European Territorial Cooperation

ADRIATIC IONIAN COOPERATION PROGRAMME 2014-2020

1ST DRAFT_Section I and II

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NUTS regions covered by the cooperation programme	EL11 Ανατολική Μακεδονία, Θράκη (Anatoliki Makedonia, Thraki) EL12 Κεντρική Μακεδονία (Kentriki Makedonia) EL13 Δυτική Μακεδονία (Dytiki Makedonia) EL14 Θεσσαλία (Thessalia) EL21 Ήπειρος (Ipeiros) EL22 Ιόνια Νησιά (Ionia Nisia) EL23 Δυτική Ελλάδα (Dytiki Ellada) EL24 Στερεά Ελλάδα (Sterea Ellada) EL25 Πελοπόννησος (Peloponnisos) EL30 Αττική (Attiki) EL41 Βόρειο Αιγαίο (Voreio Aigaio) EL42 Νότιο Αιγαίο (Notio Aigaio) EL43 Κρήτη (Kriti) HR03 Jadranska Hrvatska HR04 Kontinentalna Hrvatska ITC4 Lombardia ITF1 Abruzzo ITF2 Molise ITF4 Puglia ITF5 Basilicata ITF6 Calabria ITG1 Sicilia ITH1 Provincia Autonoma di Bolzano/Bozen ITH2 Provincia Autonoma di Trento ITH3 Veneto ITH4 Friuli-Venezia Giulia ITH5 Emilia-Romagna ITI2 Umbria ITI3 Marche SI01 Vzhodna Slovenija SI02 Zahodna Slovenija AL Albania (entire country) BA Bosnia and Herzegovina (entire country) ME Montenegro (entire country)

	RS Serbia (entire country)

1. SECTION 1. STRATEGY FOR THE COOPERATION PROGRAMME'S CONTRIBUTION TO THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH AND THE ACHIEVEMENT OF ECONOMIC, SOCIAL AND TERRITORIAL COHESION

Reference: Article 27(1) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council[1] and point (a) of Article 8(2) of Regulation (EU) No 1299/2013 of the European Parliament and of the Council2)

1.1. STRATEGY FOR THE COOPERATION PROGRAMME'S CONTRIBUTION TO THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH AND TO THE ACHIEVEMENT OF ECONOMIC, SOCIAL AND TERRITORIAL COHESION

1.1.1. Description of the programme's strategy for contributing to the delivery of the Union strategy for smart, sustainable and inclusive growth and for achieving economic, social and territorial cohesion.

1.1.1.1. The geographical coverage of the area

The AIO transnational programme includes 31 regions from 4 different EU countries and 4 candidate countries.

The programme is co-financed by the European Regional Development Fund (ERDF **83 467 729**) and IPA (**15 000 000_to be confirmed**) for a total amount about **EUR 104.000.000 (To be confirmed)** for the 2014-2020 period.

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

This programme takes into consideration the experience of other ETC OPs especially SEE and IPA Adriatic 2007-2013 period whose eligible area overlaps the AIO one as well as the results of the SEE in itinere evaluation and the capitalisation of the overall programme achievements.

This first section of the cooperation programme provides an overview of the context of the programme in regard to the regulations, territorial and policy needs and challenges,. It presents the overall strategy and objectives of the programme.

[1] Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down 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 laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

[2] Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (OJ L 347, 20.12.2013, p. 259).

Following the Commission decision drawing up the list of eligible regions and areas for the transnational strands of the European territorial cooperation objective, the AIO programme covers the following areas:

a) The Member States:

- Italy : 12 regions and 2 Provinces
- Slovenia: 2 regions
- Greece . 13 regions
- Croatia: 2 regions

b) IPA countries

- AL Albania (entire country)
- BA Bosnia and Herzegovina (entire country)
- ME Montenegro (entire country)
- RS Serbia (entire country

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

The total amount allocated under the cooperation programme to operations located outside the Union part of the programme area shall not exceed 20 % of the support from the ERDF at programme level.

1.1.1.2. An analysis of the situation of the programme area as a whole in terms of the needs

The AIO Transnational Programme embodies the broad policy framework channelling the development efforts on macro-regional, national and regional levels. The drafting process was primarily conducted along the goals and priorities identified within multi thematic strategies on EU and macro-regional levels.

The Europe 2020 Strategy, as an instrument to coordinate the national and EU level policies in order to generate and maintain development at the EU level, focuses on the three pillars of the concept of growth: smart, sustainable and inclusive. The mechanism needed to achieve the above-mentioned goals includes the National Reform Programmes, whose objectives pursue at a national level the EU 2020 objectives.

The EUSAIR aims at promoting sustainable economic and social prosperity of the Adriatic and Ionian region through growth and jobs creation, by improving its attractiveness, competitiveness and connectivity while preserving the environment and ensuring healthy and balanced marine and coastal ecosystems.
The 'EU Strategy for the Adriatic-Ionian Region' is described in two documents: (1) a Communication from the European Commission to the other EU Institutions, and (2) an accompanying Action Plan which complements the Communication.The strategy is focused on 4 Pillars: Pillar 1**. Blue growth, Pillar 2. Connecting the Region, Pillar 3. Environmental quality, Pillar 4. Sustainable tourism**.

The action plan presented by the EC on June 17th 2014 (SWD(2014) 190 final) to will be articulated in **pillars, topics and an indicative list of eligible actions and example of projects.** The action plan, which is a result of the wide consultation with the participating states and the stakeholders, will provide the common framework. While implementation of the Action Plan is the responsibility of all, at country, regional,and local/municipal level, within each participating country, the Strategy's coordination mechanism will be in charge of coordinating and monitoring this implementation. For each pillar, this mechanism should be made up by two coordinators from relevant line ministries and representing two countries (one EU and one non-EU), working closely with counterparts in the Region, in consultation with the Commission, relevant EU agencies and regional bodies.
This work must be transnational, inter-sector and inter-institutional and it will be eligible for institutional and administrative support from the 2014-2020 Adriatic-Ionian transnational cooperation programme.

A governance structure will be defined, to identify and support actions and projects with a macro regional value, which is deemed as the most appropriate to fulfil the objectives of the strategy. In the framework of the Action Plan, the governance structure shall identify the sources of financing, looking at the other SFs available on the area (EU, national, regional and public, financial instruments, loan and private funds). AIO should support the governance and the implementation of EUSAIR mainly under the TO11

The South-East Europe 2020 Strategy (SEE 2020) was launched by the participating countries in 2011, as recognition that close cooperation can accelerate the attainment of goals in key sectors. Inspired by Europe 2020 Strategy, the SEE 2020 is pursuing similar objectives taking into account the regional specificities. The document provides important strategic guidance for the candidate countries from Western Balkans, in achieving a higher degree of convergence with the goals of EU2020.

The Macroregional Strategy for the Alpine region (EUSAR) is being developed based on the premise better cooperation between the concerned territories and improved coordination of public policies are necessary to cope with the challenges that are common to these territories. Hence, the cooperation between the Alpine core area (7 States and 7 regions) and the surrounding low lands and metropolises will be built on equivalence and on flexibility according to the functional relationships existing between these areas. Three strategic strands are going to shape the macroregional strategy: i) ensuring sustainable growth and promoting full employment, competitiveness and innovation; ii) promoting a territorial development that is focused on an environmentally friendly mobility, reinforced academic cooperation, development of services, transports and communication infrastructures policy; iii) promoting sustainable management of energy and natural and cultural resources and protecting the environment and preserving biodiversity and natural areas;

The Danube Region Strategy (EUSDR) developed in 2010 addresses a wide range of issues which are divided among 4 pillars and 11 priority areas. The Action Plan and the governance structure are meant to promote joint actions that demonstrate immediate and visible benefits for the people of the Region, have an impact on the macro-region (or a significant part of it), are coherent and mutually supportive, creating win-win solutions and that are realistic. After 2 years implementation, the 1st report on the implementation of the Strategy, delivered in April 2013, is being used, among others, as an operational reference to shape the debate on the 2014-2020 programmes.

- **Strategic response by the programme to contribute to Europe 2020**

In 2010, the European Union and its Member States launched the Europe 2020 strategy as a ten years roadmap. It is an overall strategic framework putting forward three mutually reinforcing priorities (quantified by five EU headline targets):

- 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

The link of the AIO cooperation programme to the Europe 2020 strategy goals is ensured by the definition of thematic objectives (Article 9, CPR) and the requirement for thematic concentration (Art. 6 ETC Reg.). The thematic objectives are further broken down into investment priorities (Article 5 Investment for growth and jobs goal ERDF Reg.) and specific objectives (Article 7 ETC Reg.). Priority axes are set out to combine investment priorities from one or from different thematic objectives to achieve synergies.

The priorities for the present cooperation programme shall be based on the specific characteristics and needs of the programme area which have been identified and agreed through an extensive programming and consultation process among the stakeholders and a wider ETC community. Moreover, the programming shall take into account lessons learned from previous programming periods, the given financial framework and the existence of suitable implementation and administrative structures.

The AIO programme 2014-2020 includes a wide transnational area, more than 60 million inhabitants, a variety of natural environments, socio-economic differences and cultural diversity. Hence, it addresses all three dimensions of sustainability, including social, economic and environmental aspects but also institutional dimensions. It will apply an integrated approach by focusing on supporting cooperation activities having a cross-sectoral and multi-level profile and by considering both the supply and demand of all partners.

With the objective of supporting economic, social and territorial cohesion the Programme will act as a policy driver and pioneer. Beyond that, the thematic concentration on selected priorities will allow for the focus on targeted objectives and measurable results,. In the current programming period 2014-2020 the AIO Programme will be structured in four Priority Axes (plus TO11) that aim to develop coordinated policies and actions in the programme area with a view to reinforce the achievements of the Europe 2020 strategy towards smart, sustainable and inclusive growth.

The development of the defined topics and their positive effects on the governance of EUSAIR processes and existing institutional relations will be one major objective of the programme.
On the other hand, the development of new and innovative practices and experimental actions will be supported as far as they are embedded in a relevant, institutional framework and match the regional needs.
Taking into account the potential role of the AIO programme as mechanism for Instruments coordination, its elaboration will be carried out also with reference to Partnership Agreements of EU Countries, National/Regional structural funds Operational Programmes, IPA II Multi-conutry and Country Strategy Papers and any International Agreements concluded for the development of the Western Balkans (i.e. Treaty on Energy Community http://www.energy-community.org/portal/page/portal/ENC_HOME)

1.1.1.3. Lessons from the past3

According to the 3rd Evaluation Report (November 2013) of the SEE Programme, the most important results of the programme are related to the established partnerships and exchanged experience (there is good progress with the common standards developed under all PAs). After that come specific policy and management improvements that the project deliverables were able to instigate so far and will instigate indicated by the good progress with strategies adopted at governmental level under 3 of the 4 PAs (exception is PA3). In addition there are signs of:

- Good dissemination of support to private sector in the area of innovation- there is already significant overachievement on the number of SMEs and private sector reached;
- Evidence of successfully implemented measures and services for environment protection, risk prevention and resource efficiency

In addition the evaluation of programme results (based on the completed projects under the 1st call) indicates the following factors that hamper achievement of results and diminish expected contributions:

- Difficulties to reach end-beneficiaries (all PAs with exception of PA 2);
- Difficulties to collaborate with public administration (PA1);
- Difficulties to involve private sector (PA3);
- Difficulties to promote the outputs to the public administrations (PA3);

About the lesson learnt form Med Programme, during the previous programming period from 2007 to 2013, a difficulty to generate projects in specific intervention fields like transports, maritime safety and natural risks, was observed. This was mainly due to the insufficient availability of key players like State authorities, international bodies or private bodies that intervene and cooperate through other types of programmes. Although these themes are important to the programme area, the Member States took into account these constraints in setting the 2014-2020 programme strategy (more targeted objectives with a coherent budget allocation). Activities related to innovation but also in environmental issues have been quite successful and play an important role in Axis 1 (TO1) and 3 (TO6) of the 2014-2020 programme.

About the lesson learnt form IPA CBC Adriatic we can refer only to the first on-going evaluation report of 2011: according the reports findings most part of the 33 approved projects aim at developing Common Tools (56% of them), while 25% of projects have the objective of elaborating Common Strategies and Policies and the left over 19% aim at implementing Pilot Actions. Within Priority 1, most interventions have the objective of creating social, health and labour networks besides institutional cooperation (4 projects each theme); within Priority 2, sustainable tourism (4 projects) and protection of natural and cultural resources (3) play a key rol, while, within Priority 3, the promotion of

[3] (based on SEE experiences and on the TO's previously identified by the TF as the most relevant)

sustainable mobility systems are prominent focused on the harbours areas (5 projects) followed by the use of ICT tools aiming to create communication systems

The (ongoing) work carried out by the SEE projects within the SEE Thematic Poles1 – thematic clusters of the SEE projects designed as part of the SEE Capitalisation Strategy-through the activities of sharing, peer-reviewing of each other's' results and road map of synergic activities, has allowed the definition of a ranking list of the thematic focus for the future programming period and the specification within each investment priority.
According to the inputs provided by the SEE JTS on the TOs previously identified form the TF members as the most relevant[4]some key concepts have been taken into consideration per each TO and IP.

[4] (please refer to the minutes of the TF meeting of 18 December 2013)

1.1.2. TERRITORIAL ANALYSIS

1.1.2.1. Generic data and indicators

The global economic crisis of the past five years affected both the EU and IPA Countries. The EU entered a recession in the second quarter of 2008 which lasted five quarters. Since the recession, overall growth in terms of GDP has been sluggish. The EU's GDP contracted again in the last 3 years becoming a triple-dip recession. The crisis has reversed the process of convergence of regional GDP per capita and unemployment within the EU. The challenge now is to ensure a prompt return to a strong growth path, especially in the less developed regions and cities.
On the other hand, the economic crisis hit the Balkan region just as it was consolidating the progress it had made after emerging from years of war, political instability and painful economic reform programmes. For most countries in the region, the period 2003-2007 was one of the strongest in more than a decade, with annual real GDP growth averaging about 6%, while the region also received large inflows of FDI in 2003-2007. The economic slowdown in EU countries – the main recipients of Balkan exports – and the decreased influx of foreign direct investment triggered the first symptoms of the crisis in the region by the last quarter of 2008. By mid 2009 the effects on the financial sector were being felt more strongly, particularly with a slowdown in foreign bank lending activities. Thus, the review and strengthening of economic governance has become a top economic priority for the Western Balkans, together with intensified reforms to return to sustainable growth.
To support the forthcoming programme negotiations, the 8th progress report on economic, social and territorial cohesion highlights the crisis-induced changes that will affect the context and priorities of the new programmes. It outlines how the changed economic environment will affect the future Cohesion programmes and underlines the need for a strong thematic concentration.
At EU level, the crisis increased the population at risk of poverty and social exclusion. Between 2009 and 2011, the share increased by one percentage point. All of the three components (at risk of poverty rate, severe material deprivation and very low, work intensity) are also on the rise. Therefore, the achievement of the Europe 2020 goals can be jeopardised. Moreover, widening regional disparities are undermining one of the key goals of the European Union and Cohesion Policy.

In the following table the main figures about some fundamental indicators for the 8 participating countries according to the available statistic (Eurostat, World Bank and ILO) are given.

	Italy	Croatia	Greece	Slovenia	Serbia	BiH	Albania	MNE
GDP growth rate:	-1,9 (2013)	-1	-3,9 (2013)	-1,1	2,5 (estimated 2013)	-1,1 (2012)	1,6 provisional estimation (2012)	-2,5 (2012)
GDP per capita:	101 (2013)	62	75 (2013)	84	36 (2013)	29 (2012)	30 (2012)	41 (2012)
Population:	59,685,227 (2013)	4,262,140	1106258 (2013)	2,058,821	7.241.000 (2012)	3.836.000 (2012)	2.816.000 estimated 2012	621.000 (2013)
Employment:	59,8 (2013)	53,9	53,2 (2013)	67,2	42 estimated 2012 ILO	estimated 2012 ILO	47% 2012 estimated	40% estimated ILO 2012
Unemployment:	12,6 (2014M04); 12,7 (2014M02)	16,8 (2014M04); 17,4 (2014M02)	26.5 (2014M02)	9,6 (2014M04); 9,7 (2014M02)	19,6% (2012)	28,2% (2012)	14,7% (2012)	19,6% (2012)
Trade balance: current account transactio	n -9,8 (provisional 2013); -6,7 (2012)	-1,1 (provisional 2013); -1,5 (2012)	2,8 (provisional 2013), -1,6 (2012)	0,4 (provisional 2013); -0,6 (2012)	-5.450 (Mio Eur 2012)	-4.318 Mio Eur (2012)	-1.999 (2012)	-1.389 Mio Eur (2012)
Tourism (nr. of tourists)*: Arrivals of residents/non-residents at tourist accommodation establishments,	2012: 103733157	2012: 11,543,653	2012: 18342752	2012: 3,255,882	2012: 1,188,095	439,000 2012	3,514,000 (2012)	1,264,000 (2012)

1.1.2.2. EU approximation progress of NMS (EC Progress Report 2013 and Strategy papers)

- **Albania**

Demography: Albania has a population of 2,816 million inhabitants for a total area of 28750 km². Demographic indicators are stable with male life expectancy of 75.3 years and female 76.9. Infant mortality rate for 2012 amounts to 8.8 deaths of children under one year of age per 1000 live births. It should be noted that progress has been made in the area of statistics but the credibility and independence of INSTAT has to be ensured.

Economic growth: Economic growth slowed to 1.6% in 2012 from 3.1% a year earlier. Financial constraints, low confidence among consumers and investors and the presence of spare production capacity held back private consumption and investment spending. Overall, while growth remained positive, Albania experienced a slowdown in 2012 due to weak private domestic spending, which also extended to the first quarter of 2013.

Employment: Labour market conditions improved during 2012, but the registered unemployment rate remained high at 13% on average, down slightly from 13.4% in 2011. Employment grew by 2.8% both due to more private-sector, non-agricultural jobs and a higher estimated number of employees in the agricultural sector. Labour market participation and employment rates remain low, especially for women, while the informal economy remains an important provider of jobs. Labour market statistics need to be improved. Child labour remains an important challenge as 7.7% of all Albanian children aged 5-17 work.

Transports: As to road transport, there have been no developments in roadworthiness tests, driving licenses, vehicle inspections, the introduction of speed limiters and road safety as a whole (no effective road safety campaign has been carried out).
In the field of train transport, resources allocated for the development and maintenance of railway infrastructure remains extremely low, resulting in further deterioration.
Safety in air transport improved significantly but there is lack of evidence of recurrent training for Flight Operations Inspectors. In the area of maritime transport, the detention rate of vessels flying the Albanian flag has improved due to the fact that a number of vessels have been removed from service, but it still remains high.

Energy: As regards security of supply, electricity generation capacity improved with the operation since September 2012, up to 4.3 thousand GWh produced. Due to the pending

adoption of the implementing legislation of the new law on renewable energy, the development of the National Renewable Energy Action Plan is delayed.
Overall, there have been some improvements as regards the supply of energy, but diversification of electricity sources is still lacking.

Private sector and enterprises: The private sector remains dominant and continues to account for about 80% of GDP. There has been some progress as regards attracting greenfield investment in the energy sector with 11 new agreements signed in 2012 to construct and operate hydropower plants (HPPs). Business registration and licensing continued to perform well through the established network of one-stop shops. In 2012 the number of new businesses registered grew by 8% year-on-year; they make up 12% of all active enterprises. The Albanian economy continues to be dominated by the services sector, which accounted for around 60% of gross value added (GVA) in 2012, followed by agriculture, providing around a fifth of GVA, and industry (11%), comprising both extractive industries and manufacturing.

- **Bosnia and Herzegovina**

Demography: Bosnia and Herzegovina has a population of 3.866 million inhabitants for a total area of 51209 km². Natural growth rate has progressively increased from 0 in 2008 to 0.9 in 2012. General demographic indicators are stable with male life expectancy of 72.4 years and female 77.7. Infant mortality rate for 2012 amounts to 5.0 deaths of children under one year of age per 1000 live births.

Economic growth: In 2012, the economy contracted by an estimated 1.1%, following a mild recovery in the previous two years. The deterioration was due to negative developments in both domestic and external demand. Private consumption fell in 2012 due to falling real wages and employment and decelerating growth of retail lending. At the same time, the worsened external environment resulted in falling exports, which combined with stagnating imports led to a negative contribution of net exports to growth. A mild economic recovery started in early 2013.

Employment: Unemployment remains very high and reached 28.6% in 2012 from 28% a year earlier. Total employment levels stagnated through 2012 and marginally decreased (- 0.6%) year on year in the first half of 2013. Unemployment was particularly high among the young population (63.1% for people aged between 15 and 24). Adjusted for inflation, the average gross wage fell by 0.5% in 2012 and dropped further by 1.7% in the first half of 2013.

Transports: As the State-level transport policy has not yet been adopted by the Parliamentary Assembly, work on a transport strategy and action plan has not yet started. Preparations in the transport sector are at an early stage. Upgrading of transport infrastructure needs to be intensified as the density of railway network is only 20.1 lines per 1000 km² and the length of motorways in 2012 amounts to 37 km.

Energy: The country is increasingly falling behind in meeting its obligations under the Energy Community Treaty. Unequivocal commitment is necessary to ensure crucial improvements, particularly as regards the area of security of supply, the effective functioning of the electricity transmission company, integrated energy markets and full independence of regulatory bodies. Few statistically relevant data are available but those related to Electricity generation figure a production of 15.3 thousand GWh .

Private sector and enterprises: Regarding SME policies, there is no official definition of SMEs at the State-level; the two entities use their own SME criteria based on Entity laws.

The private sector's share in GDP is estimated to have remained broadly unchanged at around 60% of GDP in 2012. Bosnia and Herzegovina has not yet introduced regulatory impact analysis (RIA). Republika Srpska introduced a draft of a new SME Law which aims to harmonise SME definitions with the *acquis.* It incorporates the Small Business Act principles and clarifies competencies by improving its coordination with local development agencies.

- **Montenegro**

Demography: Montenegro has a population of 681 thousands inhabitants for a total area of 13812 km². Demographic indicators *are* stable with male life expectancy of 73.5 years and female 78.4 (2010 data). Infant mortality rate has been decreasing from 14.6 deaths of children under one year of age per 1000 live births in 2001 to 4.4 in 2012. In the same period the natural growth rate passed from 5.5 to 2.5

Economic growth: After two years of moderate growth, the economy entered into recession in 2012. Real GDP contracted by 2.5%, pulled downward by the poor performance of industry, construction, transport, financial services and agriculture.
On the expenditure side, net exports had a positive impact on growth with stronger tourism partly compensating for the fall in merchandise exports (-18% year-on-year). In 2013 economy started coming out of recession with real GDP expanding by 1.1% in the first quarter of 2013, and by 3.4% in the second quarter thanks to the positive performance of industrial production, and notably utilities.

Employment: Unemployment remains very high at nearly 20%, practically unchanged since 2010. In 2012, labour market participation improved marginally to 50% compared to 49% a year before. Regional disparities are significant: in the coastal and central regions, the unemployment rate is 10% and 15.6% respectively, but it rises to 36.7% in northern Montenegro.
Overall, a poorly performing labour market with low participation and high unemployment rates, particularly among the young (15-24 years, who account for more than 40% of the total) and the long-term unemployed, since 68% of unemployed persons have been out of work for more than two years, remains a serious challenge.

Transports: As regards road transport, Montenegro drafted an action plan for implementing the road safety strategy for 2013, with the adoption of a new law on road traffic safety and setting the framework for further improvement of existing road safety legislation and for the implementation of measures to rebuild the road infrastructure.
A five-year business plan was prepared by the Railway Directorate for 2013-2017, but further alignment with the acquis in the area of rail transport safety is needed. A 2012 review mission by the EC concluded that Montenegro had stepped up progress towards meeting the phase 1 requirements under the ECAA agreement and that the great majority of these requirements had been complied with.

Energy: As for security of supply there are no strategic reserves of petroleum products or crude oil there are no stockholding body. Some implementing legislation for the internal energy market has yet to be adopted. Montenegro still needs to adopt the necessary acts concerning the ten-year work programme (national renewable energy action plan) on the development of renewable energy sources even if Ministerial target for renewable sources as a proportion of gross final consumption of energy is 33%.

Private sector and enterprises:

Montenegro industrial structure is shifting from aluminium towards energy. At the same time, the overall structure of the economy is shifting towards services. In 2012 76% of workers were employed in services, 18% in industry. The service sector is mostly in the non-tradable sector. There has been little progress in the area of enterprise and industrial policy but Small and medium-sized enterprises find it difficult to access credit and Public-sector support for SMEs remains limited. Overall, credit constraints and unfair competition from the large informal sector remain major challenges for the development of SMEs.

- **Serbia**

Demography: Serbia has a population of 7.241 million inhabitants for a total area of 77474 km². Natural growth rate is constantly decreasing, statistics figuring -4.6 in 2008 and -4.9 in 2012. General demographic indicators slightly improved, with male life expectancy of 72.2 years and female 77.3. Infant mortality rate for 2012 amounts to 6.2 deaths of children under one year of age per 1000 live births.

Economic growth: Real GDP grew by 2.1% in the first and by 0.7% in the second quarter of 2012 . However, economic growth has been uneven, concentrated in few sectors, and employment stagnated.

Employment: In 2012, the unemployment rate increased to a record high of 23.9%. According to the April Labour Force Survey, the employment rate reached an eleven-year low, while the activity rate edged slightly up but was still very low at 47.9%. Employment in the unreformed public sector remained largely intact. Long-term and youth unemployment have been persistently high and unemployment is very high almost everywhere throughout the country. In the first seven months of 2013, real wages fell by 4.3% on average. The national budget approved for active labour market measures in 2013 still represents 0.1% of GDP. It is still too low to ensure appropriate coverage of the unemployed based on needs.

Transports: Some progress was made in the area of transport policy, particularly in road (606 km of motorways reached in 2012 compare to 495 in 2008), inland waterways and air transport. Further strengthening of administrative capacity is needed, in particular for enforcement and inspection. Further work is required towards market opening in the area of railways and setting up the required institutional structures. The density of the railway network is still low, with 49.3 lines in operation per 1000 km² in 2011 (no data available for 2012).

Energy: Progress was made in the area of energy, in particular the electricity market, renewable energy and energy efficiency. The total primary production of energy products for the Country is 10.504 thousand TOE. Through the implementation of the agreement reached on energy with Kosovo under the EU-facilitated Dialogue, Serbia will meet its Energy Community obligations, contributing to a significant normalisation of energy relations with Kosovo. Additional efforts are needed to achieve further market opening, unbundling and cost-reflective tariffs. The role and independence of the energy regulator AERS and the nuclear regulator SRPNA need to be strengthened.

Private sector and enterprises: In the area of enterprise and industrial policy principles, preparations for the new strategy for competitive and innovative SMEs for 2014-2020 continue. In the field of enterprise and industrial policy instruments, Serbia continues to implement the Small Business Act and to participate in projects under the European

Entrepreneurship and Innovation Programme (EIP). Its SME definition is in line with that of the EU in terms of company size.

1.1.2.3. Main findings and suggestion on the economic, territorial and social context of AIO Area

According to IPA swot analysis drafted in the framework of the last strategic call of Adriaticco CBC Programme (2011) and to the data outlined in the Report 2013 of DG MARE, here below the main finding on the AIO area

Environment. AIO area is characterised by an extraordinary environmental ecosystem, extremely delicate, but nevertheless subject to high pressures from agriculture, industries and port activities, especially on water quality and coastal areas, also affected by seasonal tourism and one-dimensional urbanisation that lead, among others, to loss of biodiversity and ecosystem fragmentation. Investments in environmental infrastructures, innovative technologies for the prevention of natural risks and the use of renewable energy sources are low. Moreover, the level of advancements on the EU acquis as referring to PCCs shows moderate progresses, underlining the need to strengthen institutional capacity, at all levels, to implement environmental legislations and policies aimed at fostering sustainable development and a more balanced use of natural resources.

Water. Strategic actions should be undertaken at a cross-border/macro-regional level in order to promote balance between supply and demand, besides improving quality and efficiency of water services (reduction of water losses and increasing efficiency in agriculture). Moreover, the development and sustainable use of non-conventional water resources such as the re-use of treated wastewater should considerably be enhanced.

Waste. Waste management shows a low level of sustainability as well. Further development of integrated waste management systems as well as support to research, innovation and technology transfer in relation to waste treatment and recycling are needed.

Integrated Coast Zone Management. The Adriatic and Ionian coast is facing a huge urbanisation process and pressure produced by mechanical fishing and aquaculture. All these factors produce significant environmental impact resulting in loss of biodiversity, ecosystem fragmentation, desertification, salt water intrusion, congestion. The Integrated Coastal Zone Management at cross-border level needs to be strengthened, also by improving in a sustainable way the integration of coastal zone related policies within territorial socio-economic development. The strategic assessment of the coastal zone to increase coastal resilience and prevent negative impacts of natural hazards (floods, erosion, salt water intrusion) exacerbated by climate change should be promoted too.

Risk prevention. Countries involved in the Programme have to cope with the lack of homogeneous and comparable data for spatial/territorial planning addressing risk prevention policies, strategies and plans. As a result, a suitable level investment to support cross-border application and testing of innovative technologies for natural risks prevention and technological risks should be ensured.

Energy. The share of energy from renewable sources (in % of gross final energy consumption) in the area is above average (about 24%), with IPA countries figuring higher shares, although the gap might be biased by slightly outdated data. 2012 saw a shift in the balance of renewable energy investment worldwide: the balance in overall investment changed from roughly a two-thirds-one-third split between developed and

less developed economies to one that was much closer to 50:50. Within the AOI area, the squeeze on subsidies in Italy triggered a fall in investments (-53% new investment in RE on 2011) and the recession slowed down the Slovenian financial support scheme started in 2002 and upgraded in 2009. Investment is needed to meet the renewables target but the challenge lies in investing into the right type of renewable. The same applies to Greece and to Croatia, as recently reported in the national plan adopted by the government in 2013, together with the need to accelerate licensing of projects. In IPA Countries, the main EE and RE financing facilities are provided by IFIs and the EU and are available as loans that can be accessed through local banks. Energy systems in the region are fragmented, most of the countries having small markets which may be less attractive for investors. Better coordination and increased energy trading could reduce investment requirements for electricity generation by roughly 10 percent by 2020, according to the Power Generation Investment Study conducted for the World Bank (World Bank, 2007).

Accessibility[5]. One of the main features characterizing the Programme's area is the imbalance in the development of infrastructures and modes of transport, both between the two banks of the Adriatic Sea and among participating Countries, due to structural weaknesses, low level of maintenance and little investments in infrastructures. What is more, the lack of connections between coastal and inland areas leads to high pressure on coastal roads and bottlenecks. As a matter of fact, road transport is the most common mode of transportation for both goods and passengers throughout the area. Even sea-water transport has increased in Montenegro (+19%), Slovenia (+11%) and Croatia (+9%). Air transport of passengers has increased too, even though at different rates, while railways transport has decreased nearly in the whole cooperation area. The absence of data on inland-water transport underlines, once again, the lack of data and common indicators on infrastructures and transport services especially at a regional level.

Common data collection and processing methodology are required to monitor transport and accessibility conditions and eventually overcome discontinuities across borders, optimise current services and develop existing infrastructure into multimodal systems. In doing so, it is advisable to strengthen administrative capacity (especially in the areas of maritime, inland-water transport and logistics) and support regional investments in infrastructures, multimodal transport networks and transhipment facilities. The latter would even help the approximation of IPA Countries legislations to European standards including safety and market liberalisation.

Demography. Adriatic area faces an unbalanced level of regional development (weak territorial cohesion), combined with ageing population and de-population in mountain and rural areas. Internal migration is to be talked in the area, both in terms of monitoring and cross-border management of the phenomenon.

Economy and labour market. All of the Countries participating in the Programme have been affected by the global crisis.

Most of the EU MS will face more problems and fewer public resources. These include:

[5] More detailed information and data on accessibility in South east Europe was collected and elaborated by SEE Projects, and are available here http://www.southeast-europe.net/en/achievements/outputs_library/ In particular see achievements and outputs of SEETAC project http://www.seetac.eu/download/results.aspx and SETA Project http://www.seta-project.eu/index.php/start and WATERMODE http://www.watermode.eu/ and RAIL4SEE http://rail4see.eu/downloads/deliverable/

• GDP and employment levels which have not yet returned to pre-crisis levels.
• Higher levels of unemployment, poverty and exclusion.
• Reduced household income, which depresses consumption and imports.
• Unprecedented levels of public debt and the need for fiscal consolidation.

Against this background, the future cohesion programmes shall put particular emphasis on growth-enhancing and job creating-investments. Only a stable and strong recovery can reduce the unemployment rates. This is why the European Commission is proposing to concentrate resources on a few, important areas such as employment (particularly for young people), training and education, social inclusion, innovation and SMEs, energy efficiency and a low-carbon economy and is open to expand it to ICT infrastructures and digital growth measures.

Tourism. Being one of the most important sectors in the Adriatic-Ionian area, tourism has a firm relevance for growth both in Member States and in IPA Countries even though it is still concentrated in coastal resorts and characterized by high seasonal features. In fact, the whole cooperation area has high-potential for further development of cultural tourism in the main towns, most of which are UNESCO heritage, and of sustainable tourism related to environmental assets. Notwithstanding its great potentials, tourism suffers from a number of weaknesses that should be addressed and of several risks generating negative impacts on the environment to be avoided or properly managed such as seasonal and mass tourism congestion. It is advisable to promote measures to integrate sustainable policies for the protection and enhancement of natural resources, landscape and cultural heritage in a framework of sustainable tourism development. Fostering institutional and public-private partnerships besides involving local communities could contribute to overcome the weak multi-level/multidimensional governance models for spatial and strategic planning and develop a more integrated and environmentally friendly framework.

Research and innovation. The area is struggling towards building up efficient research and innovation systems. R&D intensity is overall growing (about 0.75% in Croatia, 2.47% in Slovenia, 1.25% in Italy, 0.60% in Greece and an average of 0.3% in IPA countries) but efforts are still needed to enhance R&D investment (particularly business investments, to build up capacities in key technology areas and to improve international competitiveness and trade by producing more technology-intensive goods oriented to both the domestic and foreign markets. Due to the need of opening markets to more competitive and innovative models, especially to face crisis' effects, it is necessary to develop policies fostering research and innovation and give priority to investments in firms directly linked to R&I. Cooperation schemes between territorial institutions, business sector and universities, technological institutes, technological parks, research institutes need to be supported, while systemic cooperation between research and private/public companies should be reinforced. Supporting structures such as incubators and cluster systems have to improve technology cooperation and know-how between SMEs. Strengthening knowledge information society and the development of ICT can also contribute to meet development objectives related to research and innovation.

In the framework of the coherence with the EUSAIR, here below a table matching the potential synergies between 3 available PAs and Eusair pillars (IT-SI- HR)

	ITALY	SLOVENIA	CROATIA
PILLAR 1 (TO 1, 2, and 3+ TO11)	• Knowledge sharing: IT platforms for exchange data and knowledge (knowledge innovative communities, data cloud, e-government) • Improving clustering activities/efforts among regions and among activities (fisheries, aquaculture, tourism, fishing as leisure) and links to other sectors such as tourism. • Promoting citizen and business awareness on new technologies (e-skills, open government) • Improvement of PA performances/capacity building, enhancing Innovation demand in the PA	• joint projects for promoting further development of entrepreneurship in the field of extraction and processing of seafood based on competition, • integration and cooperation of the sectors, the scientific research community, mariculture and processing industry and public institutions establishing new jobs and the potential for the development of (new) quality products and services • enhancement of scientific cooperation on collecting and assessment of data on fish stocks, • improvement of data exchange on uses of marine goods and on common stocks; • Exchange of good practices, innovations in the area of sustainable fishing practices, acquisition of new fishing know-how, strengthening of cooperation concerning supervision of the fisheries industry, and safety at sea.	• Improvement of the business environment and strengthening of competitiveness of • Maritime industry through institutional and infrastructural support • Support to research and development and applied innovations in maritime industry • Boosting blue research, innovation and skills • Investment in human resource development.
PILLAR 2 (TO 4 and 7)	• Clustering of port activities/services • Improvement of the ADRIREP (Adriatic traffic Reporting) System • Certification system of ports • Standardisation of legal requirements & capacity building	• Integration of ports (Venice – Trieste Koper - Rijeka), navigation safety, intermodality, connecting ports with hinterland areas, and public passenger transport services among coastal areas.	• Improvement of administrative capacities • Implementation of public-private partnership in transport operations • Long term planning of transport security programmes, especially in road transport • Project preparation and modelling of transport infrastructure to be financed by national / EU Funds Improvement of systems in border crossings.

PILLAR 3 (TO5 and 6)	• Establishing networks for the monitoring, care and recovery of species and the development of action plans for safeguarding them; • creation of trans-border, open-water protected areas and strengthening cooperation/ setting up networks of coastal and marine protected areas to preserve ecosystems; introducing • (ICZM) and (MSP) through exchange of best practices; • defining an action plan for marine litter and establishing operational protocols related to litter monitoring; • setting up harmonised methods for prevention, reduction, and recovery of waste at sea; coordinated fight against eutrophication,	• flood safety (also in terms of active involvement of non-construction measures in transnational river basins of the Mura, Drava and Sava) • ii) comprehensive water management (both in terms of access to drinking water and municipal governance by promoting investment in the water sector to meet the requirements of environmental legislation), and implementation of the Protocol ICZM • iii) management of protected areas in the region (e.g. NATURA 2000), either through new transnational projects or continuing work on existing cases of transnational cooperation	• Monitoring, information and management system for Natura 2000 and securing sustainable management of nature • Reducing the impact of marine litter on the environment through better waste management in coastal areas and cleaning programmes • Facilitating coordinated preservation and sustainable development of coastal zones in the region by ratifying and implementing the Integrated Coastal Zone Management (ICZM)
PILLAR 4 (TO 3, 6+ TO11)	• Integrated tourist products (dynamic packaging, marketing networking, tourism information system, customer relationship management • Strategy for a Region common branding building process based on the offer of tourist products and services • Developing innovative strategies and tools to tackle seasonality and congestion in ports during high season. • Services and products for seniors and people with special needs (support for social entrepreneurship) • Establishing common standards and certification rules and procedures for products and services	• Improving accessibility and attractiveness of the area with its natural and cultural potentials and upgrading tourism offer • Stimulate green investment • Development of internationally recognised brands • Quality improvement of tourist products • Increasing the mobility of tourists from coastal areas to the hinterland • Development of sustainable mobility • Supporting tourism innovation, R&D activities and networks, education, training and consulting	• Fostering cooperation in the areas of common interest (innovations and new tourism products development, enriching the tourism, cultural and gastronomic offer, fisheries, agriculture, etc.); • Getting the Region's tourism more attractive and competitive, more related to the natural and cultural attractions • Joint branding and promotion of the Region in the third markets; • Turnaround towards the "green" initiative, contributes to sustainable development and its promotion, natural and cultural resources preservation and protection, efficient use of resources;

In the case of Greece, it has not been possible to carry out the same comparative analysis as the PA mention the coordination needs with the EUSAIR pillar only in the area of TO7 for sustainable transport and removing bottlenecks in key network infrastructures: *the interventions will be selected will also take into account, if applicable ,the Macro-Regional Strategy Adriatic - Ionian and / or existing trans-border strategies*

Even if Greece, in cooperation with Montenegro has undertaken the pillar of maritime affairs aiming at maximizing the potential of blue economy, the national PA only mention that the greek participation in all the pillars of Adriatic and Ionian *Strategy is directly related to the thematic objectives included in the regional operational programs of the regions, as well as, to the five national strategic priorities for 2014-2020.*

1.1.2.4. Innovation and competitiveness

Support to strengthening research, technological development and innovation is a priority for the European Structural and Investment (ESI) Funds: Thematic objective 1 (TO1) is part of thematic concentration requirements (80% of the ERDF allocation in more developed regions/ 60% in transition regions/ 50% in less developed regions). Innovation is necessary for countries and regions to become/remain competitive by increasing companies' productivity, accessing new, higher added-value markets and ultimately leading to sustainable employment creation in a context of fierce global competition. It can also be a cost efficient way of improving services delivery to meet societal needs. Innovation is therefore central to the Europe 2020 strategy.[6]

ERDF investments under the thematic objective "strengthening research, technological development and innovation" focus on the following two Investment Priorities (focus in our analysis is put on IP 1b):

1) (a) enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest;
1) (b) promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector.

A key change in the development of new Programmes is the introduction of **Smart Specialisation Strategies** (RIS3). These have been developed or are under development at a national or regional level in ERDF countries in order to set priorities that build on the national or regional competitive advantages; develop and match research and innovation own strengths to business needs; address emerging opportunities and market developments in a coherent manner, while avoiding duplication and fragmentation of efforts. The existence of a national and/or regional smart specialisation strategy (RIS3) is the **ex-ante conditionality for investments** under Thematic objective 1. All operations funded under TO1 have to contribute to the implementation of the relevant smart specialisation strategy (RIS3).

1.1.2.4.1. Relevance to EU 2020 headline targets

[6] "Draft Thematic Guidance Fiche For Desk Officers Research And Innovation", Version 3 - 13/03/2014.

IP 1b- promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector is key to the achievement of most of the EU2020 headline targets, namely:

1. **Employment**- 75% of the 20-64 year-olds to be employed: *R&I investments are expected to contribute to the EU's competitiveness and the creation (and the preservation) of quality jobs;*
2. **R&D / innovation**- 3% of the EU's GDP (public and private combined) to be invested in R&D/innovation: *increase in business R&I investments is necessary to achieve this goal and leverage public spending in research;*
3. **Climate change / energy**- greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than 1990; 20% of energy from renewables; 20% increase in energy efficiency: *sustainable development can be promoted by means of R&I investments in energy and environment related R&I investments. In addition EU's energy and environment related industry will greatly benefit from business investment in R&I;*
4. **Education**- Reducing school drop-out rates below 10% at least 40% of 30-34–year-olds completing third level education: *R&I investments create opportunities for quality jobs, thus enhancing demand for education;*
5. **Poverty/ social exclusion**- at least 20 million fewer people in or at risk of poverty and social exclusion: *R&I investments are expected to contribute to the EU's competitiveness and affect the ability to support European social security system standards.*

1.1.2.4.2. Lessons learnt from the implementation of various relevant Territorial Cooperation Programmes

Southeast Europe Programme

Based on a study that analyses the **key results of the Southeast Europe Programme (SEE)**, vis-à-vis the Thematic Objectives (TOs) and Investment Priorities (IPs) of the programming period 2014-20[7], the following key observations can be made with regards to Thematic Objective 1– Strengthening research, technological development and innovation:

- The 2007- 2013 SEE Programme focused primarily on *linking existing structures* and developing processes and future plans transnationally; informing or influencing *innovation policies*; reviewing and assessing previous innovation policies; and developing *strategic research agendas*, *policy making platforms and policy learning mechanisms*; this direction is in line with the scope of Investment Priority 1b (promoting business investment in innovation and research, and developing links and synergies between enterprises, R&D centres and higher education) as opposed to IP 1a (enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence and promoting centres of competence) which focuses mostly to infrastructure enhancement and the production of new knowledge;

[7] "Observations along Thematic Objectives and Investment Priorities of the programming period 2014-2020, Version 1.1 – February 2014"

- 2007- 2013 SEE Programme projects aiming at facilitating the interaction of research and industry were *not developed with a strict Smart Specialisation agenda in mind*, although considerations of critical mass and competitive advantage were taken into account (agrofood, automobile, biomass, etc.);
- More emphasis should be put on the *exploitation and adoption of technology and innovation by SMEs*; more *innovative tools for building the capacity of SMEs* in that respect (different than the traditional ones used in national level initiatives) should be considered;
- It is important to *adopt the results of the Smart Specialisation strategies* developed at a national and regional level in order to focus new initiatives to areas and markets with critical mass and international competitive advantage;
- The observation above has to be balanced with the concerns expressed by some of the SEE Programme participants that concentration on "excellence" may hinder capacity building efforts;
- *More synergies should be sought with other relevant programmes* (Horizon 2020, national and regional programmes, EIT KICs, etc.); participants should be guided to making best use of the existing instruments depending of the nature of their goals;
- More emphasis should be put in *new innovation areas and approaches* that have not adequately been dealt with in the SEE Programme namely Eco Innovation; Public Procurement for Innovation; Creative Industry focus; Service Industry and Social Innovation. Procurement and Social Innovation, etc.

Similarly, the following key point can be drawn from the **analysis of the 31 projects** funded under the first two calls of the 2007- 2013 SEE Programme/ PA1- Facilitation of innovation and entrepreneurship[8].

- Emphasis was put on the *development of innovation networks* (AoI 1.2) and the development of *enabling environment for innovative entrepreneurship* (AoI 1.2);
- *Key projects outputs* were: development of guidelines, databases and organisation of training events; also indicators show steady progress in reaching common agreements and establishing common standards, adoption of strategies, development of innovative products and new tools and instruments;
- Projects achieved *significant outreach* to individuals, private sector and SMEs; less outreach was achieved to administration and institutions;
- *Innovation roadmaps* were created and served as a basis for *furthering participation in FP7 and CIP programmes*;
- *Clustering was promoted* (food, automotive industry, biomass, serious games, etc.); SMEs were supported in the adoption of innovation and *regional development agencies* were empowered to achieve their role;
- The *benefits for the final beneficiaries are to be materialised* as indicated by the high number of the private market reactions as result of the implemented of activities and the low number of the individuals that benefitted from the services during the projects" lifetime.

[8] "Evaluation of the South East Europe Programme 2007-2013- Final Report", (Ecorys, November 2013)"

IPA Adriatic Programme

The R&I relevant priorities and specific objectives of the IPA Adriatic Cross-Border Cooperation Programme are described below:

- **Priority 1**: Strengthening research and innovation in order to contribute to competitiveness and increasing the development of the Adriatic area through economic, social and institutional cooperation
  - ***Measure 1.1****: Improving research capacity, also by increasing levels of competence, encouraging the transfer of innovation by the creation of networks between the entrepreneurial, institutional, academic, training and research sectors, and principally by promoting joint activities*
  - ***Measure 1.2****: Incentivising the territorial and productive systems to invest in research and innovation through diversified and innovative offers of financial instruments*
  - ***Measure 1.4****: Promoting innovative services to the citizenry through the exchange of technical and government expertise and the exchange of best practice between governments and local/public authorities*

Table 1. Financial allocation IPA Adriatic CBC 2007-2011 (in MEuro), *Source: IPA Adriatic CBC Programme 2007-2013 First Operational Evaluation Report*

	2007	**2008**	**2009**	**2010**	**2011**	**Total 2007-11**
Priority 1	6.975.584	11.917.786	13.027.031	13.287.571	13.553.322	58.761.294

Table 2. Financing amounts /approved projects I Call /Priority 1 (in MEuro), *Source: IPA Adriatic CBC Programme 2007-2013 First Operational Evaluation Report*

	Measure 1.1	**Measure 1.2**	**Measure 1.4**	**Total**
Priority 1	6.282.455	2.503.804	7.660.769	24.914.856 (EU + National)
Approved projects, 1st Call	3	1	4	12

The theme Research and Innovation represents the issue mostly characterizing Measure 1.1. This theme is aimed to stimulate knowledge and technical competences' transfer through the creation of public/private networks (including Universities), a milestone for competitiveness in the Adriatic area. It seems interesting to notice that projects belonging to this Measure, even focused on different contents (respectively on water waste management, nautical supply chain and zootechny) will adopt networking and scientific cooperation as common methodology to develop the so-called "know-how transfer", which is essential to make IPA Adriatic CBC a challenging space for the constitution of Clusters and Innovation Incubators.

At the time that the IPA Adriatic CBC Programme 2007-2013 First Operational Evaluation Report was drafted it was not possible to adequately respond to the key evaluation questions concerning the actual impact of the various projects. Nevertheless

the "Overview of ex ante S.W.O.T. analysis" of the Adriatic CBC Programme 2007-2013 proposes that the following main needs are addressed:

- Additional efforts for effective participation in the research framework Programmes.
- Investment in research, through the involvement of industry and SMEs is to be increased.
- Increasing investment in R & D is one of the key objectives of the Lisbon Strategy, in order to provide a stimulus to improve the EU's competitiveness.
- Further integration in the European research area.
- Unify standards and methodologies for data collection.
- Investments in training and education linked to business improvement.
- Reinforce systemic cooperation between research and private/public companies/Support common schemes between business and university.
- Valorization of ICT for the preservation and enhancement of cultural resources/heritage (Greece/Italy).

Interesting information is also derived from the draft "Specific Framework- Innovation as key for economic development of the Adriatic Region" in which specific close consultation with the Participating States has resulted to the following recommendations per country:

Country	Needs
Albania	• support to SMEs should be mainly addressed to foster competitiveness both in terms of production and promotion • strategic projects should help in developing SMEs capacity to produce quality products and improve their competitiveness • fund networks and/or VET centers
Croatia	• special attention to technology parks and sustainable research networks by disseminating and connecting projects • micro-credit instruments, business angels and pilot projects • joint activities, exchange of experience and transfer of competences
Greece	• Ionian Island expressed the interest to work on a strategic project focused on supplying, through joint activities, innovative services to immigrants and vulnerable groups at the level of the Adriatic area
Italy	• little interest in innovation conceived as financial support to SMEs
Montenegro	• financial support to innovative SMEs • training for cluster managers • certification of agricultural, forest and wood products • development of studies/researches on water management of rivers • awareness raising for SMEs and capacity building for the use of European funds
Serbia	• Technology competence centers • best technological innovation competition • innovation capacity screening (for the food sector, ICT and processing sector) • innovation auditing and Innovation consultancy for SMEs

Slovenia	• developing entrepreneurial and innovation environment; • establishing cooperation networks; • fostering innovation capacities, culture; • raising awareness about the importance of innovation as economic driver; • creating mechanism oriented to SMEs; • promoting cross-border institutional cooperation

MED Programme

The MED programme encouraged dissemination of innovative technologies and know-how and strengthened strategic cooperation between public and private sectors. The following 2 objectives were supoprted

- Objective 1.1: Dissemination of innovative technologies and know-how
- Objective 1.2: Strengthening cooperation between economic development stakeholders and public authorities

Facts and figures:

- 60 projets approved: 45 standard projects, 9 targeted projects, 6 capitalisation projects
- 526 partners involved
- 1605 transnational activities set up by SMEs directly involved
- 9906 transnational activities set up by SMEs indirectly involved
- Total ERDF budget approved: 65.630.000 €

Examples of "Innovation" oriented projects

- Building transnational networks between organisations that support businesses, economic operators, chambers of commerce, clusters etc. to facilitate technology transfer as well as the dissemination of innovative practices and know-how.
- Developing transnational networks of research and resource centres, innovation and entrepreneurship centres and intermediate structures that facilitate innovation processes.

The "In-itinere evaluation report of the MED programme" does not provide particular analysis on the needs that relate to R&I in particular. However some general recommendations relevant to R&I are presented below:

- move away from the current tendency towards uniform calls for traditional projects;
- move towards projects which create or try out a method or a concept (energy, transport, etc.)
- move towards projects which build or develop a network of stakeholders in order to disseminate good practices
- move towards projects which exchange good practices in order to ensure shared knowledge in cross-cutting fields (climate change adaptation, risks)
- cover underrepresented sectors such as the tourism industry and culture.

1.1.2.4.3. Key points relevant to SME competitiveness and SME innovation

SMEs are key actors of the European economy, providing two out of three private sector jobs and more than half of the total value-added created by business. In recent years (2000-2010) SMEs had the double employment growth rate (1% annually) than large enterprises (0.5% a year). SMEs cover a wide range of businesses with very different sizes, capacities and types of activities[9].

SME innovation is dealt as a horizontal issue in the new programming period; it is one of the major drivers for competitiveness and obviously it necessitates measures of support. However, it is important that Smart Specialisation Strategies (RIS3) are employed in order to highlight the truly unique competitive advantages of each region/ country and focus support in business and innovation support services that would enable SMEs to leverage new markets resulting from the RIS3 visioning and priority-setting.

In addition sectoral/cross-sectoral specialisations in which businesses and (tech and non-tech) centres of excellence of each region/ country should be identified and promoted; in parallel to this generalist services need to exist alongside high-value added services and their provision needs to be segmented to meet the needs of the different categories of businesses/entrepreneurs (e.g. high-tech, low-tech, start-ups, micro-businesses and crafts, growth companies, social enterprises, champions of successful sector diversification, etc.).

A list of possible actions for SME Support services relevant to the scope of IP 1b- "Promoting business investment in R&I" is presented below:

- Support for the commercialization of new products and services and optimal use of the innovation potential of regional enterprises;
- Innovation management advice, IP advice, tech transfer, prototyping, market replication/market penetration, demonstrator projects, large scale demonstrators, proof-of concept;
- Market intelligence, analysis of emerging market opportunities;
- Facilitating the recruitment and retention of talent;
- Internationalisation support.

[9] "Draft Thematic Guidance Fiche For Desk Officers Competitiveness Of Small And Medium-Sized Enterprises (SME)", Version 2 - 13/03/2014

1.1.1.3.1. Performance of the programme area, indicative indicators

ERDF countries and regions

Table 3. R&I and SME competitiveness performance indicators for ERDF countries participating in the AIO Programme. *Source: European Commission, Directorate- General Regional and Urban Policy Analysis Unit B1, March 2014*

Region	Greece	Italy	Slovenia	Croatia	EU average
R&D and Innovation					
GERD (2012 data)	0.7	1.3	2.8	0.8	2.1
BERD as a % of total GERD (2012 data)	49.6	58.1	71.9	54.5	66.6
Patent applications to the EPO (per inhabitant), (2010-2011 data)	7.1	60.7	58.6	3.6	100.0
Employment in high- technology sectors (2012 data)	2.2	3.3	4.7	2.7	3.8
Employment in knowledge- intensive services (2012 data)	36.3	33.5	35.2	31.3	38.9
Competitiveness and business environment					
Competitiveness Index (2013 data)	19.1	38.5	50.1	24.9	52.5
Employment					
Employment rate, ages 20 – 64 (2012 data)	55.3	61.0	68.3	55.4	68.4
Unemployment rate (2012 data)	24.3	10.7	10.2	17.6	10.9
Economic policy and public finance					
Total investment (2012 data)	13.1	17.9	17.8	18.4	17.9
Net foreign direct investment (inflow) (2012 data)	0.7	0.0	-0.1	2.4	-
Public investment (2012 data)	1.8	1.9	3.2	2.0	2.3
Economic structure					
Employment in Industry (NACE B to E), (2012 data)	10.5	19.0	22.7	16.4	16.0

Employment in ICT, Financial and Real Estate Services (NACE J to L), (2012 data)	4.6	5.6	5.9	6.7	6.6
Productivity in Industry; GVA (PPS)/ Employment	103.4	87.2	71.3	81.4	100.0
Productivity in ICT, Financial and Real Estate Services; GVA (PPS)/ Employment, (2012 data)	159.9	100.0	65.9	80.2	100.00
% share of KIS SME employment in total SME employment (2009- 2010- 2011)	15.3	12.6	16.1		16.5

Special regional characteristics.			
Technologically advanced regions *(Source: KIT Knowledge, Innovation, Territory, Applied Research 2013/1/13, Interim Report| Version 24/02/2011, European Union)*	• Low tech regions	• Low tech regions • Advanced manufacturing regions • Advanced services regions	• Advanced manufacturing regions • Technologically-advanced regions
Scientific regions *(Source as above)*	• Regions with no specialization in knowledge activities	• Research intensive regions • Regions with no specialization in knowledge activities	• Scientific regions • Regions with no specialization in knowledge activities
Knowledge networking regions *(Source as above)*	• Non- interactive regions • Clustering regions	• Non- interactive regions • Clustering regions • Networking regions	• Networking regions
Territorial patterns of innovation *(Source: ESPON Factsheet, South East Europe, ESPON Project TERREVI, November 2012, European Union)*	• Smart and creative diversification area • Smart technological application area • Applied science area	• Imitative innovation area • Smart and creative diversification area • Smart technological application area	• Smart and creative diversification area • Smart technological application area

Table 4. Indicators for AIO eligible Italian regions. *Source: European Commission, Directorate- General Regional and Urban Policy Analysis Unit B1, March 2014*

Regional Indicators for Italy (AIO eligible regions)					
	Employment in knowledge- intensive services (2012 data)	**Unemployment rate (2012 data)**	**Productivity in industry and services (PPS, 2010 data)**	**Employment rate, ages 20 – 64 (% of population, aged 20 – 64), 2012 data**	**R&D expenditure (% of GDP), 2011 data**
Abruzzo	31.3	10.8	102.6	61.0	0.9
Basilicata	34.5	14.5	94.5	50.8	0.6
Calabria	36.7	19.3	99.1	45.2	0.5
Emilia Romagna	30.3	7.1	109.7	71.8	1.4
Friuli Venezia Giulia	35.4	6.8	108.9	67.7	1.5
Marche	29.4	9.1	96.1	67.0	0.8
Lombardia	31.2	7.5	122.8	69.1	1.3
Molise	34.1	12.0	99.5	54.7	0.5
Provincia Autonoma di Bolzano	33.6	4.1	121.6	76.9	1.0
Provincia Autonoma di Trento	38.6	6.1	115.6	70.3	1.5
Puglia	33.2	15.7	97.7	48.8	0.7
Sicilia	40.4	18.6	100.8	44.9	0.9
Umbria	29.9	9.8	95.5	65.6	0.9
Veneto	26.8	6.6	108.6	69.3	1.0

IPA countries

Table 5. R&I relevant indicators for the IPA countries participating in the AIO Programme. *Source: ERAWATCH, Platform on Research and Innovation policies and systems.*

	Albania	Serbia	Montenegro	Bosnia & Herzegovina
GERD as % of GDP	0.2 (2012 data)	0.96 (2012 data)	0.41 (2011 data)	0.29 (2011 data)
GERD financed by abroad as % of total GERD	-	9.19 (2012 data)	15 (2011 data)	10.9 (2011 data)
Researchers	2894 (2011 data)	13249 (2012 data)	1699 (2011 data)	781.4 (2011 data)
National patent applications	10 (2007 data)	211 (2012 data)	105	-
International patent applications	356 (2007 data)	1524 (2012 data)	2739	-
Patents applications	366 (2007 data)	1735 (2012 data)	2844	-

The key points from the analysis of R&I and SME performance indicators are as follows:

- With the exception of Slovenia all ERDF AIO countries allocate significantly lower **GDP shares to RTD (GERD)** in comparison to the EU average; similarly **business share in GERD** is less that EU average (again Slovenia is closer to EU standards); Similarly IPA countries have a very low GERD and BERD;
- **Patent applications** rates are low in Greece, Croatia, Serbia and Albania; Italy and Slovenia perform better but still much below EU standards;
- Greece and Croatia are below EU average levels with regards to the **employment in high- technology sectors**; Italy and especially Slovenia perform better (the latter above EU average);
- All ERDF AIO countries present EU average indices relevant to **employment in knowledge- intensive services**;
- Slovenia's **SME competitiveness performance** is comparable to EU's average; Italy, Slovenia and Greece lag behind (the latter by far);
- Greece and Croatia present significantly lower **employment rates**; Italy and primarily Slovenia present EU average comparable rates; **unemployment rates** in Croatia and especially Greece are well above EU average;
- **Investments** in Greece are below EU average; Slovenia, Croatia and Italy perform better;
- Slovenia's workforce is directed towards **Industry, ICT and Financial services**; Italy and Croatia follow this pattern at a EU average level; Greece's workforce is less employed in these sectors;
- **Slovenia's regions** are characterized as "Advanced manufacturing regions" and "Technologically- advanced regions" and "Scientific regions";
- **Italy's AIO eligible regions** have more diverse profiles (from "Low tech regions" to "Advanced manufacturing regions" and "Advanced services regions" and from "Research intensive regions" to "Regions with no specialization in knowledge activities");
- **Greece's regions** are characterized as "low tech"; "Regions with no specialization in knowledge activities" and "Non- interactive regions"; however some of them seem to be in the process of diversifying their production model ("Smart and creative diversification area");
- **AIO eligible Italian regions** present a **variety of performance** with regards to R&D expenditure (from 0.5% of total GDP for Molise and Calabria to 1.4 and 1.5% for Emilia Romagna and Friuli Venezia Giulia respectively; employment in knowledge- intensive services ranges from 29.4% of total employment in SMEs (Marche) to 40.1% (Sicily); differences also can be observed in unemployment (4.1- 19.3%) and employment rates (44.9-76.9%); and productivity in industry and services (94.5-121.6).

1.1.2.4.4. Needs of the region relevant to IP- 1b- Promoting business investment in innovation and research

Need	Relevant to national strategies etc.	Can be tackled in a Transnational ETC Programme	Can be tackled in the AIO?	Comments
Increased adoption of innovation and technologies by SMEs	Yes	Partially	Partially- increased adoption requires financial incentives that AIO can't provide	The AIO could support the dissemination and adaptation of innovative instruments and approaches should be sought for capacity building of SMEs instead of the traditional ones that are best tackled at a national/ regional level.
Increased cooperation between research and industry	Yes	Yes	Yes, the facilitation of clustering, networking and the establishment of linkages among the various triple helix actors can be typically tackled in ETC programmes	The AIO could focus on the exploitation of transnational and trans- regional cooperation and linkages and clustering of RIS3 pre-selected areas of competitive advantage for the AIO regions.
Increased business investment in R&I	Yes	Partially	Partially- increased business investment is depended on a large number of parameters (financial and tax stability, business environment, etc.) that are typically influenced by national policies.	The AIO could focus on the identification of hurdles to increased business investment in R&I and the adoption of measures to tackle the problem.
Commercialisation of research (innovation)	Yes	Partially	Partially- activities supporting the translation of research ideas to products and services (IP support, technology transfer, patenting, prototyping, etc.)	The AIO could focus on piloting professional services directly aiming SMEs are deployed along with capacity building for IPA innovation support mechanisms based on careful examination of reasons that hinder SME participation.
Development of smart specialisation strategies and examination of synergies among the various countries and regions	Yes	Partially	Partially, smart specialisation strategies are typically developed at a regional level. However, synergies among the various country/ regional strategies can be examined in the framework of AIO.	The AIO could focus on the identification of smart specialisation synergies among the various countries and regions and the transfer of RIS3 practices to the IPA countries and the programme area (e.g. related to Blue Growth).
Identification and exploitation of synergies with other relevant programmes	Yes	Partially	Partially- activities targeting the identification and exploitation of synergies can be part of AIO funded projects	This may be a standard "module" of AIO funded projects, i.e. the identification of additional means to fund innovative actions.
More emphasis on new innovation areas and approaches (Eco Innovation; Public Procurement for Innovation; Creative Industry;	Yes	Yes	Yes- the AIO programme can be used as a test- bed for such areas and approaches and for the dissemination of their benefits at a larger audience	The promotion of these new innovation areas and approaches can be beneficial both for ERDF and IPA countries. In particular social innovation and creative industry allow room for nurturing non-technological "soft" innovation which is relevant to many of the less developed regions in the AIO area.

Need	Relevant to national strategies etc.	Can be tackled in a Transnational ETC Programme	Can be tackled in the AIO?	Comments
Service Industry and Social Innovation, Procurement and Social Innovation)				
Innovation management support (IP advise, tech-transfer, prototyping, demonstrators, etc.)	Yes	Partially	Partially- "soft actions" can be relevant to the AIO programme; however more advanced and resource- demanding applications (such as prototyping and demonstrators) require funding which AIO cannot provide	Innovation management support can be especially beneficial for IPA countries; capacity building can be directed to the local innovation support mechanisms.

1.1.2.4.5. Conclusion scope of addressing needs and challenges for transnational cooperation

The selected needs of the AIO area that are relevant to *"IP 1b: Promoting business investment in innovation and research, and developing links and synergies between enterprises, R&D centres and higher education"* were described above. These needs and challenges are effectively in line with the objectives and investment priorities pre-selected in the 1st draft of the Adriatic Ionian Cooperation Programme 2014-2020. More specifically:

- **Increased adoption of innovation and technologies by SMEs:** tackling this need is in line with AIO's objective of promoting business investment in R&I
- **Increased cooperation between research and industry;** in line with AIO's objective of developing links and synergies between enterprises, R&D centres and higher education; and supporting networking, clusters and open innovation;
- **Increased business investment in R&I;** in line with AIO's objective of increased SME participation in innovative actions;
- **Commercialisation of research (innovation);** in line with AIO's objective of supporting product and service development; technological and applied research, pilot lines, early product validation actions;
- **Development of smart specialisation strategies and examination of synergies among the various countries and regions;** in line with AIO's objective on the use of RIS3 results;
- **Identification and exploitation of synergies with other relevant programmes;** in line with the necessity to exploit all available resources depending on the type of innovative activity;
- **More emphasis on new innovation areas and approaches (Eco Innovation; Public Procurement for Innovation; Creative Industry; Service Industry and Social Innovation, Procurement and Social Innovation);** in line with AIO's objective to exploit social innovation, eco-innovation, public service applications and other new innovation support measures;

- **Innovation management support (IP advise, tech- transfer, prototyping, demonstrators, etc.);** in line with AIO's objective of supporting product and service development; technological and applied research, pilot lines, early product validation actions.

1.1.2.5. Low Carbon Economy, Culture and Environment (TO4 and 6)

1.1.2.5.1. Policy context and relevance to EU 2020

Energy policy is perceived as one of the key challenges of the coming decade at European, but also at global level. The recent past has been marked by a significant number of strategic documents at European level and the requirement to transpose it into national strategies and action plans.

In order to ensure the achievement of the 20/20/20 goals Member States need to invest in measures which support the shift towards a resource-efficient and low-carbon European economy that is efficient in the way it uses all resources, to decouple economic growth from resource and energy use, reduce CO2 emissions, enhance competitiveness and promote greater energy security.

The ESI Funds can contribute to accelerating the implementation of EU legislation on renewable energy and energy efficiency, in particular the Energy Performance of Buildings Directive, the Energy Services Directive, the Renewable Energy Directive and the Strategic Energy Technology Plan.

In 2012, the EU adopted the Directive on Energy Efficiency. The Directive brings forward legally binding measures to step up Member States' efforts to use energy more efficiently at all stages of the energy chain: from production over transformation and distribution networks to final consumption. Measures include the legal obligation to establish energy efficiency schemes or policy measures in all Member States. These will drive energy efficiency improvements in households, industries and transport sectors. Other measures include an exemplary role to be played by the public sector and a right for consumers to be able to monitor energy consumption closely.

Under its priority "Sustainable growth" (promoting a more resource-efficient, greener and more competitive economy) the Europe 2020 strategy pursues the Flagship Initiative "Resource- efficient Europe".

Related to the achievement of the EU2020 headline targets, the most relevant are:

2. **R&D / innovation**- 3% of the EU's GDP (public and private combined) to be invested in R&D/innovation: *increase in business R&I investments is necessary to achieve this goal and leverage public spending in research;*
3. **Climate change / energy**- greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than 1990; 20% of energy from renewables; 20% increase in energy efficiency: *sustainable development can be promoted by means of R&I investments in energy and environment related R&I investments. In addition EU's energy and environment related industry will greatly benefit from business investment in R&I;*

In the context of this Flagship Initiative, the Roadmap to a Resource-efficient Europe should be mentioned. Among others the Roadmap addresses issues like:

- **Turning waste into a resource**: e.g. through separate collection systems and the establishment of functional markets for recycled raw materials, elimination of landfills and energy recovery of residuals;
- **Supporting research and innovation**: through substantial increases in investment, coherence in addressing the societal challenge of resource efficiency, climate change and resilience, and in gains from smart specialisation and cooperation within the European research area
- **Removing environmentally harmful subsidies**: removing and abolishing environmentally harmful subsidies (EHS) and separating social or business support measures from subsidies that might hamper sound environmental practice (e.g. artificially low electricity prices), shifting taxation from labour to resources consumption
- **Safeguarding ecosystem services**: introducing an ecosystem services and natural capital valuation system, introducing an EU biodiversity strategy and assessment of the impact of agriculture and fisheries
- **Improving efficiency of natural resources and protecting air, land and water**: ensuring security of supply, introducing a 'circular economy', where waste becomes a resource, taking lifecycle impacts into account, improving market structures and in the case of water ensuring the implementation of all Water Framework Directive (WFD) River Basin Management Plans to achieve the WFD general objective; i.e. good environmental and ecological status of rivers and lakes, transitional (estuarine) and coastal waters and groundwater.
- **Improving the efficiency of buildings and transport**: introducing the lifecycle approach, achieving nearly zero energy demand and minimising transport impacts on the environment.

1.1.2.5.2. Situation in the programme area

Overall the programme area is characterised by relatively high CO2 emissions, where Bosnia and Herzegovina, Greece and Slovenia have high per capita emissions (over 8,3 teq). Italy and Serbia range a bit lower (at appr.6,5 teq), Croatia and Montenegro at appr. half of the level of the first group and Albania being distinctively lower at 1,5 teq per capita and year, as a result of the low motorisation and the very high share of electricity from Renewable Energy Sources (RES).

In the RES sector there is a division between the four Member States, where RES is relatively low but diversified (with wind power and photovoltaic (PV) being well developed mainly in Greece and Italy) and with a higher share in the four non-member states (due to the high importance of hydro-power).

Table 1: Low Carbon Economy context indicators

	GHG in Thousands of tonnes CO2 eq.	RE in %	PEC in Million TOE (2012)	Energy Intensity in kg of oil equivalent per 1000 EUR (2012)	Road Share of Inland Freight Transport in % of tonnes km transported (2011)	Wind Energy Production in TOE (2012)	PV Energy Production in TOE (2012)	Motorisation Rate in Cars per 1000 inhabitants
Croatia (HR)	20.715 (2011)	16,8 (2012)	7,6	224,9	74	28,3	0,2	345 (2011 data)
Greece (GR)	92.165 (2011)	13,8 (2012)	25,9	165,7	97,2	331	145,7	349 (2003 data)
Italy (IT)	404.444 (2011)	13,5 (2012)	155,2	117,3	87,8	1.152,8	1.621,8	610 (2011

								data)
Slovenia (SI)	15.983 (2011)	20,2 (2012)	6,9	227,7	76,06	0	14	519 (2011 data)
Source	http://appsso.eurostat.ec.europa.eu							
Albania (AL)	4.283 (2010)	97 (2011)	2,2 (2011)	55,5 (est.)	99 (est.)	0	0	118
Bosnia and Herzegovina (BA)	31.125 (2010)	28,7 (2011)	7,1 (2011)	147 (est.)	65 (est.)	0	0	217
Montenegro (ME)	2.581 (2010)	45,8 (2011)	1,2 (2011)	98 (est.)	100 (est.)	0	0	311
Serbia (RS)	45.962 (2010)	22,8 (2011)	16,2 (2011)	139 (est.)	65 (est.)	0	0	215
Source	http://databank.worldbank.org							

Considering Primary Energy Consumption (PEC) Slovenia fares relatively high in relation to its size due to its industrial structure, while Greece, Italy and Montenegro demonstrate lower due to the higher share of services in the GDP. Bosnia, Croatia and Serbia have similar medium per capita values, while Albania has a very low PEC level per inhabitant. Considering energy intensity and efficiency all countries are facing however similar constraints, either in the sense of the need to become more energy efficient or in the sense of transforming their economic structure without becoming increasingly energy demanding.

Land-bound transport modi and related emissions are heavily depended on country form, topography and availability of reliable railway alternatives. Hence it comes to no surprise that Albania, Greece, Italy (in the AIO regions) and Montenegro are heavily road-transport dependent. Water transport plays a relatively negligible role in inland freight transport. In insular cases like Croatia and Greece, where the designation “water inland freight” does not apply, the transport routes are usually related to transportation of goods on trucks (RORO).

Motorisation rates are high in Italy and Slovenia, close to the European average and lower in Croatia, Greece and Montenegro and relatively low in Albania, Bosnia and Herzegovina and Serbia. The lower numbers in those countries are usually related to lower income but are constantly rising.

1.1.2.6. ENVIRONMENT, NATURAL AND CULTURAL HERITAGE

1.1.2.6.1. Policy context and relevance to EU 2020

Under its priority "Sustainable growth" (promoting a more resource-efficient, greener and more competitive economy) the Europe 2020 strategy pursues the Flagship Initiative "Resource- efficient Europe". The topics of environment, natural and cultural heritage are not directly contributing to one of the EU2020 headline targets.

The EU's Biodiversity Strategy (2011) in line with the EUROPE 2020 strategy (2010) sets the goal of halting the loss of biodiversity and the degradation of ecosystem functions by 2020, and restoring them to the extent feasible. In this respect, the Natura 2000 network, which consists of Special Protection Areas (SPAs) and Special Areas of Conservation (SACs) provides a common EU framework to safeguard natural assets and serves as the main European instrument to achieve the biodiversity objectives.

Another relevant policy instrument is the EU Water Framework Directive (2000), which establishes a common basis for actions in the field of water policy and integrated river basin management.

Various Roadmaps and other strategies have been adopted that support this over-arching objective – including on resource efficiency, a low carbon economy, transport, energy, and biodiversity – providing specific details in some areas and short-medium term steps in others. National reform programmes (NRPs), together with stability/convergence programmes translate the objectives of the Europe 2020 Strategy into national targets and "growth-enhancing" policies in Member States. Implementation of the Strategy has been supported since 2011 through the creation an annual cycle of economic policy coordination known as the "European Semester". Resource efficiency is one of the areas addressed through the European Semester, and to date has focused on the provisional headline indicator of resource productivity, through thematic indicators such as municipal waste management and environmental taxation, and other resource areas such as water and air quality.

2.2 Situation in the programme area

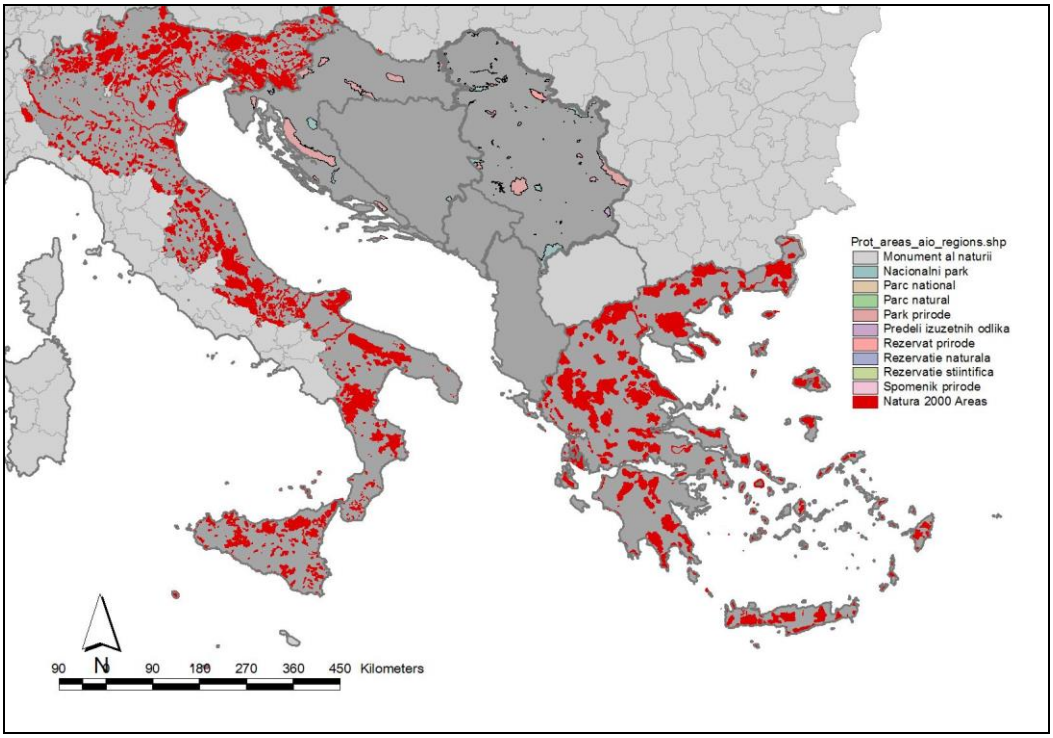
The programme area is characterised by great variety of land cover and usages among the coastal areas around the Adriatic, the Ionian and the Aegean with high density of human settlements and activities, the plains in the northwest (northern Italy) and northeast (mainly Voivodina and Slavonia) and the relatively sparsely populated, mountainous and densely forested Dinaric spine ranging from Slovenia to the Cape Matapan in the Peloponnese.

Figure 1: Land cover and land use[10]

[10] The SFC template does not allow the use of maps, they will be provided in an annex.

Source: EEA, 2014, own design (red: urban areas, green: forests, yellow: agriculture, grey: barren lands)

Figure 2: NATURA 2000 and Nature Protected Areas in the programme area



Source: EEA, 2014, own design

The area contains over 2.300 NATURA 2000 areas with a total area of 109.334 square kilometres (i.e. an area larger than Serbia) and 534 natural protected areas in the four non-member states with a total area of 1.550 square kilometres. Considering the area under natural protection, there is a clear division between the "older" member states Greece, Italy and Slovenia and Croatia and the four non-member states. In the first three the share of protected areas and Natura sites is much larger. This indicates a different approach in designation and management of these areas.

Table 2: Environmental situation, basic context indicators

	Mountain Areas (in%)	Forest area (in %)	Agr. area (in %)	Annual freshwater for agriculture (in %)	Land and marine protected areas (in %)	Population density (person/sqkm)	Population in agglomerations over 1 million (%)	Rural population (%)	Topographic diversity
Croatia (HR)	20	34	23	2	14	76	-	41	High (East-West)
Greece (GR)	45	30	63	89	34	86	40	38	High
Italy (IT)	35	31	47	44	21	170	17	31	Medium (North-South)
Slovenia (SI)	40	62	22	2	54	102	-	50	High
Albania (AL)	65	28	44	57	10	115	-	45	High
Bosnia and Herzegovina (BA)	55	42	42	NA	1,5	75	-	51	High
Montenegro (ME)	65	40	38	NA	14	46	-	36	High
Serbia (RS)	35	31	57	2	6	82	15	43	Medium (North-South)
Sources	Nordregio (2004), Mountain Areas in Europe	2011, World Bank	2011, 2011, Eurostat	2011, World Bank	2011, World Bank	2011, Eurostat	2011, World Bank	2011, Eurostat	Calculation based on geographic form and elevation variation

Topography and Land uses

The area is characterised by extensive mountain areas (Albania, Greece, Montenegro and Slovenia being some of the most mountainous areas in Europe). The topographic diversity within the single countries (calculation based on geographic form and elevation variation) and the area as a whole is very high; exceptions to the rule being Italy and Serbia with plains in the North/North Eastern and moderate mountain ranges in the South.

The area has a relative high degree of forest coverage (although percentages vary among various sources based on methodology), which is however under threat. Agriculture is also ranging from 22% of the area in Slovenia to 63% in Greece. Agriculture is an important landscape determining factor in the area, thus affecting biodiversity and attractiveness of the area, an important economic sector in many cases but also a significant environmental pressure factor in areas like the Po valley in Italy, the Voivodina in Serbia or Central Macedonia and Thessaly in Greece due to the nutrient and pesticides discharges. Freshwater use varies considerable from 2% in Serbia to 89% in Greece; the variation should be considered in the light of agriculture importance in the economy (e.g. in Albania), the dependency of agriculture on irrigation and precipitation, but also the degree of specialisation and sophistication of the agricultural holdings (e.g. greenhouses and cotton in Italy and Greece). Indeed regarding the abstraction of fresh surface water per capita in the programme area, the highest volumes were observed in Greece (521 m3 in 2007) and Serbia (506 m3 in 2011); while the lowest were recorded in Croatia (133 m3 in 2011). The Member State with the highest fresh ground water abstraction per capita was also Greece (327 m3 in 2007) (Source: Eurostat (2014) online data code: env_wat_abs).

Agglomerations and human pressure

While population density does not vary considerably (Italy and Montenegro being exceptions) there is much bigger variation within the countries with Greece (Athens and Thessaloniki), Italy (Lombardia, Veneto, Emilia-Romagna and Puglia) and Serbia (Belgrade). Smaller, more polycentric countries, like Bosnia and Herzegovina and Slovenia have a higher number of rural population and population living in different smaller towns. These patterns have important implications both on the level of human

pressure in specific areas but also in relation to the existence of un-fragmented habitats and natural areas.

Per capita water use by the domestic sector in cooperation countries was particularly high in Greece (almost 89 m3 in 2011) with the increase of 52% from the trend in 2001. Slovenia experienced a minute rise while Croatia a small fall. However, as data availability was limited, conclusions should be drawn with caution ((Source: Eurostat (2014) online data code: env_wat_cat).

Table 3: Population connected to at least secondary wastewater treatment (% of national resident population)

	Population connected to at least secondary wastewater treatment (% of national resident population)
Croatia (HR)	22 (2007)
Greece (GR)	92 (2011)
Italy (IT)	94 (2005)
Slovenia (SI)	55 (2011)
Albania (AL)	NA
Bosnia and Herzegovina (BA)	NA
Montenegro (ME)	NA
Serbia (RS)	10 (2011)
Sources	Source: Eurostat (online data code: env_ww_con)

The AIO partner states practice different approaches in the water field. Besides the overall high consumption, which is partially caused by low water prices and low collection rates, other problems in the water supply system include water shortages, especially in the coastal region and during the summer season, and insufficient level of coverage of the rural areas with public water supply systems (with poor water quality control for the waters from the rural water supply systems and other sources). Quality of drinking water is regularly monitored for the public water supply systems and the quality requirements are in line with WHO and EU standards. Discharge of communal and industrial wastewater into natural recipients is done with almost no treatment other than primary An additional problem is the lack of pre-treatment of industrial wastewater discharged into the public sewage systems, and a low level of residential connection to the sewerage especially in the remote areas.
In the context of the Water Framework Directive (WFD), the EU wants to put in place a common methodology for cost-recovery calculation, which would take account of the polluter pays principle. Water pricing – included in the WFD – has to be realistic and take account of environmental costs, but at present, in many cases, it is not working. Incentives for domestic consumers, farmers and businesses to use water more carefully should be installed through adequate pricing levels based on water-metering.

Croatia has largely aligned its legislation to the acquisin the field of water quality. The new draft Water Act due to ensure further compliance with the acquis was not adopted yet. Transitional arrangements have been agreed until 31 December for 2023 for urban waste water collection and treatment systems with intermediate deadlines for part of the Decision until 31 December 2018 and 31 December 2020, and for the quality of water intended for human consumption with regard to microbiological parameters until 31 December 2018. Croatia will as agreed start implementing the new Bathing Water Directive from the date of accession. Reforms in the water sector are proceeding slowly. Pending problems linked to insufficient quality of environmental impact studies for water projects need to be solved. Croatia needs to speed up investments in infrastructure to comply with the acquis. Consolidation is needed in order to secure adequate availability of services across Croatia, provide basic prerequisites for a more balanced regional

development and secure efficient management of resources, as well as the protection of the natural environment.
In accordance with the water framework directive Croatia prepared the first River Basin management plan for the period 2013-2015, while the second one, covering the period 2016-2021 is under preparation.

In Italy the water tariff is based (with very few exceptions) on irrigated area rather than on volumetric usage, moreover water tariffs for farmers are lower than for other users (water tariffs for agriculture vary significantly across the regions and the different river basins, and range from 30 EUR/ha to 100 EUR/ha, and in some cases up to 700 EUR/ha) and do not cover investment or depreciation costs, but only part of operation and maintenance costs.

In Greece the situation is similar to Italy, although prices tend to be lower in the agriculture. In urban areas water prices are considerably low and do not ensure cost recovery, which has had environmental consequences and contributed to cumulative debts for water utility companies for smaller towns, since in Athens and Thessaloniki different economies of scale apply.

In Slovenia the pricing structure for household users is set out at national level, the pricing itself is carried out at municipal level and there are differences in methodologies used by the municipal water companies thus price levels can vary significantly between municipalities. Exemptions are also applied, in particular for the agriculture sector which can also be considered examples of Environmental Harmful Subsidies as they incentivize environmentally damaging activities/practices. The water pricing policy together with the implementation of meters at the farm level is expected to maintain the low use of water in agriculture (water abstraction for agriculture accounted for less than 1% of total abstraction), while water use at household level decreased by 12% between 2002 and 2009.

In Albania recent developments demonstrate improvements. Centralized wastewater collection only exists in the larger cities. Four wastewater treatment plants are functioning while three other plants are completed but not yet operational and two more are under construction. Current financial and human investments are not sufficient to ensure the proper functioning and maintenance of existing wastewater treatment plants. The capacity of public water companies to manage basic services in delivering drinking water and waste water treatment is weak. Development of river basin management plans, including at regional level, is at an early stage.

Regarding water management in Bosnia and Herzegovina, no efforts were made to ensure a consistent and harmonised approach to water management at State-level, including implementation of the water laws, monitoring and river-basin management plans. The Federation adopted implementing legislation on determining ecologically acceptable flow for surface water bodies. Steps were taken towards developing relevant strategies in the Entities and of river basin management plans for the rivers Neretva, Trebisnjica and Sava. Access to drinking water, untreated discharges of wastewater and flood management still pose challenges.

Montenegro on the other hand has good quality and abundant underground and surface waters (unlike most of the Mediterranean region, where water shortages are present) due to rich rainfall and relatively well-preserved water resources and low density. But the

average consumption is exceptionally high. This can partly be attributed to climatic conditions, but is mainly due to wasteful use of water and high losses in the water supply systems.

In Serbia a Regulation on the Annual Water Monitoring Programme was recently adopted. Completion of the surface and groundwater monitoring network is pending, as is the alignment of the geographical remit of the river basin management authorities to the boundaries of the river basins. Strategic investment planning in water pollution abatement continues to be hampered by the absence of a national water protection strategy. The delineation of competences between the national and local levels for infrastructure projects needs to be clarified. Projects charged with flood risk mapping have been concluded and vulnerability and flood risk maps for about 50% of Serbia's flood-prone areas are in place. The construction of plants in Vrbas, Kula, Leskovac and Sabac has not yet been completed. The capacity of the Ministry of Agriculture's Water Directorate remains to be enhanced.

In the field of **waste generation**, the area is characterized by lower waste levels than the EU28 but with rapidly rising per capita levels and overall poorly coordinated waste management mechanisms with limited recycling structures and a heavy reliance on (often uncontrolled) landfills.

Table 4: Waste generation by economic activity and households and Waste Management, 2010 (thousand tons)

	Total waste	Mining and quarrying	Construction	Manufacturing	Electricity, gas, steam and air conditioning	Waste from households	Other	Recovery	Energy recovery	Incineration	Disposal
EU-28	2.505.400	671.780	859.740	275.580	86.040	218.590	393.670	1.145.110	89.650	42.280	1.061.68
Croatia (HR)	3.158	29	8	634	108	0	2.379	403	110	24	2.048
Greece (GR)	70.433	44.793	2.086	4.941	11.029	5. 198	2.387	11.722	126	21	58.520
Italy (IT)	158.628	706	59.340	35.928	2.660	32.479	27.515	93.037	2.373	6.092	25.655
Slovenia (SI)	5.159	12	1.509	1.517	558	728	835	3.885	282	35	1.436
Albania (AL)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Bosnia and Herzegovina (BA)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Montenegro (ME)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Serbia (RS)	33.623	26.458	0	1.146	6.019	0	0	565	26	1	32.466
Sources	Source: Eurostat (online data code: env_wasgen, env_wastrt)										

There were considerable variations among the countries, both in the amount of waste generated in 2010 and the activities that contributed considerably to waste generation. The total amount of waste generated ranged between 3.158 thousand tons in Croatia and 158.628 thousand tons in Italy which is more than Greece, Croatia, Slovenia and Serbia together. Regarding waste generation by activity, construction accounted for the largest share of generated waste. The manufacturing industry accounted for the largest share of generated waste in Slovenia (29 %) and Croatia (20 %).

The main challenge in **Croatia** right now is the integration and adoption of the acquis. Legislative alignment in the field of waste management has further advanced but needs further attention, in particular as regards the Waste Framework Directive and the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive (RoHS Directive). The new waste management strategy has not yet

been adopted. In terms of (municipal) waste management Croatia recorded lower per capita municipal waste generation (391 per capita in 2012) than is the EU-27 average (492 kg per capita in 2012), with quite a high collection coverage rate (99% in 2012). However, the waste management performance indicators are lower than the EU-27 average in 2012 in terms of level of material recycling of municipal waste (51 kg/per capita vs. 132 kg/per capita respectively) and subsequently share of municipal waste landfilled (323 kg/per capita vs. 162 kg/per capita respectively). Around 83% of the municipal waste in Croatia is the being land filled, whereas the EU average is around 40. The situation is somewhat better with special categories of waste, which are subject to specific legally prescribed modes of separate collection and reuse (they are also financially subsidized), with a rate of collection and reuse varying from 35% (for electrical and electronical waste) up to 85% (for packaging waste). In terms of landfills, in 2012 a total 113 municipal waste landfills were remediated and closed with 51 being in the process of remediation and 139 still being in use mainly for the purpose of land filling municipal waste. In addition to the official waste landfills, there are an estimated 3,000 unregulated landfills (wild dumps). Croatia does not have in place a functional system for hazardous waste management, which is in fact mainly (up to 70%) not even being reported.

In Italy, municipal waste has increased between 2000 and 2010 from 28mt to 32mt, equivalent to 509kg to 531kg/person, higher than the 520kg/person EU average for 2010. The country has great variability in waste management quality, with very well performing (high recycling/composting, stabilized or reduced waste generation levels) regions as well as extremely poor performing regions. Italy's recycling and recovery rates are still in transition, for example it doubled municipal waste recycling between 2000 and 2010 from 10% to 20%, and it reduced its landfilling of municipal waste in that time from 76% to 48%.
It is anticipated that Italy will meet the 2020 target of 50% municipal waste recycling. However, it is questionable whether the 2009 (2013 with derogations) biodegradable municipal waste diversion target will be met.
focus in previous years has been on the much-needed closure of illegal or sub-optimally performing landfills. This has led to a shortage in landfill capacity. This situation has been exacerbated by poorly developed waste collection services. In some regions, since the closure of many landfills, political focus has been on building of large incinerators instead of introducing recycling/composting collection systems. This also explains the wide discrepancies in recycling performances between regions. In general, technical barriers to good waste management include lacking and misused infrastructure, surplus staff and poor management.

Italy also does not make full use of polluter pays or extended producer responsibility tools, which are key in waste management. Although a landfill tax was introduced in 1996 (through a law defining the upper and lower levels of the tax, with tax levels set at a regional level), the levels vary widely between regions and is generally considered to be low. Italy has also introduced an incineration tax of 125 EUR per tonne which is considered relatively high with respect to other Member States. PAYT systems have been introduced in 1,000 of 8,100 municipal ties, although amounts paid are often linked to the surface area of the household and to the number of inhabitants, rather than to actual waste generation.

The situation in **Greece** resembles Italy in many cases, although the transition process to better performing and re source-efficient waste management is at an early stage. Attention is still, rightly, given to improving practices at landfills and in closing illegal

and uncontrolled dumping sites. No landfill tax has been introduced, and there are no landfill bans.
Producer responsibility schemes are in place for packaging waste, WEEE, and batteries, although it is not clear whether these cover full costs of collection and recycling.

Slovenia's municipal solid waste levels are slightly lower than the EU average and have decreased from 1995 to 2009 (even achieving absolute decoupling from economic performance) to achieve 511kg/person.
Landfilling has been reducing, to 64.5% in 2010 and 58% in 2011 although it is not clear whether the 2016 landfill diversion target will be met. Waste recovery has increased from 35% in 2009 to 41% in 2010, although it is not clear if this is a mix of recycling and energy recovery, especially as a figure of 42% incineration without energy recovery has been provided.

In Albania implementing legislation on waste management was adopted and management plans were prepared in Tirana, Lezha and Shkodra. Waste management remains a serious cause of concern in Albania. Separation of waste has not yet started with few exceptions and recycling rates are very low. The recycling industry is nascent and has to import most of the required raw materials from outside the country. Municipalities have very weak capacities to manage waste, including at the end destination. Most of the waste is still disposed of unsafely in legal and illegal dumpsites or burned. To date, only two sanitary landfills complying with EU standards exist. The construction of one landfill in Korça is under way. There are still no facilities for hazardous, medical and construction waste, and no clear procedure for the management and control of landfills. New investments in the area of waste should focus more on waste separation and recycling.

In Bosnia and Herzegovina planning for solid waste management infrastructure intensified with the completion of studies for selection of locations for future regional sanitary landfills and municipal waste management plans for selected regions. However, there is no countrywide strategic planning of investment in this sector. The Federation adopted implementing legislation on management of waste electrical and electronic equipment (WEEE). Republika Srpska and the Federation adopted implementing legislation on packaging and packaging waste. There are limited economic instruments in place to promote recycling and prevention of waste generation. New investments in the area of waste should focus more on waste separation and recycling. Capacity to manage industrial and hazardous waste is weak.

In the area of waste management**, Montenegro** adopted implementing legislation on waste oil handling, on handling PCB-containing equipment and waste, on handling and processing construction waste, and on conditions and methods of disposal of cement asbestos waste. While the legislative framework is advancing, further efforts are needed for its implementation and enforcement. The development of an integrated waste management system remains at an early stage, with waste continuing to be disposed of in open sites or in multiple unauthorised dumps. Cooperation among state and local authorities needs to be strengthened. New investments in this area are needed. They should in particular focus more on waste separation and recycling. Besides major systemic issues in waste management and negative environmental impacts related therewith (soil, groundwater and surface waters pollution, public health hazards), another important issue relates to low awareness of the need to reduce waste generation and provide for its appropriate treatment/disposal.

Serbia has 6 EU compliant regional sanitary landfills currently functioning. The collection rate of household waste has increased from 72% to 78%. Other forms of waste management need to be developed in order to use landfilling only as a last resort. A new regional waste management center has been opened in Pirot. Noncompliant landfills need to be closed more quickly and enforcement of waste legislation enhanced. Full alignment with the Waste Framework Directive is yet to be achieved. New investments in the area of waste should focus more on waste separation and recycling. An investment pipeline linked to strategic priorities remains to be developed. Progress in hazardous waste management has been impeded by the cancellation of the previously applied system of product charges. Currently only approximately 60% (2009 estimate) of the Serbian population is provided with organized waste collection services and coverage is particularly low in rural areas. The vast majority of the waste collected is disposed of to landfill, of which there are 164 registered landfills and over four thousand unauthorized dump sites. Of the registered landfills six (Kikinda, Lapovo, Leskovac, Vranje, Jagodina, Pančevo), are sanitary landfills, serving about 16% of the population. A further 4 sanitary landfills are currently being commissioned, which will bring the total population served to 30% (60 municipalities). Other types of management and disposal operations such as incineration or mechanical and biological treatment (MBT) are not currently used. Conditions vary markedly between municipalities, but in many instances the waste collection equipment (trucks, trailers, compactors) is at, or close to, the end of its economic lifespan. Although most municipalities have established Public Utility Companies (PUCs) to provide waste management services, most of these are too small to achieve the technical or cost efficiencies required of a modern waste management operation.

Table 5: Municipal waste generated (kg per capita)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	Change (2003 - 2011, %)
EU-27	514	513	516	522	523	520	512	513	499	-2,9
HR	268	295	326	337	387	403	393	369	373	39,2
GR	427	432	437	442	447	452	457	457	496	16,2
IT	521	535	540	552	548	543	533	531	535	2,7
SI	418	417	422	431	439	457	448	422	411	-1,7
AL	184	200	199	230	229	240	267	n/a	n/a	45,1
BA	236	254	262	255	317	356	388	403	410	73,7
ME	n/a	n/a	n/a	n/a	n/a	n/a	290	532	479	65,2
RS	n/a	n/a	n/a	233	280	347	359	n/a	361	54,9

Source: EEA, 2013

Considering waste management, recent studies have clustered countries into different performance levels:

- High performing countries that generally have met or exceeded EU waste legislation targets.

- Medium-performing/transitional countries (including Italy, Slovenia) are typically characterized by mid-level recycling, around 25-30%, and landfilling between 35-50%. As Slovenia more recently joined the EU, important changes have been made to pre-EU waste management practices but it still remains to be seen how a

recycling society is to be supported by political, economic and infrastructural frameworks. For many of the medium-performing countries, a focus is needed on setting up the appropriate political, economic and infrastructure framework to avoid diverting waste from landfill to incineration instead of to recycling. The use of economic instruments plays a key role in helping to fund such infrastructure creation and development, while also effecting behavioral change to less wasteful practices.

- Lower-performing/limited countries (including Greece) generally still have extremely high levels of landfilling, which is the lowest level of the waste hierarchy and therefore not in line with either the spirit or the letter of EU legislation. Recycling and composting levels also remain very low. Hence, the transitions are very long (30 years for Greece) or extremely slow (the majority of the countries in this group joined the EU in 2004) and waste management does not appear to be receiving the attention required of an activity with significant green economy and resource efficiency potential and considerable impacts on human health and the environment.

These lower-performing countries also often have no or only very weak schemes in place, whether to implement producer responsibility elements of the recycling directives or household charging for waste collection, or to encourage treatment at the higher levels of the waste hierarchy through landfill and incineration taxes or levies.

Cultural Heritage

Additionally to the rich biodiversity of the region, the programme area represents one of the richest regions in Europe in terms of variety of cultures. There is a remarkable diversity of traditions, languages, religions and architectural monuments ranging from antiquity to modern times.

It can be observed that in most of the cases the value of the cultural heritage was acknowledged and there is a large number of sites put under protection. This is proven by the number of world heritage sites which can be found in the Adriatic Ionian Programme Area region. There are 62 UNESCO World Heritage Sites in the area (55 Cultural, 5 natural and 2 mixed) covering a total area of 347.000 hectares altogether creating a very attractive destination for tourism. Out of them 23 are in the Italian regions and 19 in Greece, 7 in Croatia, 4 in Serbia and the rest in the remaining countries

Nevertheless the level of condition, accessibility and presentation varies significantly among countries. In order to properly valorise these assets through tourism, efforts are needed for improving the management of the sites both in terms of preservation and in development of sustainable methods of exploitation. The transnational programme can provide the optimal framework for coordination of such actions and can support the development of transnational strategies for jointly promoting the Region as a tourist destination.

The cultural diversity can represent a high potential for development, the coexistence of numerous ethnic, language and religious groups creating the premises for easier communication and more intensive collaboration. This is even more strengthened by the large number of migrants concentrated around major cities of the region. The specific milieu of multiculturalism represents a source for developing the cultural creativity and to boost the creative industries, which can lead to more and better jobs both in culture-related fields and in tourism as well, thus increasing the attractiveness of the region

1.1.2.6.2. Lessons learnt from the implementation of the SEE 2007-2013

Low carbon and climate change mitigation strategies have received a strong focus under the SEE Programme through the AoI 2.4 "Promote energy and resource efficiency". Despite the fact that the topic has a reduced transnational relevance due to actions that are more focused on national/local level, the approved projects succeeded to exploit the added value of the joint cooperation and work in addressing the issue.

Low carbon applications and renewable energy sources have been sufficiently covered.

The use of RES combined with energy efficiency (EE) measures in public buildings and in private housing sector has been widely covered from different angles (e.g. energy efficient public procurement in public authorities, local policies to improve energy efficiency in buildings, etc.).

Low carbon strategies at national level have been addressed through one project by the ministries of environment of the EU candidate and potential candidate countries as well as EU MS, in order to support a consistent harmonisation of the environmental acquis at national level.

The added value of the transnational actions should be emphasised (e.g. joint strategies, policies applicable in the macro-region by urban areas having the same characteristic), to differentiate the activities that could be funded by national funds and by other energy-tailored financial instrument such as Intelligent Energy Europe (IEE).

In the field of environment, natural and cultural heritage the SEE programme has been partially covered by the entire Priority 2 "Protection and improvement of the environment" through the four Areas of Interventions (AoIs).

Projects tackled a very broad range of topics, such water management, management of river basins, flood risk prevention and management, drinking water scarcity and supply and the usage of water in agriculture. Flood risk prevention and management was tackled by two AoI: 2.1 and 2.2, which combined actions both aimed at better managing rivers and river basins with preventive measures in avoiding flood risks and at creating and updating proper tools to avoid or manage flood risks.

A usual weakness of many proposals and projects is the imbalance between the wish for local action of some kind and the necessity for a transnational dimension. This was especially the case with projects related to waste but also with projects on biodiversity, soil protection and restoration, green infrastructures etc. hence transnational projects should focus on connectivity, exchange, interoperability up to transnational management.

Considering risk management and climate change, the topic has been widely addressed by a strategic call, which reached satisfactory results. Floods protection and management along the Danube and its tributaries, water scarcity, heat waves, health, tourism, biodiversity loss, agriculture and forestry were the sectors addressed by the adaptation strategies at local, national and transnational level. However due to the cross-cutting nature of climate change adaptation, the topic can be addressed in its governance dimension as a horizontal aspect of all projects under the caption "environment, natural and cultural heritage".

Natural and cultural heritage has been addressed by the SEE Programme through different priorities that separated the two types of heritage. Natural heritages have been tackled by the environmental priority and it only addressed the transnational management of natural assets (in mountain areas, along the Danube protected areas, in the Natura2000 sites, etc.). Cultural heritage was addressed via AoI 4.3. The projects put a stronger emphasis on the valorisation and the use of cultural values for a better economic

development in urban as well as rural areas rather than solely on conservation and management.

In the elaboration of the terms of references of the future calls, the scenarios on climate change impacts on the environment and on availability of natural resources for growth developed by the ORIENTGATE Project, (SEE http://www.orientgateproject.org/) will be taken into account The project aims to implement coordinated climate adaptation actions across South Eastern Europe by exploring climate risks faced by coastal, rural and urban communities, contributing to a better understanding of the impacts of climate variability and climate change on water regimes, forests and agroecosystems.

1.1.2.6.3. Needs of the region relevant to TO4 and TO6

The table below summarises the needs of the programme area and provides a reflection on

Need	Relevant to national strategies etc.	Can be tackled in a Transnational ETC Programme	Can be tackled in the AIO?	Comments
Need to turn towards a post-fossil and low carbon economy allowing the four member states to further focus on the decoupling of their economies, while assisting the non member states to master the transition of their economies in that direction	Yes	Partially	Partially	The AIO can contribute in the development of scenarios, illustrating the positive and negative aspects of that turn.
Need to diversify the RES potential and to enhance local approaches	Partially	Partially	Partially	The AIO can act as a catalysator in developing and demonstrating models and pilots in integrating the location choice and installation of RES in the political decision making process with emphasis on win-win situations.
Need to conciliate energy production with aims of protecting nature, landscape and biodiversity, with touristic interests and the various interests of local residents	Partially	Yes	Yes	The AIO can act as a foresight and demonstration platform that catches up where e.g. FP projects stop; i.e. in bringing together stakeholders and gauging a pilot to be fully exploited within mainstream ERDF or national programmes.
Need to develop a negotiation and public participation model for the installation of RES	No	Yes	Yes	As above
Need to mobilise the cultural landscape and	Yes	Partially	Partially	The AIO can provide a framework for demonstration, exchange and customisation of approaches and concepts to the area needs

Need	Relevant to national strategies etc.	Can be tackled in a Transnational ETC Programme	Can be tackled in the AIO?	Comments
the richness of biodiversity as key assets of the area providing high quality of life and global attractiveness				especially at the local and regional level. In those areas where a strong acqui exists, the focus can be more on customisation. In those areas where more "uncharted waters" exist, the AIO can focus on pilots and demonstration.
Need to manage human made environmental pressure	Yes	Partially	Partially	As above
Need to manage the high environmental vulnerability	Yes	Partially	Partially	As above
Need to manage increased land and resources consumption	Yes	Partially	Partially	As above
Need to address fragmentation of habitats and landscapes	Yes	Partially	Partially	As above
Need to integrate Ecosystem Services, Blue and Green Growth principles in regional development planning and establish sustainable valorisation of natural and cultural assets as growth assets	Yes	Yes	Yes	As above

1.1.2.6.4. Conclusion on scope of addressing needs and challenges for transnational cooperation

The scope for action for the AIO programme can be seen in the following areas:

- In bringing **new topics** in the agenda of the participating regions acting as a foresight and demonstration platform, thus increasing awareness, e.g. on the non-technical framework conditions for RES or the sustainable valorisation of the heritage;

- In **identifying a common denominator** for the exchange of experience in the first place e.g. related to the need to address human pressures (waste, water, fertilisers etc.) on the environment in relation to the maritime ecosystems;
- In developing transnational tools in tackling concrete aspects at the programme area level where **transnational cooperation is a multuplicator of force** e.g. related to environmental vulnerability, fragmentation of habitats and landscapes, risk management, land uses and resources consumption etc.
- In introducing, testing and evaluating innovative concepts, e.g. on ecosystem services, Blue and Green Growth in the praxis of development and cohesion policy, thus facilitating the achievement of EU standards and in general increasing good governance potentials also in the context of the EUSAIR;
- and last but not least in developing a distinct AIO "brand name" related to the valorisation of the natural and cultural heritage.

1.1.2.7. SUSTAINABLE TOURISM

The whole cooperation area has high-potential for further development of cultural tourism in the main towns, most of which are UNESCO heritage, and of sustainable tourism related to environmental assets.
With reference to tourism, the indicators taken into consideration are related, on the one hand, to data referred to tourism demand, on the other, to the capacity and occupancy in collective tourist accommodation. Tourism demand refers to "tourist participation", that is, the number of people in the population who make at least one trip during the reference period. Statistics related to the capacity of collective tourist accommodation include the "arrivals in tourist accommodation", the "number of bed places available" and the "number of establishments".

Tourism is one of the important drivers of the Adriatic-Ionian area economy and contributes to the overall social development of the all area.

Tourist primary resources

The big tourist potential of the Adriatic-Ionian area (AIO) depend upon the attractive power of its primary resources, and particularly of the size and the variety of natural and cultural resources. The tourist attractions of the area are related predominantly to the Mediterranean climate/geomorphology and the heritage of its past and present cultures.
The area is rich of thousand km of pristine beaches, over 10,000 islands (in Greece, Croatia, Italy) but also stunning mountain landscapes, important rivers (Danube, Po, Axios, Ardas-Evros, ecc with enormous potential for developing river tourism), lovely rural areas, a wide variety of spa resorts an thermal springs and above all several parks and protected areas.
Also the AIO area cultural offer is very high: hundred years of different dominations have inexorably influenced the culture and architecture of most of the regions of the area, today rich of extraordinary urban heritages, vibrant cities, medieval monasteries, arts, archaeological values and traditions. To underline this extensive heritage, the AIO area boasts 62 sites inscribed on the Unesco List, over the 16% of the whole Europe list.

Tab. 1 - AIO Unesco's sites

Country	Unesco's Sites
Albania	2
Bosnia H.	2
Greece	19
Croatia	7
Italy*	23
Slovenia	3
Montenegro	2
Serbia	4
	62

* only AIO regions

Among the AIO tourist resources, there are also varied and important eno-gastronomic and folk craft heritages. Most of the area's region have in fact a long culinary tradition

and in some case the typical products (agricultural and crafts) originate an important domestic tourism flow.
The extraordinary environmental ecosystem and cultural heritage of the AIO area suffer of two opposite and different problems: in some coastal spots, it's subject to an excessive pressure applied by the same tourism settlements; in some other parts of the areas, *minor* destinations, the natural and cultural heritage is not yet enough enhanced, sometimes not easy to reach (no public transport or enough road sign) or closed to the public visit, other times lacking of "light" infrastructures (signalled path, info point, etc.) and those specialized services necessary to satisfy not organized vacationers (individual) and some specific market niches (active tourism) like hiking, trekking, horse-riding or biking travellers.

1.1.2.7.1. Lessons learnt from the implementation of the SEE and IPA 2007-2013

Under PA4 of the SEE Programme economic valorisation of cultural assets through tourism was in the focus of the projects which delivered results in this aspect. There is good progress with regard to conclusion of agreements and adoption of strategies. The investments made already exceed the target. However, there is unsatisfactory progress with regard to individuals that benefit from the new services despite the good progress reported with the number of the new services developed which indicates obstacles to turn the outputs into results during the projects' lifetime.

Approved proposals under the first Call of IPa Adriatic CBC try to develop joint cross-border approaches to create touristic products (also through the best practices and competences' exchange) at the same time trying to develop typologies of "alternative" tourism to "de-congest" the main destinations and "de-seasonalize" the current demand, enhancing places and historical territories (like ancient towns). This means remarking traditions and common roots and making cultural heritage usable, also in the rural and peripheral Adriatic areas

1.1.2.7.2. Performance of the programme area, indicative indicators

Tourism demand
Tourism in the AIO is often concentrated in coastal regions, although the Alpine regions and some cities also experience high demand. In 2011, the tourist arrivals in the area were estimated in over 105 million, recording a steady growth.
The AIO Italian regions shows the highest rate of tourist of the all area, with over 65 million tourist in 2011, followed by Greece and Croatia. The largest growth rates is recorded in Albania, while Serbia is the only country accounting for a decrease.

Tab. 2 - Arrivals in the AIO country

Country	2008	2009	2010	2011	% change 2008/2012
Albania	212.000	236.000	255.000	318.000	50
Bosnia H.	355.000	333.000	407.000	436.000	23
Greece	16.013.569	20.900.268	20.635.260	21.083.002	32
Croatia	11.261.000	10.935.000	10.604.000	11.456.000	2
Italy *	59.233.065	59.306.326	61.561.238	65.290.259	10
Slovenia	2.766.194	2.984.828	3.006.272	3.217.966	16
Montenegro	1.188.116	1.207.694	1.262.985	1.373.454	16
Serbia	2.266.165	2.021.166	2.001.597	2.069.610	-9

total AIO	**92.294.944**	**97.924.116**	**99.732.755**	**105.243.681**	**14**
EU	n.a.	751.295.427	7.656.368.895	813.809.966	6 **

* only in the AIO regions ** % change 2009/2012
Source: Eurostat (Greece), INSTAT, FZS, DZS, ISTAT, SURS, MSO, SORS

But the most significant tourism data of the AIO area is related to the marked increase of the main indicator for tourism statistic: the overnight stays.
From 2008 to 2011, the nights spent in the area's accommodation establishments were more than 445 million, recording an increase of more than 24% ad a growth rate four times higher than the European average in the same period.

Tab. 3 - Overnights in the AIO country

Country	2008	2009	2010	2011	change 2008 %
Albania	490.000	539.000	610.000	801.000	63
Bosnia H.	744.000	684.000	819.000	870.000	17
Greece	65.624.563	84.362.746	83.743.820	87.551.176	33
Croatia	57.103.000	56.301.000	56.416.000	60.354.000	6
Italy *	211.869.254	211.268.511	210.340.052	271.028.863	28
Slovenia	8.411.688	9.013.773	8.906.400	9.388.095	12
Montenegro	7.794.741	7.552.006	7.964.893	8.775.171	13
Serbia	7.334.106	6.777.763	6.414.515	6.645.738	-9
total AIO	359.373.400	376.500.108	375.216.690	445.415.824	24
EU	2.337.334.296	2.289.338.820	2.395.948.566	2.476.053.672	6

* only in the AIO regions
Source: Eurostat (Greece), INSTAT, FZS, DZS, ISTAT, SURS, MSO, SORS

In 2011, the Italian Adriatic regions remain leading in the ranking, with more than 271 million of overnights. Three Italian regions, Veneto (63,4 million), Trentino- Alto Adige (44,1 million) and Emilia- Romagna (38,6 million), accounted for 33% of all overnight stays in hotels, campsites and other collective accommodation establishments. Fourth in the top area's region is Jadranska Hrvatska (Croatia) recording 37.1 million overnight stays.
The foreign market is very important for most of the AIO regions, but the Adriatic Italian regions, (110,9 million) , Greece (65,5 million) and Croatia (55,7 million) account for more than 93,5% of all overnight stays.
For the AIO area as a whole, non-residents accounted for 36 % of all overnight stays in hotels, campsites and other collective accommodation establishments in 2011.
Across the countries of the AIO, the share of inbound tourism (visits from abroad) differed very widely in 2011: this share ranged from a low of 25 % of the total nights spent in Serbia to a high of 91 % of all nights spent in Croatia.
Foreign overnight visitors also accounted for almost 90 % of overnight stays in Montenegro.
Inbound tourism is an important share market also for Greece (75%), Bosnia- Herzegovina (69%) and

Tab. 4 % inbound tourism

Country	2009	2010	2011
Albania	31,5	30,3	44,4
Bosnia Herzegov.	66,2	68,0	69,0
Greece	68,1	70,7	74,8
Croatia	89,7	90,4	90,7
Italy *	47,4	49,1	40,9
Slovenia	54,8	56,1	58,2
Montenegro	88,7	87,6	88,8
Serbia	21,7	22,6	24,8

* only in the AIO regions
Source: Eurostat (Greece), INSTAT, FZS, DZS, ISTAT, SURS, MSO, SORS

Slovenia (58%) and account more than 40% overnight stays in Italy and Albania. Table 4 shows a general growing of the foreign market in every AIO country, the only exceptions being Italy where in 2011 the number of international tourists is increased but less than the domestic market. In Serbia, in the period from 2010 to 2012, the largest number of foreign tourist arrivals (about 31%) was made by the tourists from the former Yugoslav republics (Slovenia, Montenegro, Bosnia and Herzegovina, Croatia, Macedonia), as well as from Germany, Italy, Romania, Bulgaria and the Russian Federation. In this period the total number of foreign tourist arrivals showed an increase of 18.7%. The realised number of all tourist overnight stays was by 23.7% higher.

Western Europe is the tourism generating area of the region. Generally, in terms of visitor arrivals, Germany is the major tourism generating country. With the exception of the less developed tourist destinations like Albania, Bosnia-Herzegovina and Serbia, German-speaking tourists dominate the region. Italians are numerous as well in particular in Albania, Croatia, Greece and Slovenia, whereas Austrian and Slovenian citizens continue to visit the Northern Adriatic (Croatia). Recently is also growing the Russian Federation tourist demand.

In country as Albania, Serbia and Bosnia, the most inbound market came from the neighbouring countries like Croatia, Slovenia, Montenegro, Germany, and Italy.

Playing the UE tourism demand and the domestic demand an important role for the tourist development of AIO's area, it is important to pay attention also to some important qualitative marketing information about the related markets, reported in the last Flash Eurobarometer survey regarding "Attitudes of Europeans Towards Tourism" (No 334)[11]. According this important survey 334, almost half (48%) of the European people who went on holiday for at least four nights in 2011 did so for rest/recreation, while just under a third (32%) took a holiday in order to spend time with their family.
Table 5 provides a measure of the different travel motivation among the three principal European country by international departure and among 5 of the 8 AIO's country.

Tab. 5 Reasons for going on holidays in 2011

	Rest/ recreation	Time with family	Sun/ beach	Visiting friends/ relatives	Nature	City trips	Culture / religion	Sports-related
EU27	48%	32%	28%	28%	18%	16%	14%	10%
Germany	52%	26%	26%	25%	**23%**	18%	**21%**	**15%**
Unite Kingdom	45%	**38%**	33%	28%	12%	11%	7%	8%
France	45%	**38%**	29%	36%	18%	**19%**	11%	10%
Greek	65%	30%	30%	30%	13%	9%	5%	5%
Italy	51%	21%	30%	22%	13%	**19%**	16%	4%
Slovenia	49%	36%	**37%**	18%	14%	**19%**	5%	10%
Croatia	37%	30%	25%	**38%**	13%	10%	11%	10%
Serbia	**59%**	24%	32%	26%	22%	4%	11%	2%

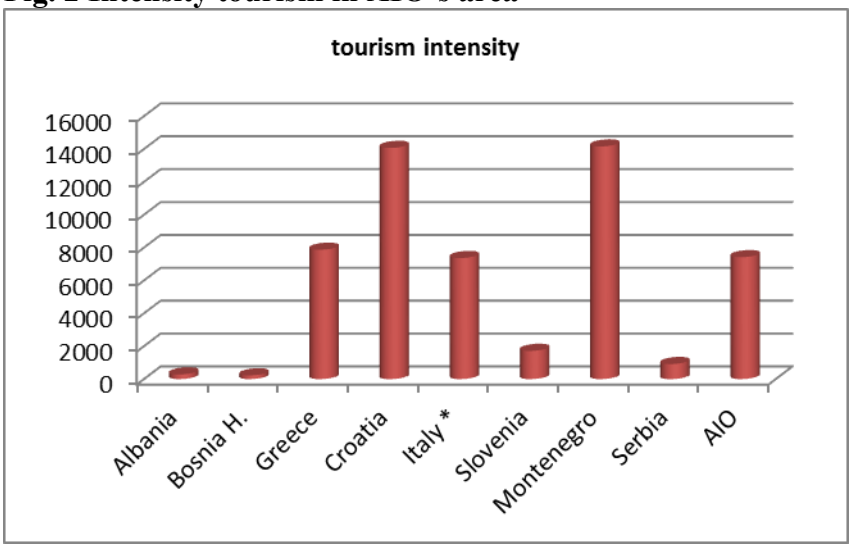
[11] The survey was conducted in the 27 EU Member States and in seven additional countries, including Croatia and Serbia

Source: Flash Eurobarometer 334

Tourism intensity

Figure 2 provides a measure of tourism intensity: it measures the number of overnight stays in relation to the resident population. This serves as an indicator of the relative importance of tourism for a region. It provides a more nuanced guide to the economic significance of tourism for a region than the absolute number of overnight stays. Furthermore, in the context of the sustainability of tourism, it can also be seen as an indicator of possible tourism pressure. The average tourism intensity in the AIO area was 7.418 overnight stays per thousand inhabitants in 2011. Montenegro and Croatia had by far the highest tourism intensity, 14.156 overnight stays and 14.069 overnight stays respectively, followed by Greek (7.871) and the Italian Adriatic regions (7.367). Indeed, according to Eurostat sources, the tourism intensity in some AIO regions is considerably higher: the Italian Provincia Autonoma di Bolzano/Bozen and the Greek region of Notio Aigaio, for examples, had both the highest tourism intensity, with more than 50.000 overnight stays per thousand inhabitants, followed by the Croatian coastal region of Jadranska Hrvatska with 25.244 overnight stays per thousand inhabitants. By contrast, at the other end of the ranking there were 4 country and a large part of the regions with 1.000 or fewer overnight stays per thousand inhabitants.

Fig. 2 Intensity tourism in AIO's area



* only in the AIO regions

Source: Eurostat, INSTAT, FZS, DZS, ISTAT, SURS, MSO, SORS

Average length of stay

The average length of stay is another important indicator to measure the degree of sustainability economic and environmental of the tourism sector in the AIO area. Less is the length of stay of the traveller in the destination, less is the daily expenditure and more is the environmental pressure in the territory.

Table 5 shows an AIO's average length of stay longer than in the EU. In Montenegro is recorded the longest stay, with an average above 6 days. A long stay is also accounted in Croatia (5,3 day). Long stays in tourist accommodation were mainly observed in the coastal and mountain areas. Shorter stay, in the urban regions.

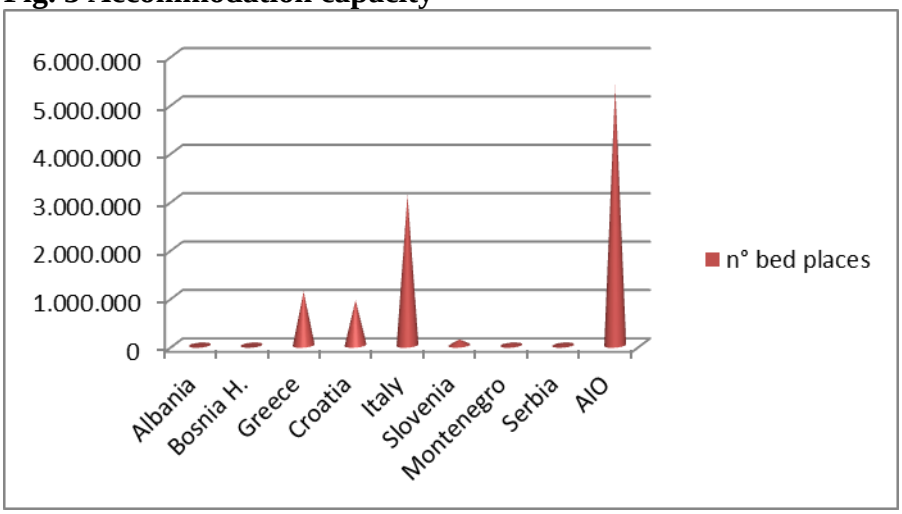
Tab. 5 Average length of stay

Country	2008	2009	2010	2011
Albania	2,3	2,3	2,4	2,5
Bosnia Herzeg.	2,1	2,1	2,0	2,0
Greece	4,1	4,0	4,1	4,2
Croatia	5,1	5,1	5,3	5,3
Italy *	3,6	3,6	3,4	4,2
Slovenia	3,0	3,0	3,0	2,9
Montenegro	6,6	6,3	6,3	6,4
Serbia	3,2	3,4	3,2	3,2
total AIO	3,9	3,8	3,8	4,2
EU	n.a.	3,0	3,1	3,0

* only in the AIO regions
Source: Eurostat, INSTAT, FZS, DZS, ISTAT, SURS, MSO, SORS

Accommodation capacity
The AIO's area offer more than 5 million bed places in tourist accommodation. The largest accommodation's offer is located on the Adriatic Italian regions (3,1 million), followed by Greece (1,1 million).

Fig. 3 Accommodation capacity



In the EU-27 top 20 regions by accommodation capacity (number of bed places), at NUTS III level,Venezia is on the first place with other 3 Adriatic Italian destination (Bolzano, Rimini and Trento).
In the rest of the AIO's area, the bed places are mainly concentrated around coastal and mountainous regions, in regions with capital and other major cities as well as cities with health resorts and developed wellness and medical tourism.
The last decade accounted, in the east AIO's area, a reduction of the overall number of beds in hotels, motels and bed-and-breakfast establishments and an increase of higher quality establishments, as international hotel chains have made investments into strategically important tourist amenities.
In the some regions, private and corporate ownership of amenities in tourism has grown in an anarchic, regionally diverse and unpredictable way. Tourism enterprises show ownership of several players on the regional, national and global scale of economies: banks and other financial institutions, oil and gas providers, supermarket chains, pharmaceutical firms, trade enterprises etc.

Today in the area's accommodation sector dominate two different models: in large part of Serbia, north Italy and Greece, most of the beds are in small locally-owned hotels, guesthouses and in inadequately maintained facilities which are not privatised (as in Albania and Serbia). The offer of very big establishments is instead grown and is growing in Southern Italy, in Slovenia and in general in most of the all East Adriatic coast, often generated from foreign investments.

Weaknesses of Tourism Sector in AIO area

Examining the respective national literature and reports as well as conclusions of the stakeholders' workshops, it's possible to identify some common problems in the AIO's Tourism Sector. Generally they are related to:

a) the seasonality nature of demand and to the impact of the mass tourism in the coastal area and in some heritage sites;
b) the insufficient action in the field of sustainable development of the tourism sector (including sustainable mobility);

In the same literature and report is possible also to discover several weaknesses of Tourism Sector in AIO, often to the origin of the mentioned problems.
The most weaknesses more frequently mentioned, listed below, concern the destination offer system and in particular the accommodation sector.

Destination offer system

- lack of sustainable tourism destination planning or poor integration among tourism development planning and environmental management systems
- Weak environmental standards.
- poor care and maintenance of the natural and cultural sites
- insufficient road and tourist signs system and /or insufficient public transport system
- difficulties to exploit some natural and cultural resources, lacking of "light" infrastructures (maps, signalled paths, etc.) and services to the tourist (information, closed museums or antiquate exhibitions)
- poor shopping opportunities and/or lack of shopping hours flexibility
- insufficient or inadequate information system (lack of foreign languages knowledge)
- incapacity to recognize, preserve and enhance the local identity and its authenticity territorial uniqueness (costumes, alimentary and craft products, tradition, etc.);
- inadequate tourism training and education
- weak community engagement and linkages with other sectors – especially food and agriculture
- Poor specialization (in services and accommodation system) to satisfy specific motivational tourism segment (sport and active tourism, eno-gastronomy tourism, etc.) and specific socio-demographic target (senior, family with children)
- lack of cooperative approach to planning and development among the local stakeholder and lack of private-public dialogue
- unconnected tourist offerings and weak cooperation between tourist providers;
- lacking of sustainable mobility between tourist destinations;
- lack of coordination in the tourism promotion initiatives

- general lack of marketing knowledge and competence.

Hospitality sector

Most of the problems reported below concerning above all the rural and the internal area, but also some coastal zone of the AIO's area (south Adriatic Italian regions, Bosnia-Herzegovina, Albania, Cyclades).

Among the principal weaknesses of the hospitality sector there are:

- supply system particularly fragmented and marked by the presence of very small enterprises with a family management ;
- Inadequate marketing knowledge of the management and consequent incapacity to follow the market trends
- gap between demand and the supply of skilled personnel
- Scarce use of online booking facilities
- Lack of internal quality organization models
- No specialized and structured offer to specific tourism segment and target (excluding the hospitality system in the Adriatic Italian regions Trentino Alto Adige and Emilia Romagna)
- Insufficient dialogue and lack of cooperation among the locally operators
- weak integration between tourist operators and the operators of other sectors,
- low environmental awareness
- crowding out effect to the local economy and external dependence originated from big foreign tourism investment (capital and management).

1.1.2.7.3. Conclusion scope of addressing needs and challenges for transnational cooperation

Need	*Relevant to national strategies etc.*	*Can be tackled in a Transnational ETC Programme*	*Can be tackled in the AIO?*	*Comment*
To better integration among tourism development planning and environmental management system	Yes	Yes	Partially	AIO can promote common approaches for an integrated planning system
To improve a local cooperative approach and a private public dialogue	Yes	Yes	Partially	AIO can stimulate thanks to exchange and cooperation the adoption of this approach in the tourist policies planning
To enhance the local identity and territorial uniqueness	Yes	Yes	Yes	AIO can support in providing Territorial marketing plan
To raise the market trends knowledge and marketing ability of the local tourism SME's	Yes	Yes	Partially	
To facilitate the circulation of technology innovation	Yes	Yes	Yes	AIO can support pilot projects for testing the IT solution for the

(booking system) and best marketing practices				sustainable tourism
To better tourism labour market and reinforce the entrepreneurial culture	Yes	Yes	Partially	The AIO can provide support for the formulation of criteria and quality standards for the employment in this sector.
To diversify and to specialize territorial and accommodation offer	Yes	Yes	Partially	AIO can support feasibility studies for the offer diversification
To find common indicators and statistics to measure tourism demand and offer	Yes	Yes	Partially	AIO can promote the development of common standards for monitoring and assessment of tourism system
To support sustainable development of tourism	*Yes*	*Yes*	*Yes*	*The AIO can foster implementation of guidelines and "green" growth*

1.1.2.8. Transport

The macro region AIO is ideally be composed of two "peninsulas" of the landscape: the ridge south of the Italian peninsula including Sicily, the Balkans and western regions to the east. The two peninsulas spanning two seas, the Adriatic, which can be regarded as a great maritime N-S channel where the Mediterranean is pushed to its extreme northern limit, and the Ionian Sea, which looks towards to the entire Eastern Mediterranean.

The diverse Balkan topography contributes to a further fragmentation of physical relations: both internal and external ones.

The Dinaric mountain ridge, granting only restricted portions of the coastal plain to the space, also requires difficult and winding access roads to the entire region behind until it reaches the Danube plain.

This condition is not without consequences on the pattern of spatial interactions, land uses and the settlement system.

The development of the coastal urban centers consisting of medium and small cities has never been under strong pressure from settlements determined by the relations with the inland area rather than maritime relations with the North Adriatic, in particular Venice and Trieste.

The entire Italian Adriatic coast presents a linear coastal conurbation almost continuous, with alternating medium-sized cities, that in the same post-war period of the twentieth century has hosted a massive urbanization determined by systematic depopulation of the entire Apennines valleys open towards the sea, towards the old and new urban sea-side centers.

The two Adriatic coasts thus present a dynamic settlement of opposite sign and a system of relations in both cases developed largely in the North-South Axis. In the Italian case, however, have some East Ouest South link with the Tyrrhenian, urban system which is

much more developed than the Adriatic, while in the case of the Balkans we have fewer gates and much more tortuous and slow infrastructural links to the area behind the Balkan Danube and its main urban centers.

Further south Greece, while presenting an internal topography, coastal and insular largely consistent with the northern part of the Adriatic and the Balkans, is totally open to the Ionian and Aegean while land routes - mainly roads - only in recent decades have given a decided impetus to relations between the major urban centers, such as Athens and Thessaloniki and among the network of minor ones, generally grown as service centers in their surrounding rural areas

Accessibility

It's important to distinguish between the external accessibility of the macro region AIO and the accessibility within the different regions that compose it.

The external accessibility is essentially linked to ports, airports and major routes by land, rail and road crossing along the tracks historically determined by the morphology of the territory which allowed the consolidation of the infrastructure routes travelled by trade flows, while the interior is linked connections of short and medium range which is dominated by road and rail networks.

If we assume the European vision TEN T magazine in 2013, we can see how the main routes which affect the macro region AIO are essentially four:

- The **Baltic Adriatic Corridor 1** that enters the crossing of Tarvisio and from Maribor to reach the North Adriatic coast;
- **Corridor 5 Helsinki Valletta** entering through the Brenner Pass, but then heads in the Tyrrhenian;
- The **corridor 3 "Mediterranean**" that passes for Lijubliana, Hungary and Zagreb, and from east to west across the entire Po valley;
- The **corridor 4 Orient - East Med**, from Hamburg to Lefkosia, which goes down to the east in Greece touching the Balkan area.

In practice, these are the main recognized guidelines that can be employed as access ports in the AIO region , and that in perspective should form the skeleton of reference for future strategic investments on the terrestrial networks.

In addition to these there is a network of minor roads and railways linking together the cities and regions of the larger system can be defined as the Balkan-Danube on one side and the other of the Italian peninsula.

Ports

The network of commercial ports is particularly concentrated in three sub AIO areas: the northern Adriatic, the South Adriatic / Ionian Sea and the Aegean Sea.

Compared to the network of European ports, those belonging AIO can be considered medium-sized all with regard to the flow of containers (TEUs) taken as an indicator of international competitiveness. An exception is the Port of Pireus, where significant expansions of capacity and flows are expected in the short to mid-term.

It should be recognized that port traffic AIO show a prevalence of 'imports compared to exports means that the functions of the catchment area AIO are directed more to the markets of consumption and production.

In geography port AIO determinants of development, at present, should be placed in relation to two main factors:

- The ability to intercept the streams that cross the Mediterranean from Suez to Gibraltar direct to Northern Europe;

- The size of the port hinterland served the catchment area, or area of origin and destination of the traffic served by a port that determines trading volumes.

It 'a fact that the ports have a hinterland AIO interregional, international or only limited, and this is due to two main factors: the low population density or limited extension of the areas served, and the difficulties caused by the topography of the connections.

Looking forward ports AIO with more opportunities are the most southern closer to routes that cross the Mediterranean, and at the same time those with greater depths (over 14 ml) given the opportunity to accommodate large container ships to carry l a function of transhipment ports in the service of AIO further away from the large Mediterranean route but with lower depths.

In the present scenario the 'Adriatic sea is still a secondary for Europe, but when we consider that the North Adriatic with its five ports (Rijeka, Koper, Trieste, Venice, Ravenna) comes to handling nearly two million Teus / year even the prospect of food from the South Central European markets becomes a viable hypothesis in the context of a strategy of cooperative multi-port integrated program of land corridors TEN T and the recent establishment of the NAPA (North Adriatic Port Association), a sort of lobby to speak with maritime Europe.

The focal point lies mainly in the ability to identify which commodity supply chains and logistics to serve, whether it be that of trade with SE Asia with the Mediterranean basin, and converge on some common facilities in the field of navigation and communication services to which all ports can benefit.

A vision for the revitalization of the Adriatic still allow the whole network port of the AIO to fit even better in the function that the European side of the Mediterranean can play to expand beyond the Alpine Arc its catchment area for both routes with SE Asia with both the countries bordering the eastern Mediterranean.

Airports

The network consists of the airports AIO in some medium-sized ports and a number of other smaller airports in the regional ranking.

The limited amount of direct connections within the area AIO indicates well the low intensity of the exchanges. Some connections are made in fact going through an intermediate stop outside AIO, although it is a short distance.

The demand for air transport clearly indicates that the prevailing routes are to and from the countries of Central Europe, some of which serve as the hub and to the rest of the world to other destinations both continental and in some cases internal AIO.

The integration inside the space AIO today appears to be limited by the fact that they appear also limited the degree of integration and the reasons for mutual exchange internal to these countries, in addition to the fact that some distances are served by road or rail transport, certainly slower but cheaper.

Road Network

The roads by which the area AIO communicate internally and with neighbouring regions are affected by the morphology of "mainland" of the macro region.

The two portions of the "peninsulas" communicate with each other by land only in the narrow strip between the northern Adriatic and the Alps, along what is classified as a multi-modal corridor East-West "Mediterranean" Network Ten T.

Along the northern Adriatic and Ionian coastal arc of the two peninsulas there are actually also some shipping cross-linking between the two sides and their contact each other behind road networks.

With regard to internal relationships, the development of the road network is largely based on the historical routes that have experienced the greatest flows in the past decades and now include the effects of fragmentation state occurred at the end of the twentieth century in the WBS, which interrupted or greatly reduced the previous inter-regional trade and thus reduce transport flows.

For this reason, new modern road layouts can be found only in the northern part of the WBs particularly in light of the increased relations with Central Europe, and in the southernmost part - Greece - where the entry into the EU has favoured the creation of some modern-axis with between the main urban areas of the country.

The Italian has a highway network that efficiently presents some problems only around some of the major coastal urban areas.

The great part of the road network of the Balkan peninsula and also of the South Italian presents in fact flows between 5-10,000 vehicles daily which can give rise to saturation or criticalities especially when the road sections are at a single lane in each direction, while only in the Valley and around the major Balkan capitals, there are higher than average flows and also critical axes in two or three lanes in each direction due to greater traffic intensity.

Rail Network

The railway network testifies probably even more than the road, the major differences between the two "peninsular" developments, East and West, of the macro region AIO.

The western part, Italian, has a medium-high level of rail network and also of rail services, including some new High Speed routes, in the north-central portion, while both the rail network and services seem to be less efficient in the southern part of the area, both for passengers and freight.

But the development of the entire network in the Balkan area of the macro region presents average low standards both as regards the rail infrastructure and services, passengers and goods, from which also the limited role for the railway mobility especially at international level.

Border Crossings

The increased number of borders created in the last twenty years in the AIO area has a direct impact on both the long-haul traffic - international crossings - that short-range - cross-border inter-regional - and indirectly on the mutual integration of economies, most of which exchange more with external countries, especially Europeans, who with geographic neighbours .

The synthesis of all results in the problem of the times of crossing borders, both road and rail, especially from the commercial loads, which have a very extended period of variability: less than half an hour to several hours. All this disappears in transit borders between EU member states.

The factors that affect the timing of transit at the border can be many and varied, including the main ones:

- Inadequacy of road infrastructure of the gate

- Inadequacy of the technological infrastructure of assistance and control

- Inadequate quantity of border personnel
- Different regulations in different countries
- Lack of a single document accompanying the goods
- Treatments for different types of goods
- Phythosanitary inspections checks
- Checks on vehicles
- Checks on drivers

In addition to these have also been reported behaviors of arbitrary type differentiated according to the carrier involved.

Intermodal and Logistics

These two concepts, which are an integral part of the computing community, represent two necessary corollaries of the efficiency of any modern transport system for connecting the purely transport terms, related to the structure and organization of the networks infrastructure and related services, operational aspects related to the movement and handling of goods, a role typically played by transport operators in choosing the route of goods based on factors of cost, time, reliability, safety, efficiency, capacity, etc..

Macro region AIO is in this sense one of the weaknesses of the European continent for the additions of unfavorable factors. The process of localization and growth of new businesses integrated into the European economy certainly requires the existence of transport systems that ensure good access of products to the end markets.

Logistics efficiency and economic development

Developing logistics chains is strictly connected to the international processes of economic integration since the logistics chains connect the production and distribution of goods through those transport systems able to guarantee reliable services.

Today the main trade exchange between the AIO and the EU shows the Balkan countries being more active in manufacturing import against raw materials and agricultural and food export, with a clear unbalanced transport relation.

This is a detriment for the transport activities since the empty return impacts negatively on the final cost of goods on the market.

Better intermodal organization and equipment helps to reduce the transport costs and the environmental performances mainly referred to the road transport thanks to a rational use of the lorry fleets and a progressive improvement of operational standards by the existing vehicle in use, which are economically competitive at a loss of environmental performances.

At the same time the quality of the rail service is mainly addressed to satisfy the low value goods transport or those ones which do not require high commercial speed.

The EU economic integration process of the AIO area can for sure stimulate a better development of the transport sector as long as the countries opting for EU integration will be able to reorganize their domestic transport systems in an efficient and competitive way. More in general the pure transport cost is not the way to be competitive on the EU transport market.

Looking at sustainable interventions related to the available resources it is allowed to suppose to improve the efficiency of the intermodal organization of the AIO area starting from increasing the efficiency of the intermodal nodes – ports, freight villages, goods

yards – by intervening on their entrance bottlenecks, on the storage and parking areas, and the efficiency of the intermodal transfer technologies.

1.1.2.8.1. Conclusion scope of addressing needs and challenges for transnational cooperation

- promote shared methodologies for collecting data and common indicators to monitor transport and accessibility conditions;
- promote shared standards and procedures to overcome discontinuities across borders, optimise existing services and create multi-modal systems by existing infrastructures;
- strengthen administrative capacity especially in the areas of maritime, inland-water transport and logistics;
- need for a comprehensive study on transport safety and capacity requirement;
- promote the creation of logistic systems through the implementation of integrated, interconnected and homogeneous terminal networks for logistics.
- to reduce eliminate all residual barriers between modes and national systems, by this optimizing the multimodal transport chain towards greener and safer transport dynamics and the efficiency of transport Infrastructures by the use of information systems and market-based incentives.
    - This has to be applied in a twofold approach, both to what concerns the mobility of passengers, considering different target groups (residents and tourists, old people and people with disabilities, students and commuters), and the transportation of goods and logistics, in a coordinated approach to ensure continuity of travel and efficiency, the reduction of bottlenecks and the environmental impact and safety. Considered the specific features of the Programme area, solutions can go in the direction of overcoming obstacles at borders and to serve the traffic in coastal/landlocked areas directions.

1.1.3. GOVERNANCE to be developed according to the concept note to be delivered under the responsibilities of Slovenia delegation

The macro-region being composed of 8 states of very different sizes and administrative structures. Besides the different principles which are at the basis of the administrative systems, the countries of the region are on a different level of governance performance, reflecting the different development paths. As a consequence, the countries display various institutional capacities some of them having limited strategic and operational capacity to respond to challenges, as the usage the investment opportunities provided by the European funds as a major source of development..
The transnational actions can help improving the governance capacity, but also to promote the good practices related to delivery of public services and for encouraging exchange of experiences in order to better contribute to the EU objectives.

As mentioned in the EC report on the MRS governance, a transnational cooperation programmes, while retaining current objectives, should also be used effectively to support coordination and implementation of the Strategies. They should exploit innovative approaches to networking and discussions.

Platforms or points, where appropriate to be hosted by existing regional institutions, could include tasks such as:

- supporting the work of key implementers, both in practical ways, and in terms of data collection, analysis and advice;
- providing a platform for the involvement of civil society, regional and multigovernance levels, and parliamentary debate;
- facilitating the Annual Forum.

The programme can enhance the sense of ownership by providing the platform for communication among different stakeholder representing the regional governmental bodies and civil society.
The Action plan adopted on June 17th and the other background documents (reflection paper) as well as the Joint Position paper drafted by the Italian Region on May 2014 will be among the input for the Slovenia Concept note.

Conclusion scope of addressing needs and challenges for transnational cooperation

- The usage of ERDF funds as a source for investment is relatively low due to the limited capacity of the national systems, which can be improved by the transnational transfer of experiences.
- The potential of the transnational cooperation in the exchange of good practices and coordination of policies is not sufficiently explored when addressing major societal challenges in the region
- The decision-making of the administrative systems should be improved by increasing the level of cooperation/collaboration between different governmental levels, sectoral policies, governmental and non-governmental organizations
- There is a need to support the governance system of the EUSAIR by supporting the activity of the governance structures , in order to ensure a more effective implementation of the strategy

- Considering the difficulties faced by potential project owners, support shall be provided to develop mature projects in order to ensure better access to different funding sources for implementation of the EUSAIR

- Framework Agreement for the Sava River Basin and functionning of the International Sava River Basin Commission (ISRBC) is a good practice example of reinforced cross-border cooperation between countries of the Danube-Sava Basin subregion for better water resource management and sustainable development

1.2.1. SWOT ANALYSIS OF THE AIO AREA

Smart growth

	Strengths	Weaknesses	Opportunities	Threats
Research, technological development and innovation	- Some regions leaders in R&D - Some high skill industrial sectors (agriculture, agribusiness, chemicals, materials...)	- Low investment in R&D - Low proportion of research personnel in the population - Low number of patent applications - Innovation models more based on diversification than breakthrough innovation	- Rising investments in R&D - Slight increase of patent applications over the last years - R&D specialisations in agribusiness, maritime and tourism… - A diverse and networked innovation community (clusters…) -RIS3 as universal instrument in all MS	- Economy seriously affected by the economic and debt crisis - Increasing competition from southern and eastern countries -Brain drain to Western Europe
Information and communication technologies	- Widening coverage of high-speed broadband - Increasing use of ICT by individuals and businesses	- Limited access to broadband across the whole AIO regions especially in peripheral areas - Lower ICT skills of individuals than in other EU regions - Limited offers and use of online public services	- Development of high-speed broadband financed by other funds - R&D sectors specialised in ICT -Young generation highly IT-literate	- Significant inequalities between regions and territories in term of ICT use
Competitiveness of SMEs	- Appeal of the AIO area which is essential for the tourism - Highly competitive regions - Positive results of policy support for businesses (business innovation and competitiveness)	- Strong influence of traditional business (low and medium technology sectors) - Incremental innovation producing limited added value in SMEs - Low productivity of business - A majority of SMEs poorly integrated in international networks - Wide regional disparities and regions with low competitiveness	- High business rate creation in some AIO regions - Increasing clustering of SMEs	- Serious recession in the majority of AIO regions - Difficulties of businesses to access to finance

		- Limited understanding of the importance of intellectual property		

Sustainable growth

	Strengths	Weaknesses	Opportunities	Threats
Low carbon economy and energy sector	- Favourable conditions for the production of renewable energy (climate, natural resources) - Increased awareness about the need for a shift towards a low carbon economy	- - Green-house gas index much higher than the EU average - Insufficient development of renewable energy - Relatively high degree of energy dependence - Low energy efficiency compared to the EU average	- Development potential for renewable energy not fully exploited - AIO countries committed to reduce GHG emissions	- Significant increase in the cost of low carbon energy
Climate change and risks	- Existence of a European framework and national policies for the reduction of C02 emissions	- AIO area strongly confronted to natural risks (drought, fire, floods…) - Low Climate Change Adaptation Capacity - Low interoperability of Civil Porection Mechanisms	- Increasing commitment to sustainable development -Emergence of low-cost effective technologies for risk early warning, communication and interoperability (e.g. remote sensing) - Increased engagement of civil society in risk management and emergency preparedness	- Increased risk of natural disasters due to the mutually reinforcing effect of hazards (e.g. climate change, drought, forest fires and erosion) - High costs involved in repairing the damage caused by natural disasters
Protection of the environment	- Very rich environmental heritage (sea, mountains, forests, wetlands…) - Many protected areas (NATURA 2000, areas of AIO and global (UNESCO) importance)	- Degradation of fragile areas, notably coastal areas and pollution of maritime areas - Growing households waste production - Waste recycling remains lower than the EU average	- Development environmental protection measures (protected areas…) - Shift from traditional waste processing towards cleaner methods - Increasing awareness especially among the younger population	- Risk of increasing environmental pollution due to increase in tourism and agriculture activities - Increasingly poorer air quality - Increasing scarcity of water resources - Increasing urban sprawl - Increasing cost of recycling and waste re-use methods due to complexity of products
Transports	- Good level of road infrastructures	- High difference in terms of satisfactory	- Good position of islands and AIO	- Lack of European coordination

	especially in the north-south direction in the EU countries whereas improvements are needed in the IPA countries - Large network of port cities even if only some of them well equipped to deal with the flow of passengers and goods - Strategic geographical location between East Europe, Mediterranean and Asia	accessibility, For IPA countries Low resources allocated for the development and maintenance of railway infrastructure -Geographical fragmentation and isolation of numerous territories (Islands, remote areas) - Badly managed urban development, notably in coastal areas relying on individual motorised traffic - Lower density of the railway network than the EU average - Low multimodal accessibility - Insufficient development of coastal maritime traffic	regions as hubs for tourists and trade - Development of multimodal transport systems - Reinforcement of existing railway network - ICT tools for sustainable and efficient "real-time" multimodal transport	of the communication system -Fragmentation of the transport landscape depending on the EU accession process of the non MS - Dominance and continuing attractivity of the road-bound transport

Inclusive growth

	Strengths	Weaknesses	Opportunities	Threats
Employment and labour mobility	- High level mobility of students -High number of self-employed -Culture of labour mobility	- Low employment level, especially for youth and women - High territorial disparities for unemployment levels - High long term unemployment rate-	- simplified labour mobility within and between AIO States - opportunities offered by Blue Growth and tourism for local employment	- Consequences of the financial crisis - Strong increase of the unemployment rate with the economic crisis - Drain of human resources, notably young people towards other EU countries
Social inclusion and fight against poverty	- Traditional intergenerational solidarity - Important role played by the social and solidarity economy	- A large percentage of the population at risk of poverty and social exclusion -Retreat of state social security systems either due to the crisis (GR, IT) or due to a paradigm shift (especially non member states	- increasing importance of emerging non-formal social networks, - emerging paradigm of social innovation and social society activation -opportunities for endogenous	- Alarming human and social effects of the crisis and disintegration of the social fabric - Weakened social and family ties - erecting of obstacles and barriers to the just participation to the exploitation of the opportunities

			development (Blue and Green Growth and tourism)	(legal barriers, financial obstacles) which can lead to the accentuation of the disparities in the society
Skills and education	- Higher education culturally praised - Full range of high quality and free training - Good choice of professional training	- High level of early school leavers compared to the EU average - Higher education institutes ranking rather low globallywith a few excpetions (e.g. Athens, Milano etc.) -Mismatch between education supply and SMEs demand	- Progressive decrease in the rate of early school leavers -Increasing recognition of the importance of skills assessment systems	-Brain drain -Poor disposition of SMEs to invest in vocational and dual training

1.2.2. SUMMARY OF THE MAIN CHALLENGES AND NEEDS OF THE AIO AREA

	Main challenges	Main needs
Smart growth	• Catch-up with the EU average and achieve the EU 2020 Objectives • Provide the transnational setting and facilitate the implementation of the EUSAIR action plan (innovation and research dimension is mainly related to Pillar 1 and 3) • Sustainably exploit the opportunities derived by the Blue and Green Growth approaches related to the comparative advantages of the area • Development of AIO innovation communities and chains in relation to the innovation status of each region (from "low tech" to "market leader especially in the context of new innovation areas and approaches; • Exploitation of the baseline provided by the RIS3 developed in the MS and identification of smart specialisation topics and synergies with the IPA countries	- Increased adoption of innovation and technologies by SMEs: tackling this need is in line with AIO's objective of promoting business investment in R&I - Increased cooperation between research and industry; in line with AIO's objective of developing links and synergies between enterprises, R&D centres and higher education; and supporting networking, clusters and open innovation; - Increased business investment in R&I; in line with AIO's objective of increased SME participation in innovative actions; - Commercialisation/Utilisation of research (innovation); in line with AIO's objective of supporting product and service development; technological and applied research, pilot lines, early product validation actions; - Development of smart specialisation strategies and examination of synergies among the various countries and regions; in line with AIO's objective on the use of RIS3 results; - More emphasis on new innovation areas and approaches (Eco Innovation; Public Procurement for Innovation; Creative Industry; Service Industry and Social Innovation, Procurement and Social Innovation); in line with AIO's objective to exploit social innovation, eco-innovation, public service applications and other new innovation support measures; - Innovation management support (IP advise, tech- transfer, prototyping, demonstrators, etc.); in line with AIO's objective of supporting product and service development; technological and applied research, pilot lines, early product validation actions.
Sustainable growth	- bringing new topics in the agenda of the participating regions acting as a foresight and demonstration platform, thus increasing awareness, e.g. on the non-technical framework conditions for RES or the sustainable valorisation of the heritage; - identifying a common denominator for the exchange of experience in the	- Need to turn towards a postfossil and low carbon economy allowing the four member states to further focus on the decoupling of their economies, while assisting the IPA countries to master the transition of their economies in that direction

	first place e.g. related to the need to address human pressures on the environment in relation to the maritime ecosystems; - developing transnational tools in tackling concrete aspects at the programme area level where transnational cooperation is a multuplicator of force e.g. related to environmental vulnerability, fragmentation of habitats and landscapes, risk management, land uses and resources consumption etc. - introducing, testing and evaluating innovative concepts, e.g. on ecosystem services, Blue and Green Growth in the praxis of development and cohesion policy, thus facilitating the achievement of EU standards and in general increasing good governance potentials also in the context of the EUSAIR; - Supporting to diversify and to specialize territorial and accommodation offer - Raising the market trends knowledge and marketing ability of the local tourism SME's - better integration among tourism development planning and environmental management system - optimizing the multimodal transport chain towards greener and safer transport dynamics and the efficiency of transport Infrastructures by the use of information systems and market-based incentives. - promoting the creation of logistic systems through the implementation of integrated, interconnected and homogeneous terminal networks for logistics.	- Need to diversify the RES potential and to enhance local approaches - Need to conciliate energy production with aims of protecting nature, landscape and biodiversity, with touristic interests and the various interests of local residents - Need to develop a negotiation and public participation model for the installation of RES - Need to mobilise the cultural landscape and the richness of biodiversity as key assets of the area providing high quality of life and global attractiveness - Need to manage human made environmental pressure - Need to manage the high environmental vulnerability - Need to manage increased land and resources consumption - Need to address fragmentation of habitats and landscapes - Need to integrate Ecosystem Services, Blue and Green Growth principles in regional development planning and establish sustainable valorisation of natural and cultural assets as growth assets - Need to elaborate common indicators and statistics to measure tourism demand and offer - Need to share commons tools to measure environmental impact of tourism activities (water, soli, waste) - Need to develop criteria and quality standards for the employment in this sector. - Need to agree and implement on common standard and procedures to overcome discontinuities across borders, optimise existing services and create multi-modal systems by existing infrastructures - Need to strengthen administrative capacity especially in the areas of maritime, inland-water transport and logistics; - Need to share methodologies for collecting data and common indicators to monitor transport and accessibility conditions; -
Inclusive	- Anticipate consequences of demographic change on economy, employment	Need to better promote social innovation in connection with key socioeconomic

growth	and quality of life (aging population) - Acknowledge increasing difficulties for the socioeconomic inclusion of young people, in particular in time of crisis - Aloow for all parts of society to participate in the exploitation of the opportunities and the allocation of the rewards	sectors (tourism, energy, transports…) - Need to better take into account socioeconomic issues and the needs of end users in the conception and implementation of sustainable development policies (environment, energy, transports)

1.3. STRATEGY OF THE TRANSNATIONAL AIO PROGRAMME

1.3.1. Overall objective of the programme

1.3.2. Type of contribution expected from the AIO programme

Paying attention to the various dimensions of a project (analysis, definition of strategies, implementation of activities and pilot projects, dissemination/transfer of experiences), the programme will give the possibility to improve expertise, knowledge, networking and support capacity building for public and private bodies. When relevant, it will support pilot actions to test tools, processes, governance systems contributing to improve public interventions and support long term sustainable development in key sectors of green and blue growth (fisheries,agribusiness, biotechnologies, eco-construction,energy etc.).

As a transnational programme, its main contribution will be to support transnational strategies and capacity building by developing common tools and innovative approach and ensure that results are disseminated and used beyond projects partners and that they reach large number of end-users.

The programme will especially support the constitution of multilevel and intersectoral partnership to overcome administrative and sectoral bottlenecks, with the involvement of the main stakeholders and target groups (local, regional, national and international bodies, public and private) in the area of the smarts and sustainable growth (clustering for the R&D in the blue growth, in promotion of renewable energy, protection of natural and cultural heritage, fighting against loss of biodiversity, multimodal system, etc.).

In the period 2014-2020, the AIO programme will support the implementation and the governance of the action plan of the EUSAIR. The AIO programme will also seek to improve integration of policies and strategies in its own intervention fields paving the way to stronger and more efficient transnational cooperation in the coming years.

From the action and output point of view, taking into account its strategy, the AIO programme is mainly delivering:

- Policies and strategies
- Methodologies and tools
- Pilot actions
- Action plans
- Joint management systems and cooperation agreements

As a transnational cooperation programme, the AIO programme will neither support heavy investments, development of large infrastructures nor scientific and technology research as such. Investments in small scales facilities or infrastructures might be supported in the case of pilot projects and territorial experiences. The AIO programme supports in particular intangible or “soft” actions which could potentially have a long term effect and which provide visibility to the programme (studies and research, networking, dissemination of knowledge and data, etc.).

Regarding implementation of actions, there is a clear distinction between “beneficiaries” and “target groups” or “end-users”. In the context of the Programme, beneficiaries are bodies and organisations which will be directly involved in the projects funded by the programme and will be the ones to conceive, discuss and develop the deliverables described above. “Target groups” or “end-users” are bodies, groups and individuals who will use the outputs of the projects or will experience a change in their activities and lives because of the programme outputs.

1.3.3. Selected thematic objectives, investment priorities and specific objectives

For each thematic objective, a set of specific investment priorities (IP) are pre-defined reflecting the challenges AIO regions are facing.

The cornerstone for the selection of the Thematic Objectives and Investment Priorities are:

- The diagnosis and needs identified for the AIO regions and the possible policy reaction;

- The lessons learnt from the SEE OP, IPA Adriatic and Med OP 2007-2013;

- The application of thematic concentration on a smaller amount of priorities related to the Europe 2020 strategy and to the "evaluability" of results

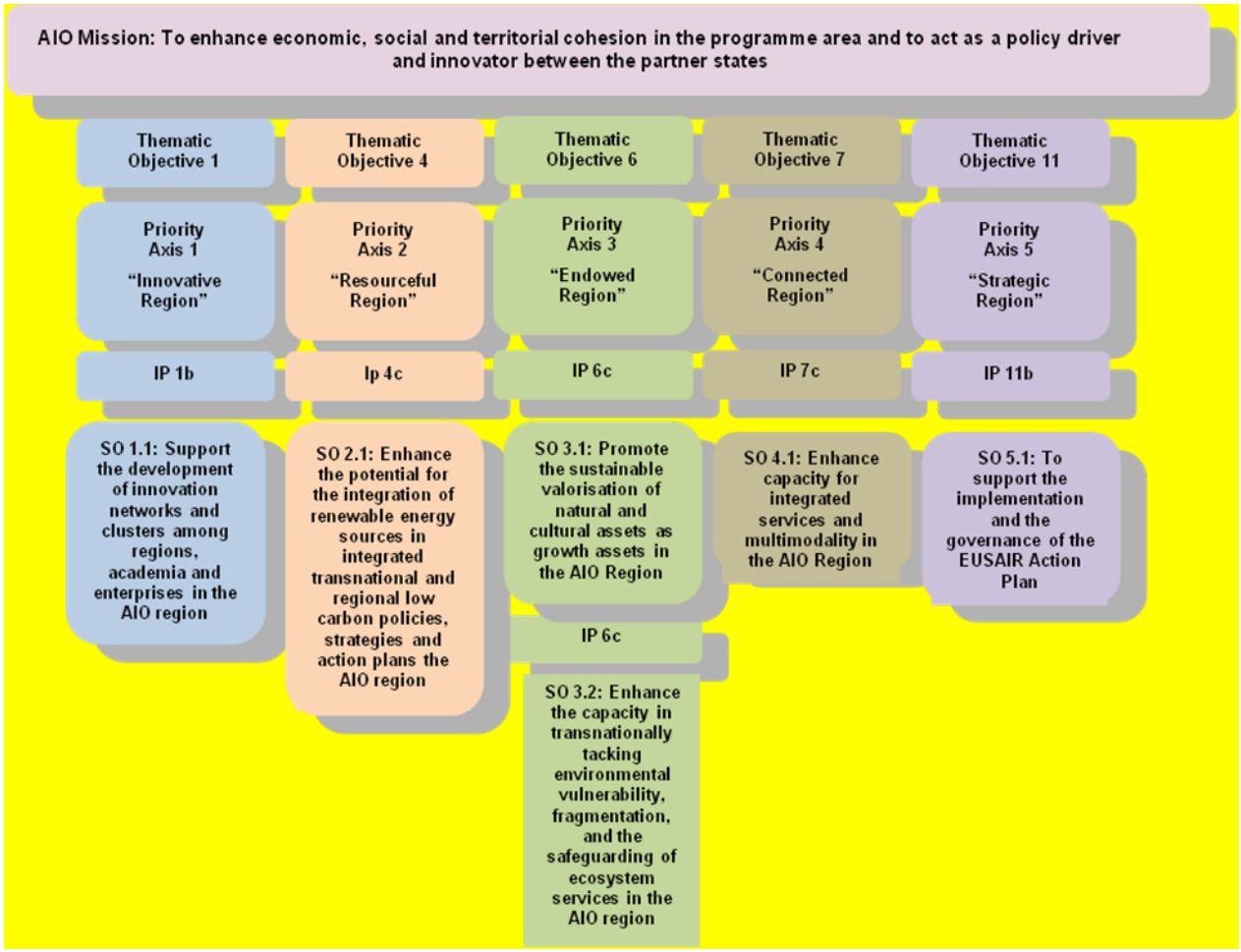
- The complementarity with the related EU MRS and in particular with EUSAIR

- The specificities of transnational cooperation programmes and the "feasibility filter" imposed by that frame and

the scope of addressing a specific thematic objective in the AIO 2014-2020.

Based on the above the following Thematic Objectives and Investment priorities have been chosen for the AIO programme demonstrating the following structure:

Figure 3: **AIO Intervention Logic**



Priority Axis 1: "Innovative Region"

Thematic Objective 1: Strengthening research, technological development and innovation through:

IP 1b: Promoting business investment in innovation and research, and developing links and synergies between enterprises, R&D centres and higher education, in particular product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in Key Enabling Technologies and diffusion of general purpose technologies

- **SO 1.1**: Support the development of innovation networks and clusters among regions, academia and enterprises in the AIO region

The situation in the AIO region is characterised by low innovation performance, limited capacity of SMEs, lack of focus on specific issues which can be of competitive advantage nature to the area (e.g. related to Blue Growth), limited sectoral/cross-sectoral specialisations, related limited high-value added services to that aim etc.

On the other hand there is a number of competitive and highly active research and innovation clusters, albeit with poor intraregional joint activities especially in the East-West Axis. A further strong point is the existence of Smart Specialisation Strategies (RIS3). These offer the possibility of thematic focus on the one side and the delivery of a process blueprint on the other, especially for the IPA countries.

The results expected from the AIO can be seen in :

- The increase of the new innovation approaches and the transfer of experience to the IPA countries with emphasis on new innovation areas and approaches (Eco Innovation; Public Procurement for Innovation; Creative Industry; Service Industry and Social Innovation, Procurement and Social Innovation);;
- the improvement of the framework conditions (awareness and foresight, legal, economic aspects, innovation governance, organisational issues, policy solutions, technology impact assessments)
- the mobilisation of stakeholders in the fields of research, innovation and utilisation in order to increase knowledge transfer between business, users, academia and administration actors (Quadruple Helix approach) and
- the identification of emerging market opportunities in relation to the Programme Area competitive advantages, the fields of the EUSAIR and the smart specialisation strategies of the regions in order to develop a AIO "critical mass".

Indicative Actions to be supported are:

- Set up a policy foresight for innovation governance challenges and cooperation modes in relation to the EUSAIR including public participation;
- Develop transnational models for the design, testing, up-scaling, comparison and evaluation of innovations (policies, tools, processes, actors, organisations and interfaces

- Set up transnational frameworks, platforms and networks for the identification of existing innovation resources, potentials and obstacles, as well as the utilisation of proven approaches from other EU regions
- Set up transnational frameworks, platforms and networks for the coordination of innovation policy (coordination of regional and national RIS3 strategies, innovation governance initiatives and competence networks);
- Develop transnationally designed products, services, investment models and funding support instruments of business support centres, chambers of commerce, public administration and financing institutions;
- Develop contents and adapt education and training concepts for the uptake and diffusion of innovation and the provision of capacity development mechanisms

Target groups

- General public;
- Those groups listed below under the caption “Indicative types of beneficiaries”;
- Enterprises, including SME.

Indicative types of beneficiaries

- Local public authorities;
- Regional public authorities;
- National public authorities;
- Agencies;
- (Public) service providers;
- Higher education institutions;
- Education/training centres;
- Business support organisations;
- Interest groups including NGOs.

Priority Axis 2: ”Resourceful Region”

Thematic Objective 4: Supporting the shift toward a low-carbon economy in all sectors

IP 4e: Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multi-modal urban mobility and mitigation relevant adaptation measures

SO 2.1: Enhance the potential for the integration of renewable energy sources in integrated transnational and regional low carbon policies, strategies and action plans in the AIO region

The area is characterised by favourable conditions for the production of renewable energy with a variety of possible options (photovoltaic, wind, water, geothermy) scattered across the area and not fully exploited. However there is still the need to Need to diversify the RES potential and to enhance local approaches and locally fitting solutions (e.g. on small islands or remote mountain zones).

At the same time the area is highly dependent on fossil energy by topography and interaction patterns and has also low energy efficiency performance.

The four Member States have embarked upon the promotion of RES and are mostly service oriented economies, while the IPA countries need to master the transition of their economies in that direction.

The shift to low carbon policies and RES is not solely a technical one however. The adoption of low carbon technologies often fails not due to lack of suitable solutions but due to a weak “enabling environment”. The process of establishing transnational integrated low carbon policies also concerns spatial development and growth debates, addressing a broad range of sectors related to energy inputs and emission outputs (from housing and buildings to agriculture and forestry).

There is hence the need to conciliate energy demand and production potential with the needs of the economy, the spatial resources and last but not least with aims of protecting nature, landscape and biodiversity, with touristic interests and the various interests of local people. The AIO can act as a bonding element among sectors and interests.

The AIO aims to facilitate the integration of RES and low carbon policy instruments in the area with practical responses to the specific needs and challenges, spatial development policies, strategies and processes through the combination of available or potential technological and operational innovations and tools in low carbon systems.

- **The results** to be delivered by the projects reside initially in the promotion of awareness and understanding of the potentials and the implications of RES and low carbon policy instruments among decision makers and key administrations in sectoral (e.g. energy, transport, housing) but also cross-sectoral departments (e.g. spatial planning).
- Projects should also result in demonstration of the feasibility of concepts and solutions and the subsequent capacity building in the regional and local level. At this level the importance of a broad participation and exchange on the regional planning and decision making process among stakeholders and the public must be underlined. In the transnational context this should be done through the activation of networks of civil society and professionals on through debates on the assessment of impacts of low carbon policies, technologies and applications and the distribution of benefits.

Indicative Actions to be supported are:

- Set up transnational frameworks, platforms and networks for the identification and prioritisation of existing RES resources, potentials and obstacles; (of technical, legal, financial and administrative nature);
- Develop policy networks, strategies, models and toolboxes (e.g. "carbon proofing", RES potential assessment and zoning, tools for integrated spatial development policies, strategies and processes etc) for setting up local/regional low carbon model areas and regions including special needs areas such as nature protection regions;
- Develop research to business networks and cooperation structures on relevant issues for capitalisation and/or generation of AIO-specific applications and technologies (conversion to a post-carbon energy system through energy saving, energy efficiency, low-tech decentralised energy grids based on renewable resources and energy recovery, energy saving settlement patterns and public transports etc.);
- Support the transfer and uptake of existing local/regional solution and instruments and shape a framework for capitalisation of on-going technological innovation fon RES;
- Set up networks for the ex-ante assessment of the maturity and the anticipated impacts and the monitoring of the outcomes of RES policies, technologies, investments and applications.
- Set up, test and implement negotiation, mediation, participation and conflict resolution models and standards for the adoption and implementation of RES policies, technologies investments and applications.

Target groups

- General public;
- Those groups listed under the caption "Indicative types of beneficiaries".

Indicative types of beneficiaries

- Local Public Authorities;
- Regional Public Authorities;
- National Public Authorities;
- Agencies;
- Infrastructure and (public) service providers;
- Higher education institutions;
- Business support organisations;
- Enterprises, including SME;
- Interest groups including NGOs and Local Initiatives

Priority Axis 3: "Endowed Region"

Thematic Objective 6: Protecting the environment and promotion resource efficiency

IP 6c: Conserving, protecting, promoting and developing natural and cultural heritage

SO 3.1: Promote the sustainable valorisation of natural and cultural assets as growth assets in the AIO Region

The AIO area is globally one of the richest areas in natural and cultural areas worldwide combining the heritage of some of the brightest civilisations of history with a diverse setting of landscapes and natural elements (Adriatic, Ionian and Aegean Seas, Alps, islands, Danube plain etc.). The combination of the rich cultural and natural diversity and heritage makes the area a globally attractive place with quality of life for inhabitants and visitors. Transnationally there is the need to mobilise the cultural landscape and the richness of nature as key assets of the area providing high quality of life and global attractiveness as an input to a distinct AIO "brand name" related to the valorisation of the natural and cultural heritage.

The exploitation and preservation of this heritage has grown through different phases (e.g. already in the 1950s in the North-West, in the 70s in the South East and after 1990 in the Eastern Coast of the Adriatic). Hence while this heritage is highly praised it is also at risk due to manage human made environmental pressure, strong demand for space and inputs and fragility of the resources.

The right balance between conservation/protection and advancement is one of the main challenges. Both elements are integral part of the cultural resources of the area and an asset in the context of green growth for decoupling material input and economic growth.

The proper concept to this end is the sustainable valorisation meaning the integration of apparent or hidden resources (natural stocks, cultural habits, implicit knowledge, existing qualifications) in the added value chain without jeopardizing or destroying the given natural, social and cultural capital.

The Programme can provide a framework for the exchange and interaction of organisations involved in the protection of natural and cultural heritage. It embraces the overall goal of strengthening a transnational identity and supports cooperation structures by developing adapted strategies, tools and models to this end.

Indicative Actions to be supported are:

- Develop AIO cultural initiatives to promote a transnational AIO identity and enhance awareness;;
- Organise knowledge transfer, exchange of good practice examples, networking and development of innovations concerning models for non-profit organisations and voluntary work in the cultural, arts, and social sector;
- Develop education, training, qualification and capacity development models and networks; and set up of pilot actions to re-invent traditional jobs in an innovative context;
- Design implementation strategies, set up and test of models to better capitalize and innovate cultural and natural heritage by enterprises, research institutions, NGOs and local population using exchange of experiences, mutual learning and pilot activities;

- Design implementation strategies, set up models and test pilot actions to combine tourism with the promotion and protection of natural and cultural heritage;
- Set up, test and implement negotiation, mediation, participation and conflict resolution models in the context of tourism, culture, local needs and aspirations and economic growth in the context of cultural and natural heritage.
- Development of distinct tourism products such as thematic tourism clusters and routes (e.g. monasteries routes, ancient heritage, wine routes, etc.)
- Small scale investments and demonstration projects for the provision of innovative services in the touristic sector, for specific forms of tourism, like cultural tourism, thematic tourism, elder citizens services, etc.

Target groups

- General public;
- Those groups listed under the caption "Indicative types of beneficiaries";
- Enterprises, including SME.

Indicative types of beneficiaries

- Local public authorities;
- Regional public authorities;
- National public authorities;
- Agencies;
- Higher education institutions;
- Education/training centres;
- Business support organisations;
- Interest groups including NGOs.

IP 6d: Protecting and restoring biodiversity, soil protection and restoration and promoting ecosystem services including NATURA 2000 and green infrastructures;

SO 3.2: Enhance the capacity in transnationally tacking environmental vulnerability, fragmentation and the safeguarding of ecosystem services in the AIO Region

The area is characterised by large parts of pristine environment, rich biodiversity and a dense network of protected areas, albeit with different potential and conservation condition. There is the need to tackle common challenges in green infrastructure development in combination with risk management and climate change adaption.

Due to its topography and geographic location, it is also characterised by high environmental vulnerability strongly influenced by high pressures to one the one hand human activities impacts and on the other hand climate change. Additionally human impact and climate change are mutually reinforcing.

Ecosystem services are relevant both to the living space and home of the resident population but also as an "intermediate input" in the tourism product of the area. Hence interventions under IP 6d should respect and integrate two aspects:

- one oriented towards dynamic protection and risk management (protection, conservation and connectivity of "ecosystems"); and

- one oriented towards sustainable use and risk prevention (integration of ecosystem services).

The AIO aims to harmonise management approaches, facilitate knowledge transfer and share responsibilities with the goal of integrating environmental interests and ecosystems functions and needs formulated as Blue and Green Growth principles in regional development planning.

This can be achieved through the provision of a framework for the joint development of tools and methodologies, combination of knowledge bases, but also for common responses in form of strategies, (green) infrastructures, management structures and hazard/risk response mechanisms e.g via a harmonised transnational operating environment, interoperable information base (databases, platforms, monitoring systems surveillance mechanisms etc.) (output: implementation elements) and a harmonised and coordinated management system (risk assessments, management strategies and plans, sustainability and adaptation assessments etc.).

Indicative Actions to be supported are:

- Set up transnational frameworks and platforms for the interoperability of existing databases, promotion of data availability and the integration of management approaches (hazard and risk assessment, planning methodologies, management plans, sustainability and adaptation assessments etc.);
- Develop concepts, strategies, models and pilots for sustainable and innovative management of resources, Interlinking of natural habitats and wildlife corridors through green infrastructure, landscape and maritime/coastal zone management in protected areas and their relevant adjacent areas;
- Set up, test and implement negotiation, mediation, participation and conflict resolution models in the context of land use, management of natural resources and assets with a view to diverging interests of stakeholders and territories;
- Design implementation strategies, set up models and test pilot activities and transnational, regional and intercommunity cooperation of risk management (risk assessment, risk communication, risk managing measures and hazard prevention) as a tool of ecosystem conservation and protection.
- Implement research and evaluation activities through the development of advanced tools for mapping, diagnosing, protecting and managing natural landscapes including awareness-raising and environmental education.

Target groups

- General public;
- Those groups listed under the caption “Indicative types of beneficiaries”;
- Enterprises, including SME.

Indicative types of beneficiaries

- Local public authorities;
- Regional public authorities;
- National public authorities;
- Agencies;
- Higher education institutions;

- Education/training centres;
- Business support organisations;
- Interest groups including NGOs.

Priority Axis 4: Cooperating on transport to better connect AIO regions

Thematic Objective 7 Promoting sustainable transport and removing bottlenecks in key network infrastructures

IP 7c Developing and improving environment-friendly and low-carbon transport systems including […] inland waterways and maritime transport, ports [...] multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

SO 4.1: Enhance capacity for integrated transport and mobility services and multimodality in the AIO Region

The area is characterised by the dominance of road transport on land bound routes and by the large number of smaller and bigger ports at the coast line. The connections to the hinterland are poor, while multimodal connections and coordinated development are poor. Railroad connections are also more developed in the periphery of the programme area (on the Italian Peninsula and on the North South Direction from Slovenia to Greece, whereas the centre of the area is poorly served, especially in the East-West direction.

Some constraints are dictated by geography and can be hardly overcome; others are rather a consequence of the spatial interactions and planning decisions of the past.

The lack of efficient multimodal networks (road, rail air, water transport) as well as low connectivity and mobility of peripheral areas can be addressed by improving the strategic transport management. Waterway transport plays a key role in this respect, especially since it has a relatively low environmental impact, thus the creation of an efficient multimodal transport system in the region may become a driving force in support for its sustainable development. Beside the need for optimisation of individual modes of transport (i.e. making them more environmentally-friendly, safe and energy efficient), their combination of multi-modal freight transport and logistics chains is required for a sustainable transport system.

Transnational cooperation aims to improve coordination among existing services, provided by different modes of transport, creating intermodal systems of existing transport facilities, overcoming discontinuity across borders and the lack of infrastructure.

Coordinated strategies, concepts and management tools shall contribute to improving the multimodality of environmentally-friendly freight transport (e.g. rail and river transport). Mobility centres, bus terminals and multi-modal platforms shall be promoted and developed as a potential for consolidating and optimising transport flows for people and goods in order to enhance the efficiency, reliability and quality of greener transport modes and services.

Indicative Actions to be supported are:

- Set up transnational frameworks, platforms and networks for the identification of existing potentials and obstacles in the fields of integrated transport and mobility services and multimodality (mapping of resources, studies, pilots and strategies, market demand e.g. for freight routes and product development assessments, prerequisites and “soft” factors for implementation,
- Develop research to administration networks and cooperation structures on relevant issues for the design, coordination and operation of integrated transport and mobility services and multimodality structures especially in Metropolises, Functional Urban Areas and in areas of land use pressure (e.g. coasts);

- Develop policy networks, strategies, models and toolboxes for setting up local/regional integrated transport and mobility services and multimodality solutions;
- Set up networks for the ex-ante assessment of the maturity and the anticipated impacts and the monitoring of the outcomes of integrated transport and mobility services and multimodality nodes;
- Set up, test and implement negotiation, mediation, participation and conflict resolution models and standards for the introduction and operation of integrated transport and mobility services and multimodality nodes;
- Support the transfer and uptake of existing local/regional solution and instruments and shape a framework for capitalisation of on-going technological innovation for a more sustainable organisation of integrated transport and mobility services and multimodality nodes and ICT applications;
- Study, design and test operational, technological and funding models for the preparation of infrastructure investments for integrated transport and mobility services and multimodality;
- Development of transnational integrated transport and mobility services and multimodality schemes (ticketing, freight clearance etc.).

Target groups

- General public;
- Enterprises, including SME;
- Those groups listed under the caption "Indicative types of beneficiaries".

Indicative types of beneficiaries

- Local Public Authorities;
- Regional Public Authorities;
- National Public Authorities;
- Agencies;
- Infrastructure and (public) service providers;
- Higher education institutions;
- Business support organisations;Interest groups including NGOs.

Priority Axis 5: EUSAIR Governance

Thematic objective 11: Enhancing institutional capacity and an efficient public administration by strengthening of institutional capacity and the efficiency of public administrations and public services related to implementation of the EUSAIR

IP 11: JAP (Joint action Plan)

SO 5.1: Support the implementation and the governance of the EUSAIR Action Plan

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1.3.4. Justification for the choice of thematic objectives and corresponding investment priorities

Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities

Selected thematic objective	Selected investment priority	Justification for selection
Thematic Objective 1 Strengthening research, technological development and innovation (…)	**Investment priority 1b** Promoting business investment in innovation and research and developing links and synergies between enterprises, R&D centres and higher education (…)	• Need to improve innovation capacities, competitiveness and internationalisation of SMEs confronted to international competition (tourism, agribusiness, creative industries, fisheries…) • Need to improve cooperation between actors of the quadruple helix, especially between research and businesses enterprises, R&D centres and higher education; and supporting networking, clusters and open innovation; • Need to strengthen growth sectors representing important jobs potential • Need to support new innovation areas and approaches (Eco Innovation; Public Procurement for Innovation; Creative Industry; Service Industry and Social Innovation)in a context of strong economic crisis and tight public budgets • Need to stimulate the adoption of innovation and technologies by the SME • Development of smart specialisation strategies by the use of RIS3 results; • Need to promote the Innovation management support (IP advise, tech- transfer, prototyping, demonstrators, etc.);
Thematic objective 4 - Supporting the shift towards a low-carbon economy in all sectors	**Investment priority 4e** Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multi-modal urban mobility and mitigation relevant	• Too important emission of GHG in the transport sector and in AIO cities • Need to improve the living environment in high density areas, reduce the effect of human activities on sea, land, air and human health • Need to maintain and improve the mobility and quality of life of populations in a context of economic crisis • Use of renewable energies lower than the EU average

	adaptation measures	• Excessive share of goods transported by road and huge impact of transport on the AIO area • High pressure on coastal roads unable to absorb increasing traffic • Limited transnational maritime/rail public transport services for passengers and freight • Need for transport and logistics as leverages to boost the competitiveness of the AIO area
Thematic Objective 6 Protecting the environment and promoting resource efficiency	**Investment priority 6c** Conserving, protecting, promoting and developing natural and cultural heritage	• High cultural and environmental resources in AIO regions threatened by human activities • High pressure of tourism activities and urbanisation, especially in the coastal areas of the AIO regions ((sustainable tourim) • Increased pressure on natural resources due to the combination of human activities and environmental changes (especially climate change) • Increased pressure on water resources from a quantitative and qualitative point of view
	Investment priority 6d Protecting and restoring biodiversity, soil protection and restoration and promoting ecosystem services including NATURA 2000 and green infrastructures	• High environmental resource in the AIO regions threatened by human activities • Pressure on the biodiversity and development of invasive species • Pressure on water quality with direct consequences on the biodiversity • Crucial role of the environment in the attractiveness and economic development of AIO regions
Thematic Objective 7 Promoting sustainable transport and removing bottlenecks in key network infrastructures	Inv**estment Priority 7c** Developing and improving environment-friendly (including low-noise) and low-carbon transport systems including […][…] inland waterways and maritime transport, ports [...] multimodal links and airport infrastructure, in order to promote	• Need to reduce the environmental impact of transport by increasing multimodality and shift to most appropriate environmental friendly modes of transport • Need to collect information and improving procedures for waste management and pollution created by so-called "environmentally friendly" transport modes, such as inland and maritime navigation. • Need to improve the logistic chain of all import-exports transport activities

	sustainable regional and local mobility	• Need to improve the border cross point transit for all the non EU borders where administrative and organization bottlenecks produce substantial delays in the travel scheduling • Need to invest on ICT management for all freight transport activities • Need to enhance the water –rail intermodal platform both for maritime ports and inland waterway port • Need to reinforce the ICT application for making open and easier the access to info transport and implement all the intermodal opportunities for the passengers mobility
Thematic Objective 11 Enhancing institutional capacity and an efficient public administration	Developing and coordinating macro-regional and sea-basin strategies (*ETC regulation*) USE OF JOINT ACTION PLAN INSTRUMENT/STRATEGIC PROJECT	- Need to ensure a good governance of the EUSAIR and to coordinate other existing and future macro regional