	Starting from 5,8% in 2005, the share of renewable energy in gross final energy consumption has been increased to 8.2% (in 2011)	18% of gross final energy consumption from renewable sources
20% greenhouse gas (GHG) emissions reduction compared to 1990	+3% (2020 projected emissions compared to 2005) -8% (2010 emissions compared to 2005)	-4 % (national binding target for non-ETS sectors compared to 2005)

In this framework, the priorities for funding in order for the Country to tackle the main development challenges and to implement the Europe 2020 strategy are the following:

- A business-friendly environment conducive to investments (Reduce the administrative burden for business, cut red-tape and simplify the administrative and legal framework to ensure better services to business, Facilitate access to finance and provide advanced business services to targeted microenterprises and SMEs, Support targeted sectors with a comparative advantage, Strengthen the links of R & D & I with the business world to promote innovation and entrepreneurship, Support and promote the development of e-business)
- Increase of labour market participation through improved employment, active inclusion and education/skill development policies (Enhance integration of young unemployed into the labour market through improved and innovative activation policies, Enhance active and healthy ageing, Promote an integrated active inclusion strategy and policies, Improve the quality and labour market relevance of Education/Training and Lifelong learning, Promoting social inclusion and combating poverty)
- Sustainable infrastructure for growth and jobs (Optimise accessibility facilities, Modernise energy networks, Ensure modern waste and water management)
- Environment friendly and resource-efficient economy for growth and jobs (Improve management of natural resources and environmental protection, Climate change adaptation and mitigation, Shift to an energy efficient, low-carbon economy and promotion of Renewable Energy Resources (RES))

- Administrative reform for an efficient and accountable administration (Administrative and organisational reform to increase the institutional capacity and efficiency of the central government and the regional and local administration, Support the development, promotion and application of e-government and e-services to citizens, Enhance the capacity of stakeholders at national, regional and local level to mobilize for economic and social policy reform).

## 5.7 TERRITORIAL INTEGRATION

### 5.7.1 Landscape Characteristics

The Balkan Mediterranean Programme area is characterized by a diversified and sensitive landscape, consisting of a very long coast line, mountainous regions, rivers and lakes, fertile plains, forests and many islands. For this reason, the area does face difficulties in communication and access between countries, regions (east west connections, islands) and with surrounding areas (with northern Europe notably).

Furthermore, the geographically fragmented aspect of the Balkan Mediterranean area does not facilitate as well the setting up of transnational coordinated development strategies between states, between regions or between the main metropolitan areas. Administrative borders are often characterised by significant physical borders which necessitate strong cooperation systems to coordinate policies in strategic fields like environment, natural risks, maritime safety or economic development.

The history of the Balkan Mediterranean area is important in understanding the origin and development of the western civilization. History, culture and favourable climate generate a strong attractiveness which boosts the tourism industry but are as well a source of pressure on cultural and natural heritage.

Concerning the environment, the Balkan Mediterranean area is home to considerable bio-diversity. It is home to a number of plant communities which vary with rainfall, latitude and soils.

In times of global climate change, the Balkan Mediterranean regions are very sensitive to natural hazards such as drought, forest fires and floods. The lack of water resources constitutes a strong preoccupation in islands and regions in connection with urban pressure and intensive agricultural activities.

### 5.7.2 Demography

The Balkan Mediterranean Programme area includes a population of about 24.1 million people (24.8% of the EU28 population). Greece and Bulgaria account for the 75.9% of the programme area population.

Demographic trends are very heterogeneous between and within the countries of the Programme area, depending on economic, social and cultural and spatial factors. Main challenges constitute the following:

- the spatial concentration of positive or negative demographic development like migration and depopulation (rural versus urban areas),
- ageing population, and

- migration.





Regarding population growth at the national level, the EU members (except Bulgaria) in the programme area have experienced a modest increase in population in the last years mostly caused by immigration. Contrary developments have to be noted to former Yugoslav Republic of Macedonia which have lost a significant part of the population due to emigration during last decade.



In general the demographic development in the EU member states within the programme area follows the European trend of an ageing population (European Social Statistics, 2013). Therefore the main problem in those countries is the ageing of the population with all the connected strong impact on the social and health services and on the labour market. On the other hand, Albania seems to have a strong positive balance between birth and death rates offsetting emigration and keeping population on a growth path.

For some countries, migration is the main factor influencing the negative population development. A weak economic performance and lacking perspectives are the main motivation factors stimulating external migration. Notable are the emigrant outflows coming from Bulgaria and the former Yugoslav Republic of Macedonia. This emigration is directed mainly towards Western Europe (EU15) and North America.

### 5.7.3 Economic Performance

Strong national and regional disparities characterise the socio-economic performance of the programme area. The analysis of the regional GDP per capita performance reveals that the programme area is far from being cohesive. The international economic crisis has put a pressure in the Balkan Mediterranean countries, especially on the countries that are EU-members. The GDP figures per country are shown in the following tables:

EU Member States	GDP 2013 millions of euro	GDP (PPP) per capita 2013 euro	GDP (Nominal) per capita 2013 euro	GDP (PPP) per capita 2013 EU27 = 100
 European Union	13,069,730	25,700	25,700	100%
 Greece	182,054	19,500 (2012)	17,400 (2012)	75%
 Bulgaria	39,940	12,000	5,500	47%
 Cyprus	16,504	22,100	19,000	86%

EU Candidates	GDP 2013 millions of euro	GDP (PPP) per capita 2013 euro	GDP (Nominal) per capita 2013 euro	GDP (PPP) per capita 2013 perc. of EU27
 Albania	8,975	7,800 (estimation)	2,803	30%
 Former Yugoslav Republic of Macedonia	7,454 (2012)	9,000 (2011)	3,600 (2011)	35%

Source: EUROSTAT

This pressure shows a still important position of traditional economic sectors which are based on the activity of a high percentage of fragmented SMEs with often low added value (DG Enterprise and Industry). The most important point is that the share of the people employed in the SMEs on the total number of employees in the five countries is much higher than the average share in the EU27. These enterprises and the respective sectors will require modernization, partnership and diversification to better compete on the national and international markets.

On the other hand, the SMES that constitute the majority of enterprises in all countries have a great difficulty to have access to finance. According to EU “2013 SMEs’ Access to Finance Survey”:

- *Access to finance* was the second most pressing problem mentioned by 15% of EU SME managers. Only “*finding customers*” was a greater problem. *Access to finance* was mentioned as the most pressing problem by 40% of SMEs in Cyprus, 32% in Greece, 16% in Bulgaria, 14% in the former Yugoslav Republic of Macedonia and 8% in Albania.
- When rated on a 10 point scale, the severity of the problem of getting “*access to finance*” was most pressing in Greece (28%), followed by Cyprus (26%), Albania (15%), Bulgaria (13%), and the former Yugoslav Republic of Macedonia (6%).

The service sector is the prominent economic sector of the whole Programme area despite the national disparities between the five participating countries. Referring to the other sectors, Albania still shows an important agricultural activity, while Bulgaria and the former Yugoslav Republic of Macedonia show an important secondary sector activity.

#### 5.7.4 Employment

The international economic crisis has worsened the economic performance of the Balkan Mediterranean countries, leading to high unemployment rates. These rates are quite high in the three EU members, as well as in the former Yugoslav Republic of Macedonia. In Albania, the unemployment rate is moderately high, leading in any case to the need for the country to solve the problem of the joblessness.

The persons in employment by economic activity are as follows (2011 figures):

COUNTRY	AGRICULTURE (%)	INDUSTRY (%)	SERVICES (%)	SELF-EMPLOYMENT RATE (%)
EU27	4.6	25.4	70.0	14.4
Bulgaria	6.6	31.6	61.8	10.9
Cyprus	2.9	21.1	76.0	14.7
Greece	11.8	18.0	70.3	30.4
Albania	-	-	-	-
Former Yugoslav Republic of Macedonia	18.1	30.3	51.7	18.4

Source: European Social Statistics, 2013

The unemployment rate per country is as follows (2013):

COUNTRY	PERC. OF ACTIVE POPULATION
EU28	10.8
Albania	13.0 (2012)
Bulgaria	13.0
Cyprus	16.0
Former Yugoslav Republic of Macedonia	29.0
Greece	27,3

Source: EUROSTAT 2014, National Statistics

In any case, the youth unemployment is much higher in all countries (European Social Statistics, 2013). In addition, the following points should be noticed;

- The long term unemployment is much higher in the former Yugoslav Republic of Macedonia, but it is still a serious problem in all five countries.
- Besides Greece where the women unemployment rate is high, in all other cases the unemployment hits both men and women.
- In all cases, unemployment hits the people with the lower level of educational attainment.

#### 5.7.5 Social Situation

In 2011, 16.9 % of the EU-27 population was assessed to be at risk of poverty. This share already conceals considerable variations across the EU Member States. In five countries, including Bulgaria and Greece one fifth or more of the population viewed as being at risk of poverty (European Social Statistics, 2013), where the at-risk-of-poverty threshold is set at 60 % of the national median equivalised disposable income.

In Albania, as incomes and employment rates are low across the board, most people’s average income hovers close to the poverty line. This leads to many people being vulnerable to the effects of downturns in the economy.

The differences in poverty rates are more notable when the population is classified according to activity status. The unemployed people are a particularly vulnerable group: those in employment were far less likely to be at risk of poverty. The level of education also represents a relevant factor in terms of poverty. People with low educational attainment are at higher risk of poverty than those with high educational attainment. Moreover, children whose parents’ highest level of education was low are at-risk-of-poverty, compared to those whose parents had high level of education.

High education attainment levels in the Balkan-Mediterranean area countries are close to the EU-28 average (28.4%) with Cyprus showing a record high of nearly 40% of the population aged between 25 and 64 years tertiary educated. Also in the two EU candidate countries of the programme, tertiary education is in permanent development. Between 2001 and 2011 Albania has more than doubled the number of

students attending tertiary education while the EU-27 increase over the same period was on average 2% per year.

### **5.7.6 Innovation**

The number of Science and Technology graduates has increased in all of the Balkan Mediterranean countries, becoming a sign of an increasing recognition of the importance of human capital as an engine of growth. Also this is definitely the basis for introducing innovative activities in these regions. In countries like Greece and Cyprus many young people do not graduate in their home country, but abroad.

In all Balkan Mediterranean countries the R&D expenditure is well below the EU average. The general picture shows that these regions are lacking behind in R & D activities in comparison to other EU regions.

The investments in telecommunications and IT are linked to the e-society which is emerging rapidly. The e-society can become instrumental for better social cohesion and future economic development within the Balkan Mediterranean space. However, the impact of ICT on business development is as well depending on the level of internet access of households which is in general lower than the average of the EU27.

### **5.7.7 Environment**

#### **5.7.7.1 Natural Resources – Biodiversity**

Natural resources are much diversified within the Balkan Mediterranean countries and include large areas of forested and agricultural land, mountainous areas, rivers and coasts with specific landscapes like lagoons, deltas, dunes and wetland areas. They represent a very rich and sensitive asset for Balkan Mediterranean regions.

There are also substantial differences within these countries as to what regards the present state of the environment and the scale of the problems existing. The prevailing common issue amongst the Balkan Mediterranean regions is the challenge of managing coastal zones, land- and water- use, as well as protected areas.

There are severe problems in terms of degradation of the environment and growing vulnerability to natural disasters. The causes of these problems are to be found in weak connections between the Balkan Mediterranean societies and their environment, forests, industrial and agricultural activities, coastal over-development, traffic and intensive tourism. Uncontrolled land use, inefficient energy use, and non-integrated management plans have a global impact on the natural resources available.

### **5.7.7.2 Urban Environment and Pollution**

The environmental challenges facing cities of the Balkan Mediterranean have significant consequences for human health, the quality of life of urban citizens and the economic performance of the cities themselves. Most cities in the region are confronted with a common core set of environmental problems such as the pollution caused by traffic, poor quality of built environment and generation of waste and waste water.

### **5.7.7.3 Water Management**

Water management is a strong issue within the Balkan Mediterranean area because of limited resources and important human activities which increase water consumption and affect the quality of water resources (household discharges, industrial production, farming methods and animal husbandry). Water abstraction of both ground and surface water is in general increasing in the Balkan Mediterranean countries. In addition, pollution of rivers, lakes and ground water resources is becoming quite a problem in this region.

It must be noticed that there rivers/river-systems including Axios, Nestos, Strimonas and Ardas-Evros, in Balkan Mediterranean regions, which play a significant role from a transnational point of view.

### **5.7.7.4 Energy**

In spite of the possibilities existing to produce energy / electricity by using renewable sources of energy, these possibilities are still not fully used in the Balkan Mediterranean countries (Energy, Transport and Environment Indicators, EUROSTAT, 2013). Practices for saving resources have in general not been embraced and applied.

### **5.7.7.5 Natural Risks**

The Balkan Mediterranean regions are very sensitive to natural hazards. The dangers of draught and fires are particularly worth attention, especially concerning forests management. Other natural risks worth noting are the earthquakes and the floods.

### **5.7.7.6 Maritime Environment**

The sea is the biggest asset of the Balkan Mediterranean area. Only one country has no direct access to the sea, while three countries have access to Mediterranean Sea and one country has access to Black Sea.

Sea navigation is of high importance for most of the Balkan Mediterranean countries. This area comprises major strategic transit routes and important seaports within four European Transport Areas:

- The Black Sea Transport Area
- The Adriatic-Ionian Transport Area
- The Aegean Transport Area and
- The Mediterranean Transport Area

In all cases, the sea is vulnerable and exposed to maritime accidents and pollution. Additionally, the maritime environment is also endangered by the transportation of solid hazardous products (chemicals) which are being transported in large bulk quantities.

#### **5.7.8 Accessibility**

In the Balkan Mediterranean area, there is a lack of satisfactory accessibility from the coast to the internal zones and the traffic density problem in the main corridors and most urbanised areas cannot be solved only by developing road infrastructures. An integrated approach is required with the adaptation of existing transport means and with the development of multimodal/intermodal transport systems (road-rail-sea connections).

In general the Balkan Mediterranean regions can be characterized by the fact that the density of railway is much less than that of the Northern and Central European Countries. Furthermore the existence of high-speed rail networks is not yet completely efficient and in some cases totally inexistent. Maritime transport is extremely important for this area as already have been aforementioned.

The air transport system is not well developed between the main Balkan Mediterranean urban centres. In addition, the density of regional airports within the Balkan Mediterranean regions is not as close as the one of Northern and Central Europe, while air transportation of goods and passengers is expected to become ever more important.

Information and Communication Technologies are instrumental in generating accessibility and promoting territorial cohesion. Not only do these technologies facilitate the everyday communicative interactions, they also support the development and safe functioning of multimodal transport systems, as they also facilitate mass transportation.

In general the Balkan Mediterranean Programme regions have invested in ICT technologies over the last years, but have still not reached a level that come close the EU27 average. Moreover, in terms of using ICT technologies, most of the Balkan Mediterranean regions are lagging behind.



### 5.7.9 Integrated Development

The Balkan Mediterranean area is one of the most heterogeneous areas of Europe considering the specific cultural, political, ethnical, social and historical characteristics of the participating regions. It is showing strong economic and territorial discrepancies with lower productivity and competitiveness in comparison with the EU average. The lack of investments in R&TD, and the insufficient cooperation between SMEs and between them with research institutions do not facilitate the development of backward regions and the competitiveness on international market. On the other hand, the potential represented by the natural and cultural heritage is threatened by economic activities and urban development in these regions.

The result is the existence of strong national and regional disparities, that are characterising the socio-economic performance of the programme area.

The economic process in this area is based on different potentials and follows very different development paths. Factors of competitiveness, like wages, taxes and aid systems in combination with the quantitative and qualitative availability of well-educated labour force and the need of restructuring the national economy, offer good conditions for a possible development dynamic, leaving behind the problems caused by the economic crisis.

In this framework, the support of SMEs activities and entrepreneurship by providing an environment of cooperation and possible economic development will be a very strong driver for confronting both the countries' development and employment problem. However, any economic activity should be developed in an environmental friendly manner, taking into account, for instance, the vulnerability of the region water systems and resources.

### 5.8 CONCLUDING REMARKS

A significant point for the TNCP area is the regional disparities in terms of economic power, innovation, competitiveness and accessibility between urban areas and rural areas.

These disparities have been spotted by different territorial analysis exercises. In the national level, the EU countries have applied the European policies financed by the EU financial instruments (EU funds) in order to achieve economic development with social cohesion, given special attention to the environmental protection. On the other hand the non EU countries have been financed by international organizations, while they are also funded by EU under the IPA regime and the inter-regional transnational programmes.

In this framework, the current Balkan Mediterranean Programme is developed and implemented in an complementary manner, by giving priority to SMEs, entrepreneurship and environment, while taking care to give an additional boost to economic development. These priorities and their related actions / activities will also provide a ground for improving the social cohesion and easing the social problems confronted in the Balkan Mediterranean area.

## 6. INSTITUTIONAL AND REGULATORY FRAMEWORK

The following relevant documents are mainly taken into account for the implementation of the project:

- COM(2010) 2020 final: COMMUNICATION FROM THE COMMISSION EUROPE 2020: A strategy for smart, sustainable and inclusive growth
- REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL: Common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and repealing Regulation (EC) No 1083/2006
- REGULATION (EU) No 1301/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on specific provisions concerning the European Regional Development Fund and the "Investment for growth and jobs goal" and repealing Regulation (EC) No 1080/2006
- REGULATION (EU) No 1299/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation Goal
- Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment.
- IPA (instrument for Pre-Accession Assistance). The legal framework for this instrument was established under Council Regulation (EC) 1085/2006 of 17 July 2006 and its implementation provisions in Commission Regulation (EC) 718/2007, as amended by Commission Regulation (EC) 80/2010 and Commission Regulation (EC) 1292/2011.
- EU document on Monitoring and Evaluation of European Cohesion Policy, Guidance Document on Ex Ante Evaluation, January 2013
- EVALSED guide on the evaluation of socio-economic development

A summarised analysis of the regulatory documents is provided in the next paragraphs, taking into account their relevance to the Ex Ante evaluation process.

### **6.1 COM (2010) 2020 FINAL: COMMUNICATION FROM THE COMMISSION EUROPE 2020: A STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH**

The "E 2020" is the common strategy of the Member States (MS) of the EU, with a view to smart, sustainable and inclusive growth, high levels of employment, productivity and social cohesion.

“Europe 2020” puts forward three mutually reinforcing priorities:

#### **i. Smart growth: developing an economy based on knowledge and innovation.**

Smart growth means strengthening knowledge and innovation as drivers of our future growth.

This requires improving the quality of the education, strengthening the research performance, promoting innovation and knowledge transfer throughout the Union, making full use of information and communication technologies and ensuring that innovative ideas can be turned into new products and services that create growth, quality jobs and help address European and global societal challenges. But, to succeed, this must be combined with entrepreneurship, finance, and a focus on user needs and market opportunities.

**ii. Sustainable growth: promoting a more resource efficient, greener and more competitive economy.**

Sustainable growth means building a resource efficient, sustainable and competitive economy, exploiting Europe's leadership in the race to develop new processes and technologies, including green technologies, accelerating the roll out of smart grids using ICTs, exploiting EU-scale networks, and reinforcing the competitive advantages of our businesses, particularly in manufacturing and within our SMEs, as well through assisting consumers to value resource efficiency. Such an approach will help the EU to prosper in a low-carbon, resource constrained world while preventing environmental degradation, biodiversity loss and unsustainable use of resources. It will also underpin economic, social and territorial cohesion.

**iii. Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.**

Inclusive growth means empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems so as to help people anticipate and manage change, and build a cohesive society. It is also essential that the benefits of economic growth spread to all parts of the Union, including its outermost regions, thus strengthening territorial cohesion. It is about ensuring access and opportunities for all throughout the lifecycle. Europe needs to make full use of its labour potential to face the challenges of an ageing population and rising global competition. Policies to promote gender equality will be needed to increase labour force participation thus adding to growth and social cohesion.

The EU needs to define where it wants to be by 2020. To this end, the Commission proposes the following EU headline targets:

- 75 % of the population aged 20-64 should be employed.
- 3% of the EU's GDP should be invested in R&D.
- The "20/20/20" climate/energy targets should be met (including an increase to 30% of emissions reduction if the conditions are right).
- The share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree.
- 20 million less people should be at risk of poverty.

These targets are interrelated and critical to the overall success of E2020 strategy. To ensure that each Member State tailors the Europe 2020 strategy to its particular situation, the Commission proposes that EU goals are translated into national targets and trajectories.

The targets are representative of the three priorities of smart, sustainable and inclusive growth but they are not exhaustive: a wide range of actions at national, EU and international levels will be necessary to underpin them. The Commission is putting forward seven flagship initiatives to catalyse progress under each priority theme:

- "Innovation Union" to improve framework conditions and access to finance for research and innovation so as to ensure that innovative ideas can be turned into products and services that create growth and jobs.
- "Youth on the move" to enhance the performance of education systems and to facilitate the entry of young people to the labour market.
- "A digital agenda for Europe" to speed up the roll-out of high-speed internet and reap the benefits of a digital single market for households and firms.
- "Resource efficient Europe" to help decouple economic growth from the use of resources, support the shift towards a low carbon economy, increase the use of renewable energy sources, modernise our transport sector and promote energy efficiency.
- "An industrial policy for the globalisation era" to improve the business environment, notably for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally.
- "An agenda for new skills and jobs" to modernise labour markets and empower people by developing their skills throughout the lifecycle with a view to increase labour participation and better match labour supply and demand, including the labour mobility.
- "European platform against poverty" to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society.

These seven flagship initiatives will commit both the EU and the Member States. EU-level instruments, notably the single market, financial levers and external policy tools, will be fully mobilised to tackle bottlenecks and deliver the Europe 2020 goals. As an immediate priority, the Commission charts what needs to be done to define a credible exit strategy, to pursue the reform of the financial system, to ensure budgetary consolidation for long-term growth, and to strengthen coordination within the Economic and Monetary Union.

## **6.2 REGULATION (EU) NO 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

The General Regulation 1303/2013 lays down common provisions on the Structural and Investment Funds (European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund, the European Regional

development, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund).

The General Regulation of the Structural Funds and Investment (GRSF), as well as individual regulations, affix the Cohesion Policy as an important vehicle for achieving strategy "Europe 2020" ("E2020"). The "E 2020" is the common strategy of the Member States ( MS) of the EU, with a view to smart, sustainable and inclusive growth , with high levels employment , productivity and social cohesion. The Cohesion Policy is required to contribute decisively to fulfill the terms of the strategy of "E2020" orienting actions of the thematic priorities.

The key points of the Regulations for the Structural Funds are:

#### **Coherent strategic planning**

- Strengthen strategic planning, set 11 thematic objectives that serve the objectives of the "E 2020" and the National Reform Programmes (NRPs).
- Adopt the Common Strategic Framework at Union level for all of the funds and seek synergies and complementarities to achieve common goals.
- Develop the Partnership Agreement for the “new NSRF 2014-2020” between the Commission and each MS, set out the commitments of partners at national and regional level.

#### **Strict performance framework**

- Focus on performance and achieve the goals of "E2020", based on milestones related targets, outputs and outcomes for each priority axis of the Operational Programmes (OPs).
- Withheld 6% of the budget of the relevant funds as a performance reserve to be allocated during the interim review of the performance to the MS whose programmes and priorities will achieve intermediate goals (milestones).
- Failure to achieve milestones may result in suspension of payments, while serious lag in achieving the objectives of a programme may lead to corrections of public finances at the end of the programming period.

#### **Conditionality - conditions for payment of EU funding**

- Each MS must meet a range of conditions (conditionality) to ensure efficient use of resources and the flow of funds: (a) macro-economic conditions in line with the measures of the Stability and Growth Pact (b) ex ante conditionality in relation to structural changes and goals of the NRP. The inability conditionality may lead to suspension of funding.

Cohesion policy is the main investment tool of the European Union in order to achieve the objectives of the “E2020” for employment, research and innovation, climate change / energy, education, the fight against poverty and social exclusion. For this reason the programming period 2014-2020 targets the use of resources to specific areas of development.

### **6.3 REGULATION (EU) NO 1299/201 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

This Regulation establishes the scope of the ERDF with regard to the European territorial cooperation goal and lays down specific provisions concerning that goal.

This Regulation defines, in relation to the European territorial cooperation goal, the priority objectives and organization of the ERDF, the criteria for Member States and regions to be eligible for support from the ERDF, the financial resources available for support from the ERDF, and the criteria for their allocation.

It also lays down the provisions necessary to ensure effective implementation, monitoring, financial management and control of operational programmes under the European territorial cooperation goal ("cooperation programmes"), including the case where third countries participate in such cooperation programmes.

Under the European territorial cooperation goal, the ERDF shall support the following components:

1. Cross-border cooperation between adjacent regions to promote integrated regional development between neighboring land and maritime border regions in two or more Member States or between neighboring border regions in at least one Member State and one third country on external borders of the Union other than those covered by programmes under the external financial instruments of the Union;
2. Transnational cooperation over larger transnational territories, involving national, regional and local partners and also covering maritime cross-border cooperation in cases not covered by cross-border cooperation, with a view to achieving a higher degree of territorial integration of those territories;
3. Interregional cooperation to reinforce the effectiveness of cohesion policy by promoting:
  - a) exchange of experience focusing on thematic objectives among partners throughout the Union, including in relation to the development of regions referred to in Article 174 TFEU on the identification and dissemination of good practices with a view to their transfer principally to operational programmes under the Investment for growth and jobs goal but also, where relevant, to cooperation programmes;
  - b) exchange of experience concerning the identification, transfer and dissemination of good practices in relation to sustainable urban development, including urban-rural linkages;
  - c) exchange of experience concerning the identification, transfer and dissemination of good practices and innovative approaches in relation to the implementation of cooperation programmes and actions as well as to the use of EGTCs;
  - d) analysis of development trends in relation to the aims of territorial cohesion, including territorial aspects of economic and social cohesion, and harmonious development of Union territory through studies, data collection and other measures.

## 6.4 EUROPEAN TERRITORIAL COOPERATION PROGRAMMES

European Territorial Cooperation is an Objective of the Cohesion Policy and provides a framework for the exchange of experiences among local and regional actors from across Europe.

Within this framework, Cohesion Policy encourages regions and cities from different EU Member States to work together and learn from each other through joint Programmes, projects and networks. During the Programming Period 2007-2013 the European Territorial Cooperation (ETC) has been introduced as a fully-fledged objective of Cohesion Policy, along with the Convergence and Regional Competitiveness and Employment and provides a framework for exchanging experience between regional and local bodies in different countries.

With a Community contribution of almost €7.8 billion for the sole internal borders, and approximately €9.4 billion by adding IPA-CBC and ENPI-CBC funding, territorial cooperation has reached a new scale and now comprehends 75 cross-border Programmes (including external EU borders), 13 transnational Programmes, one interregional Programme and the three networking Programmes URBACT, ESPON and INTERACT. The three 3 dimensions of European Territorial Cooperation are:

- **Cross-border Cooperation:** helps transform regions located on either side of internal or external borders of the European Union into strong economic and social poles. In particular, cross-border actions are encouraged in the fields of entrepreneurship, improving joint management of natural resources, supporting links between urban and rural areas, improving access to transport and communication networks, developing joint use of infrastructure, administrative cooperation and capacity building, employment, community interaction, culture and social affairs. Cross-border cooperation is essentially about "filling the gaps". It does so through agreed cross-border “analysis and response” strategies, specifically formulated and tailored for each border region.
- **Transnational Cooperation:** promotes cooperation among greater European regions, including the ones surrounding sea basins (e.g. Baltic Sea Region, North Sea, Mediterranean and Atlantic Area) or mountain ranges (e.g. Alpine Space) and facilitates coordinated strategic responses to joint challenges like flood management, transport and communication corridors, international business and research linkages, urban development and others. Special attention is given to outermost and island regions (e.g. Indian Ocean, Caribbean Area or Northern Periphery).
- **Interregional Cooperation:** provides a framework for the exchange of experiences between local and regional actors from across Europe in order to contribute to the EU’s strategies on growth, jobs and sustainable development. In addition, it aims at reducing disparities by matching less experienced regions with more advanced regions in the various policy fields such as innovation, demographic change, energy supply and climate change.

The **Instrument for Pre-Accession Assistance (IPA)** is the unified European Union’s financial instrument aimed at aiding the Pre-Accession process for Candidate and Potential Candidate Countries, also called



"Beneficiary countries". The legal framework for this instrument was established under Council Regulation (EC) 1085/2006 of 17 July 2006 and its implementation provisions in Commission Regulation (EC) 718/2007, as amended by Commission Regulation (EC) 80/2010 and Commission Regulation (EC) 1292/2011.

It brings all past pre-accession support (Phare CBC, ISPA, SAPARD, CARDS, etc.) into one single funding instrument. Funds are allocated through five components:

- Transition Assistance and Institution Building;
- Cross- Border Cooperation;
- Regional Development;
- Human Resources Development;
- Rural Development.

The Cross-border Cooperation component of IPA promotes:

- Cooperation between EU Member States and Candidate/ Potential Candidate Countries,
- Cooperation between Candidate and Potential Candidate Countries themselves and
- Participation of IPA beneficiary countries in Structural Funds' transnational cooperation Programmes (South East Europe and MED Programmes).

With the aim of reinforcing cooperation between member states and partner countries along the external border of the European Union, Cross-Border Cooperation (CBC) is a key priority of the European Neighborhood and Partnership Instrument (ENPI). The key objectives of the CBC strategy are to:

1. Promote economic and social development in border areas,
2. Address common challenges,
3. Ensure efficiency and secure orders,
4. Promote people-to-people cooperation.

The ENPI CBC approach is based on the principles of multiannual programming, partnership and co-financing and takes into account the specificities of the EC's external relations. Programmes involving regions on both sides of the EU's border share one single budget, common management structures, a common legal framework and implementation rules. The Programmes' structure is based on a fully balanced partnership between the participating countries. The Programmes are managed by an EU Member State regional or national authority.

In the new programming period 2014-2020 the target "European Territorial Cooperation" is still financed by the European Regional Development Fund (ERDF) for the Member States (MS) aiming at promoting economic and social cohesion by cooperation and implementation of joint projects between member states with the EU. At the same time, through European Neighborhood instruments (EMI) for neighboring countries and pre –accession Assistance (IPA II) for countries in pre-accession , the existing partnerships of



our country and the neighboring states of the Black Sea and the southern and eastern Mediterranean and the Balkans is being strengthened respectively. Basic differentiation by previous programming period is the existence of a separate regulation for the target European Territorial Cooperation, under which certain provisions for the support of the cross-border, transnational co-operation, interregional (interregional) cooperation are defined.

Under the objective "European Territorial Cooperation", 2.75 % of ERDF resources is estimated to be distributed. The Hellenic Managing Authority of European Territorial Cooperation Programmes, as Managing Authority of bilateral cross-border programmes between Greece, Cyprus, Italy and Bulgaria (ERDF), as well as Albania, former Yugoslav Republic of Macedonia and Turkey (finance IPA II) is called to design and submit these operational programmes of Territorial Cooperation. Among the transnational cooperation Programmes, it is allowed for the strengthening of economic, social and territorial cohesion of the Union and for the enhancement of the effectiveness of cohesion policy, the participation of third countries, through IPA funds Assistance (IPA II) and the European Neighborhood Instrument (ENI), as long as financed actions, pursue the objectives of cohesion policy.

In terms of operational Programme (OP) at least 80 % of ERDF resources in each cross-border and transnational programme should concentrate on four (4) maximum thematic objectives from those referred to in the General Regulation of the Funds. However, investment priorities for specific programmes of cross-border and transnational cooperation are defined, in addition to those listed in the General Rules in Articles 5 and 6 Rules of the Territorial Cooperation Rule. For each OP of the Objective "European Territorial Cooperation", the implementation of the actions should be consistent with the eligibility of the operations rules and personnel costs, as defined in the relevant articles of the Regulation on the Objective of European Territorial Cooperation and the relevant delegated act 6.

Since more than one State Members are involved in the implementation of programmes cooperation, which leads to greater administrative costs, the spending limit for the Technical Assistance will be greater for the objective of the European Territorial Cooperation from that for the 'Investment for growth and jobs. More specifically, the total amount ERDF resources available for the Technical Assistance should not exceed 6% of resources allocated to a cooperative project. For a programme that does not exceed 50,000,000 €, the amount of ERDF resources available for the Technical Help should not exceed 7% of the resources allocated, but should not also be less than €1,500,000 and more than €3,000,000.

The actions selected in a cross-border and transnational cooperation should be implemented by beneficiaries of at least two countries, of which a beneficiary must be a State Member. The actions selected in interregional cooperation should be implemented by beneficiaries of at least three countries, two of which should be State Members

The course, implementation and achievement of the targets set in each OP European Territorial Cooperation will be monitored and evaluated according to the performance framework and a series of common output indicators, that will be selected from predefined list in the Annex of the ETC Regulation, as well as specific output and result indicators that will be selected specifically for each programme. However, the OP of the objective "European Territorial Cooperation" does not participate in the evaluation process for allocating the performance reserve.

Within each OP European Territorial Cooperation, the Regulation enables actions to be implemented in an integrated spatial approach, using one or more of the tools of integrated approaches to spatial development. More specific cooperation programmes may include actions regarding:

- a) Local development initiatives of local communities, which can implemented at cross border co-operation programmes, provided that representatives from at least two countries are involved in the groups of local development, one of which comes from a State Member.
- b) Sustainable urban development, and
- c) Actions of integrated territorial investments for which the intermediary management and implementation authority must have a legal form valid in the countries involved (provided that public authorities participate in this authority), or include organizations from at least two participating countries or finally a European Group for Territorial Cooperation (EGTC) will implement these actions.

## 7. PROGRAMME STRATEGY

### 7.1 CONSISTENCY OF PROGRAMME OBJECTIVES

#### 7.1.1 PROGRAMME STRATEGY

The first point to be mentioned is that the “Balkan Mediterranean Programme 2014-2020” is a new Programme. Therefore, it is not possible to have any idea or measure of past performance for it. In this context, the programme strategy is evaluated as follows:

- Relevance of the sources of information: the analysis is based on data of ESPON, EUROSTAT and National Statistical Services, as well as other relevant EU sources (e.g. DG Enterprise and Industry). These sources are reliable ones and provide a data basis which can be the ground for the programme elaboration. In general, the analysis reflects correctly the existing and future-oriented issues of regional and territorial development.
- Need to consider in the appraisal of the socio-economic situation, other quantitative baseline data / other research-based findings: in general, there is no need to consider other data/findings for the appraisal of the socio-economic situation.
- Analysis of the current situation of the region in terms of disparities, gaps and development potentials: the analysis of the current situation of the involved regions and of their disparities is sufficiently worked out for the needs of the Programme.
- Existence of additional future territorial challenges for the region which are likely to result from an accentuation of some long-term trends or new exogenous factors: such crucial factors for this Balkan-Mediterranean region include the need for improvement of its businesses competitiveness, the aging of population, as well as the environment and climatic change. In this context, the programme’s strategy covers two of the above factors (competitiveness, environment) and it does not seem necessary to refer to additional challenges, taking into account the size and the character of the programme.
- Existence of significant changes in the needs for transnational cooperation: these changes are related to the above mentioned challenges and are covered in an adequate manner by the programme.
- Existence of a suitable strategy to meet the previously identified challenges and needs: the programme strategy is based upon the following:
  - Three priority axes (Entrepreneurship and Innovation, Environment and Technical Assistance).
  - Thematic Objectives (TO), Investment Priorities (IP) and Specific Objectives (SO) as follows (accompanied by their justification):

Selected Thematic Objective	Selected Investment Priority	Specific Objective (SO)	Justification for the selection
<b>Priority Axis 1: Entrepreneurship &amp; Innovation</b>			
<b>Thematic Objective 3:</b> Enhancing the competitiveness of SMEs	<b>3 a:</b> Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	<b>SO 1.1:</b> Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models.	[+] Strong entrepreneurial spirit [+] Diversified local economies [+] Strong potential for green and blue growth [+] Relatively high skill levels in some regions to contribute to competitiveness potential by sharing and testing best practices [+] Building on the EU initiatives to promote employment creation (including self-employment) [-] Need to develop better policies for entrepreneurship and business support services [-] Need to overcome the strong economic regional disparities and low competitiveness [-] Need to develop and implement joint policies to support sustainable growth [-] Need to develop policies oriented towards new technology and new business models [-] Low level of innovation capacity
<b>Thematic Objective 3:</b> Enhancing the competitiveness of SMEs	<b>3 d:</b> Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	<b>SO 1.2:</b> Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy / regulatory circumstances	[+] Recent positive trends for SMEs support to adjust and innovate through national policies for smart growth and smart specialization [-] Need to encourage networking and clustering as competitive growth tool [-] Need to encourage enterprises to develop and promote innovative products/services [-] Need for integrated management support and governance to boost innovation and technology transfer strategies
<b>Thematic Objective 10</b> Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure	<b>IP</b> Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure	<b>SO 1.3:</b> Support entrepreneurial learning and knowledge transfer for more competitive SMEs	[+] Increased role and recognition of vocational education and training [-] Brain drain especially of skilled people [-] Need to improve the link between business and training [-] Need to improve innovation capacities through knowledge and new skills' promotion [-] Need to encourage cooperation and networking between businesses entities, policy makers and training and education institutions to develop innovative learning systems, increase skills and foster

			<p>entrepreneurial learning</p> <p>[-] High disparities in labour market and education indicators</p> <p>[-] Need to improve entrepreneurial skills for long term unemployed young people</p>
<b>Priority Axis 2: Environment</b>			
<p><b>Thematic Objective 6</b></p> <p>Preserving and protecting the environment and promoting resource efficiency</p>	<p><b>6 c:</b> Conserving, protecting, promoting and developing natural and cultural heritage</p>	<p><b>SO 2.1:</b> Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000</p>	<p>[+] Preserved rich natural and cultural heritage</p> <p>[+] Positive trends towards recognition of biodiversity value</p> <p>[+] Strong potential for sustainable tourism development and increased attractiveness of the programme area</p> <p>[+] Potential for setting up a “Balkan-Mediterranean” cultural identity</p> <p>[-] Need to improve the governance of the rich cultural and natural heritage sites by upgrading their management and ensure their conservation</p> <p>[-] Need to coordinate policies to maximize the results of sustainable touristic exploitation of the regions’ cultural and natural heritage</p> <p>[-] Need to foster exchange of experience on nature conservation issues</p> <p>[-] Need to encourage partnerships and networking among all relevant actors: public institutions, business support organizations, NGOs, civil society, etc.</p> <p>[-] Implementation of the sectoral legislation, including the “Birds” and “Habitats” directives related to the Natura 2000 network is behind schedule</p>
<p><b>Thematic Objective 6</b></p> <p>Preserving and protecting the environment and promoting resource efficiency</p>	<p><b>6 f:</b> Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution</p>	<p><b>SO 2.2:</b> Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector</p>	<p>[+] Potential for efficient and sustainable use of natural resources</p> <p>[+] Trends towards sustainable use of renewable energy sources</p> <p>[+] The ecosystem approach promoted by EU environmental legislation</p> <p>[-] Need to share best practices and transfer of knowledge for innovative management of environment</p> <p>[-] Need to develop joint strategies for recourse efficiency</p> <p>[-] Need to increase the level of implementation of innovative technologies in the area</p> <p>[-] Need to foster the implementation of the sectoral legislation, such as Water Framework Directive</p>
<p><b>Thematic Objective 11</b></p> <p>Enhancing institutional capacity of public authorities and stakeholders and efficient public administration</p>		<p><b>SO 2.3:</b> Develop skills for better environmental management and increase governance capacities</p>	<p>[-] Need to enhance governance capacity for better management of environmental resources through education and training</p> <p>[-] Need to support joint trainings for capacity building of public authorities to foster innovative environmental management approaches</p>

through actions to strengthen the institutional capacity and the efficiency of public administrations and public services related to the implementation of the ERDF, and in support of actions under the ESF to strengthen the institutional capacity and the efficiency of public administration			[-] Need to strengthen administrative capacity to fight against illegal activities especially in protected areas [-] Need to raise awareness for better utilization of environmental resources [-] Low efficiency of public administration regarding environmental monitoring
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A third priority axis is the Technical Assistance that is not analysed, since it is a necessary part of the programme.

The issues addressed in the proposed thematic and specific objectives largely correspond to the challenges and to the needs for transnational cooperation identified in the relevant analysis. A remark is that there is no objective referring to the maritime/marine activities, although it has been spotted as one of the challenges faced by the Balkan-Mediterranean region.

- Relevance of the strategy to the needs of the Balkan-Mediterranean region: the common needs and challenges of the Balkan Mediterranean area, as derived by the territorial analysis and the analysis made by the position papers for the EU countries and the MIPD documents for the non-EU countries can be grouped and summarized as follows:
  - Need No 1: Social development through employment, social inclusion and education policies
  - Need No 2: Innovation friendly business environment
  - Need No 3: Environment friendly and resource efficient economy
  - Need No 4: Business friendly environment

The relevance of the Priority Axes and the Thematic Objectives with these needs can be shown in the next table:

Priority Axis	Thematic Objective	Need No 1: Social development through employment, social inclusion and education policies	Need No 2: Innovation friendly business environment	Need No 3: Environment friendly and resource efficient economy	Need No 4: Business friendly environment
<b>PA 1 Entrepreneurship and Innovation</b>	<b>Thematic Objective 3:</b> Enhancing the competitiveness of SMEs	X	X	X	X
	<b>Thematic Objective 10:</b> Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure	X	X	X	
<b>PA 2: Environment</b>	<b>Thematic Objective 6</b> Preserving and protecting the environment and promoting resource efficiency		X	X	
	<b>Thematic Objective 11</b> Enhancing institutional capacity of public authorities and stakeholders and efficient public administration through actions to strengthen the institutional capacity and the efficiency of public administrations and public services related to the implementation of the ERDF, and in support of actions under the ESF to strengthen the institutional capacity and the efficiency of public administration	X		X	X

- Generation of activities improving the effectiveness of policies and instruments for regional development and cohesion: the overall objective of the programme is *to build on shared territorial assets and promote integrated territorial development and cooperation for a more competitive and sustainable Balkan – Mediterranean area*. In this respect, the Programme is likely to favor access to the experience of others, dissemination of knowledge, best practices and innovations, etc. that will improve the effectiveness of the policies and instruments for regional development and cohesion. More specifically, the Programme will provide among others:

- *Solutions to, or progress towards solving common problems:* territorial cooperation brings added value focusing on finding solutions to common problems and mobilizing political engagement for such issues.
- *Organisation and policy learning:* good practice and learning through cooperation are effective mechanisms for spreading know-how and enhancing competitiveness.
- *Building structures for further cooperation:* structures (administrative, institutional and physical) facilitate continuity and lessons learned from previous projects.
- *Mobilisation of critical mass:* territorial cooperation is of particular value because it can ensure economies of scale and critical mass.

The Objectives and the Investment Priorities of the Programme do promote and support the above mentioned issues, by developing a leverage effect on regional development as they promote investment in capacities that boost entrepreneurship, protect the environment and carry forward the efficient use of resources.

#### **7.1.2 SWOT ANALYSIS**

The SWOT analysis of the programme has been made on a four case approach (Competitiveness, Environment and Climate Change, Employment and Social Cohesion, Accessibility), taking into account the results of the territorial analysis and the open consultation. This approach is a good one, since it gives the opportunity of a deeper and more focused SWOT analysis per case. This SWOT analysis summarizes thoroughly the antecedent analysis and identifies the main issues. In this framework, the whole analysis provides a realistic approach that creates the circumstances for a substantial strategy. Going further to the analysis, a dual input Correlation matrix of the relevance of the specific objectives with the SWOT analysis is given for each case.



### Case No 1: Competitiveness

SWOT Analysis	SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs	SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000	SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	SO2.3 Develop skills for better environmental management and increase governance capacities
<b>STRENGTHS</b>						
Strong entrepreneurial spirit	x	x	x		x	
Diversification trends of economic activity in response to the crisis	x	x	x		x	
Relatively high skill levels in some regions to contribute to competitiveness and innovation	x		x	x	x	
Increasing role and recognition of vocational education and training	x	x	x	x	x	x
<b>WEAKNESSES</b>						
Strong economic regional disparities & areas with low competitiveness	x	x	x		x	
Weak culture of clustering	x	x	x			
Limited green employment	x	x	x	x	x	
High unemployment rates, especially youth unemployment	x	x		x		
Rigidities and disparities of labour markets	x	x				
<b>OPPORTUNITIES</b>						
Relatively high levels of SMEs creation in some regions	x	x	x	x	x	
EU initiatives to promote	x	x	x	x		

<b>SWOT Analysis</b>	<b>SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models</b>	<b>SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances</b>	<b>SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs</b>	<b>SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000</b>	<b>SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector</b>	<b>SO2.3 Develop skills for better environmental management and increase governance capacities</b>
employment creation (including self-employment)						
Mobility within and between countries		X	X	X		
Initiatives for linking research & innovation with the enterprise sector	X	X	X	X		
Blew Growth opportunities	X	X	X	X	X	
<b>THREATS</b>						
Economic recession & low growth levels	X	X	X		X	
Structural weaknesses with respect to unemployment and other economic variables	X	X	X			
Brain drain, especially of skilled people	X	X	X	X		
Access to credit hampered by the crisis (contracting financial markets)	X	X				

Case No 2: Environment and Climate Change

SWOT Analysis	SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs	SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000	SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	SO2.3 Develop skills for better environmental management and increase governance capacities
<b>STRENGTHS</b>						
Rich natural resources, landscape & biodiversity, including maritime and marine resources	x	x		x	x	
Natural & cultural heritage important location factors	x	x		x	x	
Trends towards renewable energy sources	x	x	x	x	x	x
Increasing awareness about climate change effects and counter measures	x	x	x	x	x	x
<b>WEAKNESSES</b>						
Slow implementation of the Water Framework Directive & the Birds and Habitats directives				x	x	x
Limited data on environmental indicators					x	x
Regional disparities in relation to capacity to adapt to climate change		x			x	x

<b>SWOT Analysis</b>	<b>SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models</b>	<b>SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances</b>	<b>SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs</b>	<b>SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000</b>	<b>SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector</b>	<b>SO2.3 Develop skills for better environmental management and increase governance capacities</b>
Low energy efficiency in some regions	X	X	X		X	X
High water dependency in some regions	X	X		X	X	
<b>OPPORTUNITIES</b>						
Gradual improvement of the regulatory framework towards environment integration				X	X	X
Increased cross-border and transnational awareness to mitigate environmental risks	X	X	X	X		X
Strong potential for wind and solar energy in particular	X	X	X	X		
<b>THREATS</b>						
Vulnerability to extreme weather phenomena (floods, droughts, forest fires)					X	
Important maritime traffic and offshore activities throughout the whole Mediterranean sea, a closed sea						X

SWOT Analysis	SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs	SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000	SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	SO2.3 Develop skills for better environmental management and increase governance capacities
Climate change consequences on higher winter temperatures and on-going desertification in some regions					X	X
As a result of the crisis, investments in clean energy are less attractive			X	X		X

### Case No 3: Employment and Social Cohesion

SWOT Analysis	SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs	SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000	SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	SO2.3 Develop skills for better environmental management and increase governance capacities
<b>STRENGTHS</b>						
Relatively high trends on education	X		X			
Relatively low levels of 'early school leaving' in some regions and reverse	X	X	X			

<b>SWOT Analysis</b>	<b>SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models</b>	<b>SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances</b>	<b>SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs</b>	<b>SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000</b>	<b>SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector</b>	<b>SO2.3 Develop skills for better environmental management and increase governance capacities</b>
of trends in others						
Recognition of diversity (ethnic and linguistic diversity)	x	x	x			
Increasing role and recognition of vocational education and training	x	x	x			
Relatively high quality of education and training offer in some regions	x	x	x			x
<b>WEAKNESSES</b>						
High unemployment rates, especially youth and long term unemployment, acute in regions and countries affected by the recent economic crisis	x	x	x			
High percentage of people at risk of poverty and social exclusion compared to the EU average	x	x	x			
High disparities in labour market and education indicators	x	x	x			
High incidence of employment in the informal sector	x	x	x			

<b>SWOT Analysis</b>	<b>SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models</b>	<b>SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances</b>	<b>SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs</b>	<b>SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000</b>	<b>SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector</b>	<b>SO2.3 Develop skills for better environmental management and increase governance capacities</b>
Vulnerable regions towards the access to social services (health care, childcare, elderly care)						
<b>OPPORTUNITIES</b>						
EU initiatives to promote employment creation	X	X	X			
Active labour market policies pursued by national governments	X	X				
Workers mobility within and between countries in the area	X	X				
Green and blue economy opportunities	X	X			X	
<b>THREATS</b>						
Asymmetric impact of the recent economic and financial crisis	X	X	X			
Austerity policies in some regions may further shrink economic activity and employment	X	X	X			
Brain drain phenomena (especially of young and skilled people) coupled with important population losses' trends	X	X	X			

SWOT Analysis	SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs	SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000	SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	SO2.3 Develop skills for better environmental management and increase governance capacities
Ageing population						

#### Case No 4: Accessibility

SWOT Analysis	SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs	SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000	SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	SO2.3 Develop skills for better environmental management and increase governance capacities
<b>STRENGTHS</b>						
High accessibility through maritime transport	x	x				
Some on-going activities to promote sustainable transport	x	x				
Relatively high availability of public transport in some regions	x	x				
<b>WEAKNESSES</b>						



<b>SWOT Analysis</b>	<b>SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models</b>	<b>SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances</b>	<b>SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs</b>	<b>SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000</b>	<b>SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector</b>	<b>SO2.3 Develop skills for better environmental management and increase governance capacities</b>
Weak transport infrastructure especially outside main hubs/urban regions						
Low quality of public transport in peripheral regions						
Low quality of regional roads and missing road/transport connections in some peripheral regions						
Lack of integrated transport system/lack of multimodality in some regions						
Limited access to remote rural areas						
High speed road networks do not connect across borders and quite limited rail connections						
<b>OPPORTUNITIES</b>						
EU initiatives to promote sustainable transport and multi-modal systems	x	x				
Increasing investments in connections with long-distance transport TEN-T networks	x	x				

<b>SWOT Analysis</b>	<b>SO1.1 Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models</b>	<b>SO1.2 Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances</b>	<b>SO1.3 Support entrepreneurial learning and knowledge transfer for more competitive SMEs</b>	<b>SO2.1 Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000</b>	<b>SO2.2 Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector</b>	<b>SO2.3 Develop skills for better environmental management and increase governance capacities</b>
<b>THREATS</b>						
Increasing level of accessibility disparities						
Out-dated maritime transport infrastructure						
Lack of investment in regional infrastructures may increase disparities						
Disparities in multi-modal accessibility lower competitiveness						

Following the above SWOT analysis the following remarks can be made:

- The SWOT analysis of the first two cases (competitiveness and environment) provides a satisfactory picture of the current situation. In addition, the proposed Specific Objectives are related to the Strengths, Weaknesses, Opportunities and Threats that are presented in the analysis.
- The same thing is valid for the third case (employment and social cohesion) although the weakness of access to social services and the threat of ageing population, for instance, are not related in a direct manner with the programme's specific objectives. Moreover, some issues presented in this SWOT analysis are not supported by the data presented in the socio-economic analysis, although the examination of EU sources verifies them.
- Finally, the fourth case analysis (accessibility) is not supported by the data presented in the socio-economic analysis. Furthermore, the proposed specific objectives have a very weak and indirect relationship with the Strengths, Weaknesses, Opportunities and Threats presented in the relevant table. In any case, however, the philosophy of the programme and its focus on specific areas (entrepreneurship, innovation, environment) do not make the revision or reconsideration of these data to be a necessary action.

Moreover, taking into account the character and the size of the programme, it is evident that the latter is focused on two basic areas: the support of the economic growth and the reduction of unemployment, as well as the improvement of the environmental/cultural protection and conservation. The creation of conditions in order to lead to economic growth could support the social sector services and the ageing population. Therefore, overall, the programme bears a well-founded socio-economic analysis, a satisfactory connection of the analysis to the SWOT, and a well-founded connection of the objectives to the SWOT.

## 7.2 COHERENCE

The coherence refers to two different levels (internal and external ones). The internal coherence is checked by analyzing the relationship between the specific objectives of each priority axis, and between the specific objectives of the different priority axes, as follows.

### Priority Axis 1: Entrepreneurship and Innovation

Specific Objectives	SO 1.1: Promote business creation based on the introduction of new ideas, innovation and new types of business models	SO 1.2: Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing economic, social and policy /regulatory circumstances	SO 1.3. Support entrepreneurial learning and knowledge transfer for more competitive SMEs
SO 1.1: Promote business creation based on the introduction of new ideas, innovation and new types of business models		x	x
SO 1.3. Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing economic, social and policy /regulatory circumstances	x		x
SO 1.4. Support entrepreneurial learning and knowledge transfer for more competitive SMEs	x	x	

### Priority Axis 2: Environment

Specific Objectives	SO 2.1 Maintain biodiversity and natural ecosystems through strengthening the management and networking of protected areas, including Natura 2000 areas	SO 2.2. Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	SO 2.3. Develop skills for better environmental management and increase governance capacities
SO 2.1 Maintain biodiversity and natural ecosystems through strengthening the management and networking of protected areas, including Natura 2000 areas		x	x
SO 2.2. Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	x		x
SO 2.3 Develop skills for better environmental management and increase governance capacities	x	x	

### Interrelation between the two axes specific objectives

Specific Objectives	SO 2.1 Maintain biodiversity and natural ecosystems through strengthening the management and networking of protected areas, including Natura 2000 areas	SO 2.2. Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	SO 2.3. Develop skills for better environmental management and increase governance capacities
SO 1.1: Promote business creation based on the introduction of new ideas, innovation and new types of business models	x	x	
SO 1.3. Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing economic, social and policy /regulatory circumstances	x	x	x
SO 1.4. Support entrepreneurial learning and knowledge transfer for more competitive SMEs	x	x	

The aforementioned analysis shows the following:

- The specific objectives in each and every priority axis are fully interrelated between them. These objectives support one another in order to achieve the relevant Thematic Objective. More specifically, in this case the specific objectives show a clear complementarity since they all lead to the development of entrepreneurship in the first case and in the promotion of environmental improvement in the second case.
- The specific objectives of the two different priority axes also present a very good level of interrelationship. Their common achievement will support the achievement of the overall objective of the programme (*build on shared territorial assets and promote integrated territorial development and cooperation for a more competitive and sustainable Balkan – Mediterranean area*). More specifically, the Specific Objectives of the two axes show a clear synergy at the level of introducing innovative business models and operations on the one hand, and carry forward the management of protected areas and the promotion of innovative technologies for efficient environmental management on the other.

As far as the external coherence is concerned, the following points must be noticed:

- The programme will include mainly soft actions, excluding the large infrastructure projects.
- The thematic and specific objectives are in line with the needs that have been spotted by the EU countries position papers and the non-EU countries MPID documents. This means that both the national mainstream and the interregional development programmes will put an effort to confront the relevant economic, social and environmental problems and cover these needs. In this context, the Balkan-Mediterranean Programme has an external coherence with all these programmes, since it can provide a basis for the development of transnational initiatives that could bring in action larger projects that could be financed, for instance, by the mainstream programmes. In this framework, this programme justifies its role by promoting the transnational cooperation in this area and fostering the idea for a more coherent effort to address the economic and environmental problems on a transnational level. This kind of cooperation could lead in a course of reduction of the disparities and the differences in the region under analysis.

## 7.3 LINKAGE BETWEEN SUPPORTED ACTIONS, EXPECTED OUTPUTS AND RESULTS

### 7.3.1 Actions, Outputs and Results

The supported actions per Specific Objective and the expected outputs and results described in a qualitative manner are the following:

Specific Objective	Supported Actions	Expected Outputs	Expected Results
<b>SO 1.1:</b> Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	<ul style="list-style-type: none"> <li>✓ Knowledge sharing and knowledge transfer activities, such as development of methodologies, peer mentoring, workshops and seminars to exchange best practices and ideas to support existing and newly established businesses, including online based;</li> <li>✓ Exploring, tapping and unleashing new jobs' opportunities in the field of the “green” and “blue” economic sectors across the whole Programme area;</li> <li>✓ Cooperation networks of social enterprising anchoring the third economic sector potential to sustainable growth and jobs' creation;</li> <li>✓ Clusters and clusters' networks' promotion clearly oriented to jobs and new firms creation;</li> <li>✓ Transnational type of the “triple helix” cooperation schemes [between business sector, public sector and research / academic centres] linking academic business models with the real market economy and commercialisation mechanisms in order to support existing SMEs, start-ups and new jobs creation;</li> <li>✓ Transnational type of the “quadruple helix” cooperation schemes [between business sector, public sector, research / academic centres and civil society organisations] aiming to unleash entrepreneurial potential and enhance growth opportunities in all economic sectors, including the social sector;</li> <li>✓ Promote SMEs' networking and structured exchanges focused on specific and customised expertise to deal with resource constraints, resources' management efficiency and leverage entrepreneurial capacities;</li> <li>✓ Feasibility studies and Action Plans coupled with pilot applications and tests of practical tools to strengthen competences and encourage entrepreneurship for innovation including social innovation (as e.g. healthcare, social inclusion: minorities, disabled persons, elderly etc.);</li> <li>✓ Joint actions to assist fast access of the SMEs into various instruments/procedures targeting smart, sustainable and inclusive growth. Such actions may be: <ul style="list-style-type: none"> <li>○ Benchmarking of existing tools and good practices used for business model innovation coupled with join pilot tests' implementation;</li> <li>○ joint market surveys and analysis on the transfer potential across sectors and Programme countries;</li> <li>○ support of business information centres to</li> </ul> </li> </ul>	<p>New business models tested and implemented including the ones related to the “green”, “blue” and social economic sectors</p> <p>Pilot initiatives to test the feasibility of efficient entrepreneurship instruments jointly developed</p>	<p>Number of SMEs' support related structures(e.g. Chamber of Commerce, etc.) engaged in entrepreneurial support of transnational type</p>

Specific Objective	Supported Actions	Expected Outputs	Expected Results
	<p>asses and advise on the relevance of possible pilot actions and provide/moderate on-line collaborative tools for knowledge sharing and policy learning;</p> <ul style="list-style-type: none"> <li>joint development and fast transfer of technology-driven solutions for SMEs and other socioeconomic actors in remote and sparsely populated areas, aiming to overcome long distance disadvantage from SMEs support mechanisms.</li> <li>promotion of innovative processes and new business models’ applications especially the ones related to the information and communication technologies (ICT).</li> </ul>		
<b>SO 1.2:</b> Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	<ul style="list-style-type: none"> <li>✓ Joint entrepreneurial activities’ development and expansion of cluster activities, including clusters’ networks’ cooperation targeting competitiveness, efficiency and adjustment to more diverse and/or more complex market demands;</li> <li>✓ Joint framework development for joint business clusters both, in traditional and new products/services coupled with joint applications and tests’ development;</li> <li>✓ Advance existing knowledge on innovation processes e.g. by identifying and benchmarking patterns, exploring management structures, streamline good practices, tools and procedures, analysing the transfer potential, etc.;</li> <li>✓ Joint analyses at policy level of the barriers and opportunities/enabling factors for business’ innovation, adjustment and growth;</li> <li>✓ Actions for raising awareness, transferring knowledge and creating common understanding about business model innovation in the Balkan-Mediterranean area;</li> <li>✓ Development of joint mechanisms addressing SMEs viability and competitiveness, including through environmental/energy resources’ management, in order to improve SMEs efficiency and adjustment capacity in changing business environment;</li> <li>✓ Transnational cooperation schemes of the “triple helix” type [between business sector, public sector and research / academic centres] inducing innovation processes and unleash innovation potentials;</li> <li>✓ Transnational cooperation schemes of the “quadruple helix” type [between business sector, public sector, research / academic centres and civil society organisations] to explore growth potential of “place-based” opportunities in all socioeconomic sectors;</li> <li>✓ Cooperation partnerships that make support and knowledge easily accessible including in sparsely populated and remote areas in order to overcome long distance from markets and achieve higher levels of performance and competitiveness.</li> </ul>	<p>Joint entrepreneurial activities, networks, clusters and strategic business partnerships</p> <p>SMEs engaged into internalisation activities</p>	<p>Transnational linkages/networks or schemes involved in business models’ adjustment to the changing economic, social and policy/regulatory circumstances</p>
<b>SO 1.3:</b> Support	<ul style="list-style-type: none"> <li>✓ Joint organisation of vocational training schemes</li> </ul>	<p>Training schemes that</p>	<p>Training networks</p>



Specific Objective	Supported Actions	Expected Outputs	Expected Results
entrepreneurial learning and knowledge transfer for more competitive SMEs	<p>fostering entrepreneurial mind-set and increase/up-date skills and capacities of entrepreneurs, social entrepreneurs and potential entrepreneurs, including the unemployed and other disadvantaged groups;</p> <ul style="list-style-type: none"> <li>✓ Support of strategic partnerships' establishment between education/training centres and other relevant actors, targeting entrepreneurship skills' up-date and development through joint programmes tailored to the SMEs' needs and market demands;</li> <li>✓ Development of joint training curricula and tailor-made learning modules aiming to enhance SMEs competitiveness, including through practitioners' field visits exchange;</li> <li>✓ Establishing long-term transnational networks to exchange experiences with regards to education and vocational training programmes geared to green jobs and blue economy;</li> <li>✓ Exploring new innovative education and training methods/tools (e-learning and setting up e-learning programmes, lifelong learning, use of ICT) through technology and knowledge transfer;</li> <li>✓ Encouraging the setting up or upgrading of social enterprises especially in less developed regions, urban, rural and remote areas with training and know-how support;</li> <li>✓ Support training targeted in start-up businesses;</li> <li>✓ Establish transnational networks of entrepreneurs aiming to improve competitiveness by sharing best-practices and knowledge, develop joint methodologies and promote peer mentoring between SMEs' practitioners;</li> <li>✓ Promoting joint efforts among educational institutions and business community representatives in the programme area (including transfer of best practice and know how) to improve the quality of education (in particular vocational training) to better fit to the required skills of the current and future labour market;</li> <li>✓ Setting up a transnational network of mentors (successful companies willing to participate in the development of newly established or young businesses from the region and developing training programmes).</li> </ul>	<p>link education and businesses</p> <p>Entrepreneurs / SMEs engaged in training and knowledge transfer schemes</p>	<p>between SMEs' support / umbrella organizations and education / training centers</p>
SO 2.1: Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000	<ul style="list-style-type: none"> <li>✓ Development of joint strategies and policies promoting, testing and implementing concrete applications, pilot projects and practices for sustainable sites' management, for the EU environmental targets' monitoring and implementation of the corresponding EU legislation, as well as for integrated planning policies in both, land and sea;</li> <li>✓ Development of transnational action plans and transfer of concepts models for the: <ul style="list-style-type: none"> <li>○ protection, promotion and development of natural and cultural heritage sites, of designated areas and the Natura 2000 areas in particular;</li> </ul> </li> </ul>	<p>Strategies/policies/plans/ models and tools jointly developed and tested</p> <p>Designated areas addressed (<i>including Natura 2000</i>)</p> <p>Networks of transnational cooperation established for natural &amp; cultural conservation</p>	<p>Implementation of sustainable management plans (new or improved through cooperation exchange)</p>

Specific Objective	Supported Actions	Expected Outputs	Expected Results
	<ul style="list-style-type: none"> <li>○ prevention and mitigation of risks and consequences in natural/cultural heritage sites and designated areas affected by natural and man-made disasters;</li> <li>✓ Establishment of transnational cooperation networks for knowledge and technology transfer on biodiversity and nature conservation issues: <ul style="list-style-type: none"> <li>○ Network of professionals working in environmental legislation enforcement including lawyers, inspectors, prosecutors, judges encouraging best and bad practices’ share.</li> <li>○ Implementing and animating sustainable cooperation systems between the authorities in charge of the management and the update of strategies and solutions;</li> <li>○ Cooperation of public and private institutions and NGOs in the fields of competence and capacity building;</li> <li>○ Partnerships and networks of all relevant actors: public authorities and institutions, business support organisations, civil society organisations, NGOs, etc.</li> </ul> </li> <li>✓ Awareness raising campaigns coupled with pilot application projects, aiming to enhance public information, awareness and education on environment policy;</li> <li>✓ Joint regional branding strategy to increase visibility and market uptake;</li> <li>✓ Develop environmental friendly behaviours that can also lead to resolve conflicts on land use issues;</li> <li>✓ Promotion of scientific knowledge (studies, maps, reports, surveys, etc.) coupled with practical application tests of management techniques in order to achieve joint action and management plans over biodiversity and nature protection, including through reduction of agrochemicals input and enhancement of environmental and human safety in zones of Natura 2000 sites and other biodiversity-rich areas suffering soil, water &amp; biodiversity depletion;</li> <li>✓ Promotion of integrated marine/maritime and coastal planning coupled with pilot projects’ test aiming to consolidate marine/maritime and coastal heritage;</li> <li>✓ Developing sustainable transnational tourist offers and packages linked to the natural and cultural heritage where also combination of alternative types of tourism can be developed such as archeological/cultural tourism combined with tourism in natural sites;</li> <li>✓ Promotion of a sustainable cultural-tourism approach towards Balkan-Mediterranean cultural and natural heritage linked to corresponding monuments;</li> <li>✓ Transferring systems for the labelling and funding</li> </ul>		

Specific Objective	Supported Actions	Expected Outputs	Expected Results
	<p>of green and fair products respecting and promoting the programme area cultural and natural heritage;</p> <ul style="list-style-type: none"> <li>✓ Transnational cooperation activities in the fields of multiculturalism, cultural exchange and connections with creative industries in order to increase cultural diversity.</li> </ul>		
<b>SO 2.2:</b> Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	<ul style="list-style-type: none"> <li>✓ Development of integrated strategies and tools to reduce the use of resources, enhancing their efficiency and decoupling economic growth from resources consumption;</li> <li>✓ Development of regional and inter-sectoral resource management plans to promote resource and energy efficiency, innovative environmental management geared to sustainable green/blue growth;</li> <li>✓ Preparation of joint researches, studies, action plans, pilot tests and concrete management activities to promote innovative technologies in the field of resource and energy efficiency including the use of renewable energy sources;</li> <li>✓ Shared applications' development for integrated marine/maritime planning and coastal management concerning efficient resources and energy management with a view to enhancing also employment opportunities;</li> <li>✓ Implementation of innovative pilot and demonstration projects in the field of energy efficiency, renewable energy, material life cycle, soil protection also from long chemical treatments that consist a continuous threat of environmental balance and resources' pollution, air pollution, pollution of groundwater, considering among others, alternative and environment-friendly technologies;</li> <li>✓ Joint pilot projects for promotion of innovative technologies to improve environmental protection and resource efficiency in the waste sector and water sector, including purification methods;</li> <li>✓ Cooperation schemes and exchange of experience regarding the harmonization of environmental management concepts and tools at transnational level;</li> <li>✓ Cooperation schemes and exchange of experience regarding the implementation of the sectorial legislation, such as Water Framework Directive and other water related directives.</li> </ul>	<p>Strategies/policies/plans/ models and tools jointly developed and tested</p> <p>Technologies' implementation related to the water efficient management</p> <p>Networks of transnational cooperation established to improve resource management efficiency</p>	<p>Management plans on efficient resources' use adopted by competent authorities (mainstream or transnational tested policies)</p>
<b>SO 2.3:</b> Develop skills for better environmental management and increase governance capacities	<ul style="list-style-type: none"> <li>✓ Setting up education, training and vocational education schemes for raising environmental awareness and enhancing the capacities of relevant stakeholders in the field of environmental protection, monitoring and management.</li> <li>✓ Establishing long-term transnational networks of education, training and technical/scientific skills' development of public administrators dealing with EU environmental targets' monitoring and peer review management in order to increase compliance with EU environmental legislation and</li> </ul>	<p>Trained stakeholders (including public servants)</p> <p>Training programmes' implemented</p> <p>Networks of transnational cooperation established between public administrators dealing with environmental</p>	<p>Increase in compliance with EU specific environmental reporting exercise: number of compulsory reports on environmental monitoring (precise topic),</p>

Specific Objective	Supported Actions	Expected Outputs	Expected Results
	<p>overall requirements;</p> <ul style="list-style-type: none"> <li>✓ Promoting training projects that involve public authorities/protected area authorities and NGOs in order to exchange mutual learning anchored to environmental legislation enforcement;</li> <li>✓ Exploring and promoting new innovative education tools and methodology for public administrations and civil society representatives to improve training schemes’ quality and better fit skills related to environmental legislation and management.</li> </ul>	legislation enforcement	approved by the EU with minor or no comments

### 7.3.2 Linkage Analysis

The two **Specific Objectives SO 1.1 and SO1.2** are related to the promotion of entrepreneurship through innovations and the introduction of new innovative business models. In this context, it is useful to present the definition and the building blocks of a business model.

#### **BUSINESS MODEL DEFINITION**

A business model describes the rationale of how an organization creates, delivers, and captures value (Business Models Generation, A. Osterwalder, Y. Pigneur, Wiley, 2010). The business models consist of specific building blocks as follows:

#### **BUSINESS MODEL BUILDING BLOCKS**

Customer segments: The Customer Segments Building Block defines the different groups of people or organizations an enterprise aims to reach and serve

Value propositions: The Value Propositions Building Block describes the bundle of products and services that create value for a specific Customer Segment

Channels: The Channels Building Block describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition

Customer relationships: The Customer Relationships Building Block describes the types of relationships a company establishes with specific Customer Segments

Revenue streams: The Revenue Streams Building Block represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings)

Key resources: The Key Resources Building Block describes the most important assets required to make a business model work

Key activities: The Key Activities Building Block describes the most important things a company must do to make its business model work

Key Partnerships: The Key Partnerships Building Block describes the network of suppliers and partners that make the business model work

Cost structure: The Cost Structure describes all costs incurred to operate a business model

In addition to this definition, it should be noticed that an innovation can be a new idea, device or method, or the act or process of introducing new ideas or methods.

In this context, the supported actions as described in the Specific Objectives SO1.1 and SO1.2 can certainly lead to the described expected outputs, since these actions can introduce innovations, new business ideas, new cooperation schemes, improvements in one or more building blocks of the business models, etc.

Moreover, referring to the expected results, it must be noticed that capacity building can be defined as the planned development of (or increase in) knowledge, output rate, management, skills, and other capabilities of an organization through acquisition, incentives, technology, and/or training. In this framework, the expected outputs can lead to the expected results, since the introduced innovations, new ideas or new business models will assist the involved SMEs' related structures to assist SMEs to further support new manners of operation, expansion and cooperation at the national and international level and get adjusted to the new economic, social and regulatory circumstances. In any case, the contribution of small firms to innovation-led growth and job creation has been supported by a large body of evidence showing that SMEs, especially young firms, contribute greatly and increasingly to the innovation system by introducing new products and adapting existing products to the needs of customers (OECD).

Referring to the third **Specific Objective SO1.3**, it must be noticed that it promotes the entrepreneurial learning and knowledge transfer. The supported actions certainly lead to the expected outputs, supporting also the expected results.

More specifically, according to the EU Entrepreneurship 2020 Action Plan, Entrepreneurship is a powerful driver of economic growth and job creation: it creates new companies and jobs, opens up new markets, and nurtures new skills and capabilities. Entrepreneurship makes economies more competitive and innovative and is crucial in achieving the objectives of several European sectorial policies. Commercialising new ideas improves productivity and creates wealth. Without the jobs from new firms, average net employment growth would be negative. New companies, especially SMEs, represent the most important source of new employment: they create more than 4 million new jobs every year in Europe.

Moreover, investing in entrepreneurship education is one of the highest return investments Europe can make. Whether or not they go on to find businesses or social enterprises, young people who benefit from

entrepreneurial learning, develop business knowledge and essential skills and attitudes including creativity, initiative, tenacity, teamwork, as well as understanding the risk and having a sense of responsibility. This is the entrepreneurial mind-set that helps entrepreneurs transform ideas into action and also significantly increases employability.

The EU has thus firmly placed the needs of SMEs at the heart of the Lisbon Growth and Jobs Strategy, notably since 2005 with the use of the partnership approach, which has achieved tangible results. Despite an encouraging progress, the EU still needs to take further significant measures to release the full potential of SMEs (Small Business Act for Europe). In general, EU SMEs still have lower productivity and grow more slowly than their counterparts in the United States. In the US, surviving firms on average increase their employment by 60% by their seventh year, while employment gains among surviving firms in Europe are in the order of 10% to 20%. SMEs still face market failures undermining the conditions in which they operate and compete with other players in areas like finance (especially venture capital), research, innovation and the environment. For example, about 21% of SMEs indicate that accessing finance is a problem, and in many Member States the percentage is much higher for micro-enterprises. Also, fewer European SMEs innovate successfully when compared to large businesses. The situation is worsened by structural difficulties such as the lack of management and technical skills, and remaining rigidities in labour markets at national level.

Taking into account all the above, it is evident that the three Specific Objectives SO1.1-1.3 do promote the entrepreneurship, the introduction of innovative ideas and business models and the improvement of the SMEs and entrepreneurs capacity to have good future business perspectives.

Referring to the **Specific Objective SO2.1**, the relevant supported actions can lead to the expected results. These actions can lead to the expected results, since the elaboration of strategies /plans and the development of networks for the maintenance of biodiversity, natural and cultural heritage can certainly have as a result the sustainable use of natural and cultural heritage.

Referring to the **Specific Objective SO2.2**, this objective promotes networking and the introduction of innovative technologies for efficient natural resources management. The supported actions lead to the expected outputs. The latter certainly lead to the expected results which are the management plans on efficient resources' use.

More specifically, according to EU Green Action Plan for SMEs, resource efficiency improvements do indeed require combining a value chain approach with the implementation of complex technical solutions at company level. It is estimated that resource efficiency improvements all along the value chains could reduce material inputs needs by 17%-24% by 2030. Moreover, in the EU, currently, 60% of total waste is not recycled, composted or reused, which indicates an enormous leakage of valuable resources and significant business opportunities for small and medium-sized enterprises (SMEs) that can apply and sell green

products, services and solutions. Business opportunities can also be created from integrating more circular business models and green technologies into existing and future SMEs across all sectors, including services.

Improving resource efficiency in SMEs offers enormous potential for the reduction of production costs and for productivity gains. A better use of resources is calculated to represent an overall savings potential of €630 billion per year for European industry. Too few SMEs in Europe are aware of this potential. Moreover, SMEs are not sufficiently supported in their efforts to realize potential cost savings through better resource efficiency. This may not only lead to a widening productivity gap in Europe between companies who make resource efficiency improvements and those who do not, but also weaken the overall competitiveness of European firms as well as the chances of many SMEs to position themselves in global value chains. European SMEs are generally aware that being resource efficient is important given that 75% of SMEs in the EU have seen an increase in their costs of materials in the past five years. At least 93% of SMEs in the EU are taking at least one action to be more resource efficient which, in most cases, is a low-cost action. However, only 42% of SMEs that implement measures to improve resource efficiency has seen a reduction of their production costs. This indicates the necessity to provide guidance to SMEs on the cost-effectiveness of resource efficiency investments.

Climate change, scarcity of energy supplies and sustainable development are key challenges for SMEs, which have to adopt more sustainable production and business models. The demand for environmentally friendly products and services also opens the way for new business opportunities. Only 29% of SMEs have introduced any measures for saving energy or raw materials (compared with 46% of large enterprises). Only 4% of EU SMEs have a comprehensive energy efficiency system in place compared with 19% for large enterprises. SMEs are particularly vulnerable to the current trend of rising prices for energy and raw materials, and to forecast climate changes, and need to increase their efficiency and their capacity to adapt to these challenges, in order to turn them into opportunities.

Only 8% of European SMEs report turnover from exports (7% of micro-enterprises reported exports), which is significantly lower than the figure for large enterprises (28%). Moreover, only 12% of the inputs of an average SME are purchased abroad.

Finally, according to the 2010 EU “SMEs and the Environment in European Union” Report, the environmental performance of SMEs can be described as follows:

- Environmental tools and solutions investment are mostly a priority in high environmental impact SMEs
- Mainly low-cost investment in environmental tools and solutions
- Certified environmental management systems are more attractive solutions for medium-sized and large enterprises as well as companies with a high impact on the environment.



- SMEs can easily apply non-certified environmental management systems

In this context, the Specific Objective SO2.2 expected outputs, leading to the defined expected results, will also support the efforts of the Balkan-Mediterranean area SMEs to exploit the green business capacity.

In addition, it is certain the public authorities will be able to exploit this opportunity to promote the use of innovative technologies for the efficient management of the waste, soil and water sector, by developing the appropriate schemes.

Finally, referring to the **Specific Objective SO2.3**, the supported actions lead to the expected outputs. It is noticed that according to this Specific Objective, special skills will be developed in order to improve governance capacity and environmental management. A local society is liable to maintain and increase its "governance capacity":

- when individuals share a common definition of what is the common interest, when there is strong social cohesion (complementarities between individuals and groups, balanced social stratification, feeling of solidarity),
- when the local society and economy is various enough for allowing individuals to develop a wide range of (social and economic) roles and actions liable to facilitate the building of collective welfare,
- when individuals have acquired a strong social capital (individual and collective resources generated by the relation networks implemented by every member of the local society).

In this manner, the supported actions will lead to expected results by providing to the interested stakeholders the knowledge, skills, good practices, etc, in order to improve their local governance capacity, taking into account the EU regulations and the EU area relevant experience.

In this context, a higher level of knowledge and an improvement of the relevant skills of the public servants will certainly improve the legislation application and reporting capability.

## 7.4 HORIZONTAL PRINCIPLES

The aim of the evaluation at this section is the analysis of the adequacy of planned measures to promote equal opportunities between men and women, to prevent discrimination and to promote sustainable development.

The socio-economic analysis has not taken into account the gender perspective. However, the proposed thematic and specific objectives do not allow for discriminations between genders or of any kind. In any case, during the first round of open consultations, any interested body/organization/stakeholder could participate and make its contribution. In addition, it is clearly stated in the programme that the promotion of



gender equality, equal opportunities and the prevention of discrimination will be a positive factor in the project selection for funding, provided that there will be a clear description of the way that this discrimination avoidance is achieved.

Moreover, the thematic and specific objectives promote the sustainable development, making it an integrated part of the programme. Priority Axes 1 and 2 tackle a wide range of topics that support the economic, environmental and social sustainability.

In addition, the following **value added** of the programme has been identified and confirmed through the public consultation process:

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

## 7.5 INTERVENTION LOGIC

The rationale of the strategy is spelled out through the following statement: *“build on shared territorial assets and promote integrated territorial development and cooperation for a more competitive and*

*sustainable Balkan – Mediterranean area”* and through the various statements for the different thematic and specific objectives that altogether make up the objective system of the programme.

Following the aforementioned analysis it can be clearly affirmed that the programme intervention logic as a whole is valid. More specifically, the programme objective system is characterised by an absence of conflicts between the higher-ranking programme objective and the thematic and specific objectives. The objective system also shows a well-developed level of overall consistency and a high degree of interdependence among the various objective-levels.

An appraisal of all the above-mentioned objective statements shows the following key features:

- The overall rationale of the programme strategy is characterised by a significant degree of internal consistency. The programme objectives are generally well-defined and structured alongside a clear hierarchy.
- The individual statements elaborated for the different objectives are in general sufficiently realistic and pragmatic, wherefore they will be able to motivate stakeholders at the transnational level to become involved in future co-operation activities.
- This pragmatic rationale of the overall programme strategy allows in general that the expected Community added value will materialise over time.
- The programme shows a very high level of external coherence with respect to the Balkan Mediterranean area’s intervention priorities/needs assessed by EU. This judgement is underpinned by an absence of any conflict and the existence of widespread complementarity relationships with these intervention priorities/needs.
- The programme covers different spatial entities, with different cultures, languages, functional connections and level of development. Its application will provide a great assistance to the cooperation between the involved actors of the area (e.g. SMEs).
- The programme aims both at development issues and at integration. Development issues stem from the objective of developing the socio-economic potential and overcoming developmental problems, especially in the environment area, while integration issues relate to overcoming physical isolation of the border area (from the perspective of national economies) and linking them with the European network of partners and cooperation.
- As the size of the interventions is small, their effects can therefore not be observed through national or region-level tools (for example, statistical analysis of changes in regional data, econometric modeling, etc). However, the transnational cooperation can provide a ground for the improvement of the regulatory framework, the exchange of know-how and experiences and the development of innovative SMEs, for example.

- Since the resources are relatively small and this programme focus on “soft” actions and small interventions (for example, SMEs networking) this leads to intangible effects and limits the simple “input-process-product-effect” logic.
- In this respect, the evaluation has to focus both on effects and on the quality of the cooperation process, such as interactions between actors during the implementation and their value added activities. As it has been stated, the supported actions can lead to outputs that promote the cooperation process and to results that can promote a certain value added related to geography, diversity, growth drivers’ range, critical mass, policy learning and governance, and building structures for further cooperation.

Based on these features, the intervention logic of the programme can be judged to be a valid one. It could strongly stressed, however, that, due to the small size of this programme, the latter cannot constitute an independent instrument of development in the area, but a serious complementary catalyst for the activation of the socio-economic resources of the eligible areas.

## 8. INDICATORS, MONITORING AND EVALUATION

### 8.1 RELEVANCE AND CLARITY OF PROPOSED PROGRAMME INDICATORS

The indicators proposed by the programme are the following, together with an evaluation of their relevance and clarity:

#### Result Indicators

Specific Objective	Result Indicator	Relevance	Clarity
<b>SO 1.1:</b> Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	Number of SMEs' support related structures(e.g. Chamber of Commerce, etc.) engaged in entrepreneurial support of transnational type (number)	The indicator is relevant to the policy introduced by the SO1.1.	The indicator has a unequivocal and easy to understand definition
<b>SO 1.2:</b> Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	Transnational linkages/networks or schemes involved in 'business models' adjustment to the changing economic, social and policy/regulatory circumstances (number)	The indicator is relevant to the policy introduced by the SO1.2.	The indicator has a unequivocal and easy to understand definition
<b>SO 1.3:</b> Support entrepreneurial learning and knowledge transfer for more competitive SMEs	Training networks between SMEs' support / umbrella organizations and education / training centers (number)	The indicator is relevant to the policy introduced by the SO1.3.	The indicator has a unequivocal and easy to understand definition
<b>SO 2.1:</b> Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000	Implementation of sustainable management plans (new or improved through cooperation exchange))	The indicator is relevant to the policy introduced by the SO2.1.	The indicator has a unequivocal and easy to understand definition
<b>SO 2.2:</b> Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	Management plans on efficient resources' use adopted by competent authorities (mainstream or transnational tested policies) (number)	The indicator is relevant to the policy introduced by the SO2.2.	The indicator has a unequivocal and easy to understand definition
<b>SO 2.3:</b> Develop skills for better environmental management and increase governance capacities	Increase in compliance with EU specific environmental reporting exercise: number of compulsory reports on environmental monitoring (precise topic), approved by the EU with minor or no comments (number)	The indicator is relevant to the policy introduced by the SO2.3.	The indicator needs a prior definition of the 'reports on environmental monitoring'

The result indicators can provide information on the progress towards the progress realization, taking into account that the current programme is a small one, in comparison with other streamline or interregional programmes. They are also responsive to the programme policy, as far as their value is influenced by the actions funded under the priority axes. For all of the result indicators there are no intermediate steps defined for their achievement in the programme. Referring to their robustness and their statistical

validation, the foreseen actual value numbers are quite small, while the sources of the data collection are only a few. In this context, the indicators can be characterized as robust and statistically valid. Finally, they are complementary and consistent with the output indicators.

### Output Indicators

Specific Objective	Output Indictors	Relevance	Clarity
<b>SO 1.1:</b> Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	New business models tested and implemented including the ones related to the “green”, “blue” and social economic sectors  Pilot initiatives to test the feasibility of efficient entrepreneurship instruments jointly developed	The indicators are relevant to the policy introduced by the SO1.1	The indicators have a unequivocal and easy to understand definition
<b>SO 1.2:</b> Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	Joint entrepreneurial activities, networks, clusters and strategic business partnerships  SMEs engaged into internalisation activities	The indicators are relevant to the policy introduced by the SO1.2	The indicators have a unequivocal and easy to understand definition
<b>SO 1.3:</b> Support entrepreneurial learning and knowledge transfer for more competitive SMEs	Training schemes that link education and businesses  Entrepreneurs / SMEs engaged in training and knowledge transfer schemes	The indicators are relevant to the policy introduced by the SO1.3	The indicators have a unequivocal and easy to understand definition
<b>SO 2.1:</b> Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000	Strategies/policies/plans/models and tools jointly developed and tested  Designated areas addressed ( <i>of which Natura 2000 sites</i> )  Networks of transnational cooperation established for natural & cultural conservation	The indicators are relevant to the policy introduced by the SO2.1.	The indicators have a unequivocal and easy to understand definition
<b>SO 2.2:</b> Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	Strategies/policies/plans/models and tools jointly developed and tested  Technologies’ implementation related to the water efficient management  Networks of transnational cooperation established to improve resource management efficiency	The indicators are to the policy introduced by the SO2.2.	The indicators have a unequivocal and easy to understand definition
<b>SO 2.3.</b> Develop skills for better environmental management and increase governance capacities	Trained stakeholders ( <i>of which public servants</i> )  Training programmes’ implemented  Networks of transnational	The indicators are relevant to the policy introduced by the SO2.3.	The indicators have a unequivocal and easy to understand definition

Specific Objective	Output Indictors	Relevance	Clarity
	cooperation established between public administrators dealing with environmental legislation enforcement		

## 8.2 QUANTIFIED BASELINE AND TARGET VALUES

### Result Indicators

The comments for the baseline and target values of the result indicators are as follows:

- There is a need for a prior definition of the ‘reports on environmental monitoring’ regarding the result indicator related to SO 2.3.
- The result indicators do not capture in the best manner the impact of the programme on the involved regions. However, this is something that was expected and can be affordable, taking into account the size and the character of this new initiative.
- Since the addressed regions will be also covered by mainstream and interregional programmes, it might be difficult to assess the quantitative measure on the impact of this specific programme
- The overall impact could be possibly evaluated in a qualitative manner during the interim and ex post evaluation exercises, by highlighting the transnational schemes and actions that have concluded either to larger projects funded by other programmes or private financing or to sustainable cooperation and coordination of efforts (in the business sector or in the public sector).
- The target values assessed in the programme can certainly be realized.

### Output Indicators

Since the intervention is completely novel, the evaluator should assess the quality of the programming authority's estimate and could suggest the points in time when a revision of the target should be performed (e.g. after the completion of the first projects), taking into account that targets for output indicators are cumulative. As far as this programme constitutes a new initiative, it is not possible to have data related to the proposed actions from older similar interventions.

In any case, an analysis of these indicators is provided in the next table, taking into account the current experience and expertise:

Specific Objective	Output Indicator	Measurement Unit	Target Value (2023)	Source of Data	Frequency of Reporting	Analysis of Indicators	Assessment of Target Values
<b>SO 1.1:</b> Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	New business models tested and implemented including the ones related to the “green”, “blue” and social economic sectors	Number	10	Project Reports	Annually	Suitable indicator	A methodological clarification for data collection is needed
	Pilot initiatives to test the feasibility of efficient entrepreneurship instruments jointly developed	Number	7	Project Reports	Annually	Suitable indicator	A methodological clarification for data collection is needed
<b>SO 1.2:</b> Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	Joint entrepreneurial activities, networks, clusters and strategic business partnerships	Number	7	Project Reports	Annually	Suitable indicator	OK
	SMEs engaged into internalisation activities	Number	10	Project Reports	Annually	Suitable indicator	OK
<b>SO 1.3:</b> Support entrepreneurial learning and knowledge transfer for more competitive SMEs	Training schemes that link education and businesses	Number	8	Project Reports	Annually	Suitable indicator	OK
	Entrepreneurs / SMEs engaged in training and knowledge transfer schemes	Number	160 (on the average 20 participants per training)	Project Reports	Annually	Suitable indicator	OK
<b>SO 2.1:</b> Maintain biodiversity and natural ecosystems by strengthening networking and management of protected areas, including Natura 2000	Strategies/policies/plans/models and tools jointly developed and tested	Number	8	Project Reports	Annually	Suitable indicator	A methodological clarification for data collection is needed
	Designated areas addressed ( <i>of which Natura 2000 sites</i> )	Number	12 (5)	Project Reports	Annually	Suitable indicator	OK
	Networks of transnational cooperation established for natural & cultural conservation	Number	4	Project Reports	Annually	Suitable indicator	OK
<b>SO 2.2:</b> Promote cooperation and	Strategies/policies/plans/models and tools jointly developed and	Number	8	Project Reports	Annually	Suitable indicator	A methodological clarification for

Specific Objective	Output Indicator	Measurement Unit	Target Value (2023)	Source of Data	Frequency of Reporting	Analysis of Indicators	Assessment of Target Values
networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	tested						data collection is needed
	Technologies' implementation related to the water efficient management	Number	3	Project Reports	Annually	Suitable indicator	A methodological clarification for data collection is needed
	Networks of transnational cooperation established to improve resource management efficiency	Number	4	Project Reports	Annually	Suitable indicator	A methodological clarification for data collection is needed
<b>SO 2.3.</b> Develop skills for better environmental management and increase governance capacities	Trained stakeholders ( <i>of which public servants</i> )	Number	240 (80)	Project Reports	Annually	Suitable indicator	OK
	Training programmes' implemented	Number	12	Project Reports	Annually	Suitable indicator	OK
	Networks of transnational cooperation established between public administrators dealing with environmental legislation enforcement	Number	4	Project Reports	Annually	Suitable indicator	OK

The output indicators can be categorised according to two types:

- **Indicators based on quantitative data directly related to projects' progress (number).** The information can be collected in connection with a database, built at the beginning of the programme.
- **Indicators based on data measurable following the analysis of projects results (e.g. Number of strategies/policies/plans ... , etc).** This type of indicators will require:
  - A prior definition of the measure unit (e.g. “strategy” or “policy” or “mode”)
  - A qualitative analysis of each project regarding the «strategy or policy or model, etc.» experienced, compared to the current approaches in the field. This categorisation might need the implementation of a reference framework for each associated Specific Objective.

It should be noted that, at this stage of the programme drafting, **milestones** are not defined.



### 8.3 SUITABILITY OF MILESTONES

According to the programme, the result indicators should be reported on 2018 and 2023, while the output indicators should be measured and reported on an annual basis. However in both cases, there are not defined intermediate targets (milestones) for the achievement of the relevant specific objectives. These milestones should be added to the programme. These milestones should capture essential information on the progress of the related priority axis and that it can be realistically achieved.

On the other hand, there are milestones defined in the performance framework of the programme Priority Axes. The milestones are related to certified expenditures, number of calls of proposals and number of project applications approved. Taking into account the small size of the programme and its limited funding, these milestones can be considered as satisfactory for the time being. However, a review of these milestones is proposed during the interim programme evaluation exercise.

### 8.4 ADMINISTRATIVE CAPACITY, DATA COLLECTION PROCEDURES AND EVALUATION

The proposed implementation system complies with the regulations. However, further details have to be worked out in the respective Programme, following the receipt of more relevant input. A more specific analysis follows in the next paragraphs.

#### Administrative Capacity

The relevant authorities / bodies, according to the current input are the following:

Authority/body	Name of the authority/body and department or unit	Head of the authority/body ( <i>position or post</i> )
<b>Managing Authority</b>	Hellenic Republic Ministry of Development & Competitiveness Managing Authority of European Territorial Cooperation Programmes Leoforos Georgikis Scholis 65 GR – 57001 Thessaloniki Greece	George EMMANUEL Head of the Managing Authority
<b>Certifying Authority</b> , where applicable	Hellenic Republic Ministry of Development and Competitiveness Paying Authority for the CSF, the Community Initiatives and the	Dimitris SOUSOUNIS Head of Single Paying Authority

	Cohesion Fund	
<b>Audit Authority</b>	Hellenic Republic Ministry of Finance General Accounting Office /Financial Audit Committee	Vassilis KATRIVESIS President of the Financial Audit Committee
<b>Payment Authority</b>	The Certifying Authority	
<b>Control Authority</b>	<i>Body to be defined</i>	
<b>Joint Secretariat</b>	<i>Body to be set up</i>	

In addition, a Programme Committee is defined, that could undertake the responsibilities and duties of the Steering Committee, too. Finally, the participating countries may decide to establish additional bodies to assist the main implementing bodies in their respective duties.

The comments that can be made are the following:

#### Management Authority

The Hellenic Managing Authority of European Territorial Cooperation Programmes was unanimously elected as the Managing Authority of the new Transnational Programme "Balkan-Mediterranean" of the Programming Period 2014-2020. This Managing Authority is an integral part of the Hellenic Ministry of Development and Competitiveness – General Secretariat for Investments (NSRF).

The Managing Authority (MA) of European Territorial Cooperation (ETC) Programmes has a long experience in the management of EU co-funded Programmes, co-financed by the Structural Funds, as well as the IPA and ENPI financial instruments. In particular:

- the following three (3) are co-funded by the European Regional Development Fund (ERDF):
  - ETCP “Greece-Bulgaria 2007-2013” with a total budget of €138.691.303;
  - ETCP “Greece-Italy 2007-2013” with a total budget of € 118.606.893; and
  - CBC Programme “Greece-Cyprus 2007-2013” with a total budget of € 60.082.625.
- the following two (2) are co-funded by the Instrument of Pre-accession Assistance (IPA):
  - IPA CBC Programme “Greece-Albania 2007-2013” with a total budget of € 27.825.759; and
  - IPA CBC Programme “Greece-The former Yugoslav Republic of Macedonia 2007-2013” with a total budget of 31.549.722.

In addition, the MA is the National Coordinator of all ETC Programmes, in which Greece participates. These are three (3) multilateral Cross-border Programmes (Adriatic, co-funded by IPA, and Mediterranean Sea Basin and Black Sea Basin, co-funded by ENPI), two (2) transnational Programmes (Mediterranean Space –

MED and Southeast Europe - SEE), the interregional Programme INTERREG IVC and the INTERACT network Programme, all co-funded by ERDF.

During the programming period 2000-2006, the MA of ETC Programmes was the managing Authority of six (6) bilateral cross-border Programme (Greece-Bulgaria, Greece-Cyprus, Greece-Italy, Greece-Albania, Greece- The former Yugoslav Republic of Macedonia and Greece-Turkey), as well as of the transnational Programme ARCHIMED. Additionally, the MA was the National Coordinator for all transnational and interregional Programmes, in which Greece participated, namely CADSES, South, East, West and North interregional Programmes). It should be noted that Greece was one of the first countries which participated ever in territorial cooperation programmes, the then INTERREG I.

The MA employs at present thirty-two (32) people; six (6) of them are civil servants appointed by Ministerial Decisions, and twenty-six (26) are private employees of the public sector, employed by the Management Organization Unit SA (MOU) and selected after a Call of Interest and a demanding competition procedure. The personnel covers a wide range of education degrees and specializations, as well as additional qualifications, skills, competences and experience in EU co-funded Programmes.

The MA and JTS premises have spacious, well-set up offices and two (2) meeting rooms, ensuring comfortable working environment to the MA and the JTS staff, conference room, library and archives room, etc. The MA and the JTS premises are also easily accessible to people with special needs and have large parking spaces.

The MA is structured in five Units:

Unit A - Monitoring of Horizontal Issues, Management and Control Systems, Implementation of EC Regulations and the INTERACT Programme

Unit B1 - Management – Monitoring of the Programmes implemented in the Balkan Peninsula – Black Sea and the Interregional Programmes

Unit B2 – Management – Monitoring of the Programmes implemented in the Mediterranean and the Adriatic

Unit C- Management, Closure and Control of the INTERREG III Programmes

Unit D- Administration & Informatics

According to the MA's structure, a Joint Technical Secretariat for each bilateral cross-border programme has been established, in order to assist the relevant Managing Authority, the Monitoring Committee and the Steering Committee on their tasks. The Managing Authority of European Territorial Cooperation Programmes applies a Quality Management System certified according to the ISO 9001:2008 international standard. The Managing Authority of the “Balkan-Mediterranean” Programme will be incorporated in the

already existing structures. Therefore, it will benefit from the potential of the organization, while it will use the experienced services and staff of the MA and its established infrastructure.

#### Certifying Authority

The Certifying Authority bears a multiannual experience in the required activities.

#### Audit Authority

The Audit Authority bears a multiannual experience in the required activities.

#### Payment Authority

This role will be taken by the Certifying Authority that bears a multiannual experience in the required activities.

#### Control Authority

The control authorities will be defined and included in the agreement to be signed by each Programme Member after the adoption of the TNCP Programme.

#### Joint Secretariat

The implementation provisions related to the Joint Secretariat of the new Transnational Cooperation Programme “Balkan – Mediterranean 2014 – 2020” have been debated and decided during the 2<sup>nd</sup> Task Force meeting, in Sofia Bulgaria, 23 June 2014. Following the aforementioned decision, the Joint Secretariat will be established in Thessaloniki, Greece and will be located in already existing premises hosting five (5) CBCs Joint Technical Secretariats of the current programming period 2007 – 2013. As office equipment and required computerised and information technology systems are already in place the “Balkan – Mediterranean 2014 – 2020” Joint Secretariat related implementation arrangements can be launched upon the European Commission’s decision on the programme approval.

The Managing Authority will accordingly initiate the selection procedure for the Joint Secretariat staff recruitment through an open competition, taking into consideration the agreed Terms of Reference laying down individual job descriptions. The Joint Secretariat will have international staff, preferably from all the countries participating in the “Balkan – Mediterranean 2014 – 2020” cooperation programme. Contracting procedures with the selected candidates will be implemented according to the related Hellenic law.

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

### Concluding Remarks

The Implementation System applies the relevant Regulation and considers the respective implementation mechanisms of the older multilateral programmes. This preliminary form of the system appears to be sufficient and adequate (subject to taking its final form), by utilizing the experience from the previous programming period. The following remarks can be made for this system:

- The Programme Monitoring Committee could undertake the responsibilities and duties of the Programme Steering Committee due to the small size of the current programme.
- The participating countries should define the bodies that will assist the main implementing bodies in their respective duties, especially in the areas of control and audit activities.
- The establishment of the Joint Secretariat constitutes a positive action.

### Data Collection Procedures

The Balkan Mediterranean Programme computerised system will be developed taking into consideration the data base, on-line functions and information technology system already available and operational for 12 ETC programmes where the Managing Authority participates in. More specifically, the Managing Authority uses an on-line Management Information System (MIS), adjusted exclusively to the needs of the European Territorial Cooperation Programmes, in which all data concerning the approved projects, the contracts, the payments, the modifications, and all the issues related to the monitoring and the financial management of the projects are introduced and are available to all involved partners. This system also produces twelve (12) predefined reports, depicting the course of the Programme implementation and ensuring transparency in Programme management.

In this context, the following remarks can be made:

- The existing Information System is suitable for recording, storing, processing, management and reporting of statistical data (outputs, outcomes and impacts), concerning the implementation of the Programme, that are required for the purposes of its monitoring.
- The system and the data collection procedures for the collection and processing of basic information for the evaluation (e.g. common and specific indicators of the Programme) are adequate and can follow and cover the needs of the evaluation plan.
- The monitoring system is reliable and compatible with other monitoring systems at the national level and data-processing systems of the EU, and it is flexible enough to meet the requirements of the Programme information.
- The links of the MIS to the systems for monitoring and evaluating the activities of other Funds in the cross border area for the control of the external coherence of the Programme are reliable and compatible with the needs of the Programme.

## **Evaluation**

The evaluation of the Programme will be based on the following activities:

- The programme evaluation plan based on the indicators, targets and milestones.
- The on-going and ex-post evaluation exercises.

However, it is proposed that, as far as this programme constitutes a new effort for transnational cooperation, it could be a practical and useful move to implement an interim evaluation exercise after 2 years of the programme operation commencement.

## 9. CONSISTENCY OF FINACIAL ALLOCATIONS

The financial allocation for the programme priority axes and objectives are as follows:

Priority axis	Thematic objective	Union support	National counterpart	Total funding
1	3a (40%)	4.817.699,42	850.182,25	5.667.881,68
	3d (35%)	4.215.487,00	743.909,47	4.959.396,47
	10 (25%)	3.011.062,14	531.363,91	3.542.426,05
2	6c (40%)	7.628.024,09	1.346.121,90	8.974.145,99
	6f (35%)	6.674.521,08	1.177.856,66	7.852.377,74
	11 (25%)	4.767.515,06	841.326,19	5.608.841,24
3	(100%)	2.341.937,22	780.645,74	3.122.582,96
<b>Total</b>		<b>33.456.246,00</b>	<b>6.271.406,11</b>	<b>39.727.652,11</b>

This allocation has been made on the basis of the territorial and SWOT analysis and te Task Force’s work.

The comments that can be made are the following:

- The financial allocation in between each priority axis seems to be reasonable as far as:
  - In PA 1, the financial allocation to TO 3 is satisfactory because it supports and promotes entrepreneurship, targeting to economic development and creation of new jobs, while in parallel, introducing the idea of new business models and innovations. In addition, the financial allocation to the TO 10 is satisfactory too, since it can improve the skills and the knowledge of entrepreneurs especially in relation with the development and application of new business models and the creation and management of businesses.
  - In PA2, the financial allocation to TO 6 is satisfactory since it promotes environmental and cultural heritage protection and conservation, as well as the promotion of new innovative technologies for the environmental and cultural protection and the resource efficiency. In addition, the financial allocation to the TO 10 is satisfactory too, since it can improve the skills and the knowledge of entrepreneurs especially in relation with the environmental and cultural heritage protection and conservation, as well as the promotion of new innovative technologies for the environmental and cultural protection and the resource efficiency.
- The financial allocation between the Priority Axes shows that the PA1 proposed amount is about the 63% of the PA2 amount. This difference could be justified by the idea that in the case of SMEs a successful business effort could raise private funds, after having a boost or assistance in developing new business models, while this is not possible in the case of environmental and cultural heritage protection interventions. In addition, the PA2 will support SMEs that could go to green business.

- In general, the programme intervention in PA1 will provide a ground for funding transnational efforts, being actually the seed for successful international business efforts that could seek for venture, bank or other private capital for the further expansion/ extension of their activities.



## 10. CONTRIBUTION TO EUROPE 2020 STRATEGY

The E2020 strategy puts forward the three following mutually reinforcing priorities:

- Smart growth: developing an economy based on knowledge and innovation
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

In this respect, the priority axes, the investment priorities and the thematic / specific objectives contribute to the achievement of the E2020 strategy targets.

More specifically, the Priority Axis 1 contributes directly to the E2020 priorities Smart Growth and Inclusive Growth, while the Priority Axis 2 contributes directly to the E2020 priority Sustainable Growth and indirectly to the other two E2020 priorities.

It should be noticed that the appraisal of the examined contribution of the programme should be expressed in accordance with the five quantitative targets fixed in the EU2020 strategy. However, this approach can be used in the case of the current Programme in direct quantitative terms, as far as it does not support big investments and infrastructures.

A qualitative approach taking into account the Specific Objectives of the Programme shows the contribution to each E2020 priorities as follows:

Specific Objective	Smart Growth	Sustainable Growth	Inclusive Growth
<b>SO 1.1:</b> Promote entrepreneurship and business creation on the basis on new ideas, innovation and new types of business models	X		X
<b>SO 1.2:</b> Facilitate innovation in business models and allow a maximum number of SMEs to innovate and adjust their business models to the changing socioeconomic and policy/regulatory circumstances	X		X
<b>SO 1.3:</b> Support entrepreneurial learning and knowledge transfer for more competitive SMEs	X		X
<b>SO 2.1:</b> Maintain biodiversity and natural	X	X	

Specific Objective	Smart Growth	Sustainable Growth	Inclusive Growth
ecosystems by strengthening networking and management of protected areas, including Natura 2000			
<b>SO 2.2:</b> Promote cooperation and networking aiming to introduce innovative technologies for efficient management of the waste sector, the soil and the water sector	X	X	
<b>SO 2.3.</b> Develop skills for better environmental management and increase governance capacities	X	X	

## 11. STRATEGIC ENVIRONMENTAL ASSESSMENT

The Strategic Environmental Assessment is submitted as a separate deliverable, together with this report.

The Strategic Environmental Assessment is submitted as an integral part of the process of the Balkan MED Programme Ex Ante Evaluation, , in compliance with the Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain programmes on the environment. This regulation requires that programmes which are likely to have significant effects on the environment are subjected to an environmental assessment. This assessment specifically enables environmental considerations to be integrated in the preparation and adoption of the BALKAN MED programme

The assessment of the overall impacts of the Programme to the nine examined environmental aspects is presented in the following table. The table is extracted by providing scores to the direct and indirect positive or negative impacts of each specific objectives of the priority axes in each environmental target. The total scores are presented below according to the following rule:

- Positive impacts: +2 units
- Indirect positive impact: +1 unit
- Neutral impact: 0 units
- Indirect negative impact: -1 unit
- Negative impact: -2 units

In the last vertical column, the total assessed impact for each environmental aspect is presented taking into account the measures in both priority axes. In the last horizontal column, the total impact in each priority axis is presented.

By assessing the environmental impacts of the BALKAN- MEDITERRANEAN Programme, the following conclusions on measurable basis can be derived:

### Cumulative Assessment of the Transnational Operational Programme BALKAN- MEDITERRANEAN 2014-2020 implementation impacts to the Environmental Targets

ENVIRONMENTAL TARGETS.	PRIORITY AXIS 1: ENTREPRENEURSHIP AND INNOVATION	PRIORITY AXIS 2: ENVIRONMENT
General –sustainable Development Issues	8	8
Water Issues		6
Solid Wastes Issues		6
Soil Issues		6
Air Quality Issues		6
Climate Change and Energy Issues		6

Public Health Issues		6
Biodiversity-Fauna-Flora Issues-Flora-Fauna		7
Cultural Heritage Issues		6
Landscape Issues		6
Population-Materials Asset Management Issues		6
Sea Pollution Issues		7
TOTAL	8	76

Detailed analysis grids as well as complete comments are available in the full SEA report and its appendices.  
The Non Technical summary of the SEA is submitted as a separate deliverable.

## 12. CONCLUSIONS

The Balkan-Mediterranean Programme area shows regional disparities in terms of economic power, innovation, competitiveness and accessibility between urban areas and rural areas. These disparities have been spotted by different territorial analysis exercises. In the national level, the EU countries have applied the European policies financed by the EU financial instruments (EU funds) in order to achieve economic development with social cohesion, given special attention to the environmental protection. On the other hand the non EU countries have been financed by international organizations, while they are also funded by EU under the IPA regime and the inter-regional transnational programmes.

In this framework, the current Balkan-Mediterranean Programme will be developed and implemented in an complementary manner, by giving priority to SMEs, entrepreneurship and environment, while taking care of the social inclusion issues in order to give an additional boost to economic development.

The SEA & Ex-Ante of the “Balkan-Mediterranean” 2014-2020 Programme has been financially supported by the “South East Europe” 2007-2013 Programme.



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