

European Territorial Cooperation



**Analysis of the territorial challenges, needs and potentials
of the Adriatic-Ionian Region
and strategic options for post-2020 ADRION Programme
Appendixes to the
TERRITORIAL ANALYSIS**

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WARNING

The ADRION 2021-2027 Territorial Analysis is completed by main text, available under a separate volume

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Acronyms

| ACRONYM | FULL MEANING |
|---------|---|
| ASCI | Areas of Special Conservation Interest |
| BBVA | Banco Bilbao Vizcaya Argentaria |
| BiH | Bosna and Herzegovina |
| BRI | Belt and Road Initiative |
| DESI | Digital Economy and Society Index |
| EASME | European Agency for SME |
| EBRD | European bank for Reconstruction and Development |
| EIS | European Innovation Scoreboard |
| ESPON | European Spatial Planning Observation Network |
| ETC | European Territorial Cooperation |
| GDP | Gross Domestic Product |
| GFCM | General Fisheries Commission for the Mediterranean |
| GVA | Gross value Added |
| ICT | Information and Communication Technology |
| IMF | International Monetary Fund |
| INSTAT | National Institute of Statistics (Albania) |
| ISTAT | National Institute of Statistics (Italy) |
| LIP | Logistic Performance Index |
| MakStat | National Institute of Statistics (North Macedonia) |
| NDICI | Neighbourhood, Development and International Cooperation Instrument |
| NUTS | Nomenclature of Territorial Units for Statistics |
| OECD | Organisation for Economic Co-operation and Development |
| RIS | Regional Innovation Scoreboard |
| SWOT | Strengths Weaknesses Opportunities Threats |
| TEN-T | Trans-European Transport network |
| UNCTAD | UN Conference on Trade and Development |
| WHO | World Health Organisation |

A. Appendix A. A territorial perspective

The ADRION programme covers the following areas:



Map 1. ADRION 2021-2027 proposed area

The ADRION territorial cooperation programme covers an area inhabited by more than 70 million people, which includes a multitude of cultures, languages spoken, religions and traditions. The transnational cooperation at stake aims at jointly addressing the territorial challenges and potentials that characterise four European Union Member States (Croatia, Greece, Italy and Slovenia), four candidate countries (Albania, Montenegro, North Macedonia, Serbia) and one potential candidate country (Bosnia-Herzegovina). Each partner state is included to its full territorial extension except for Italy, where the programme area concerns only twelve regions, mainly located on the Adriatic and Ionian Sea coasts, together with the two autonomous provinces of Trento and Bolzano¹, Umbria and Lombardia.

The Adriatic and Ionian region is heterogeneous in geographical terms, characterized as it is by a variety of coastal, insular, rural and mountainous areas, as well as by large urban agglomerations and suburban territories. This variety also concerns the economic, social and cultural features of the region, that constitute

¹ The Italian regions included in the Adriatic and Ionian Region are: Lombardia, Veneto, Friuli Venezia Giulia, Emilia-Romagna, Marche, Umbria, Abruzzo, Molise, Puglia, Basilicata, Calabria, Sicilia and the provinces of Trento and Bolzano.

the hinge between the Mediterranean Sea and the Central and Eastern part of the European continent. Its geographical position is strategic also in terms of trade exchange, being in the middle between Asia and Europe as well as between the southern Mediterranean seaway connecting the Suez Channel and the Strait of Gibraltar and the centre of the EU market. This strategic position has been recognized by the Chinese Government that, through its recent Belt and Road Initiative (BRI)², considers the Balkan segment of the new Silk Road (from the Piraeus port to Budapest) as the main land access to the EU Single Market.

Thanks to the efforts put in place in the last decades (as a consequence of the Adriatic Ionian Initiative, but also of a number of cross-border programmes and other initiatives) the area is characterised by an increasing intensity of collaboration and cooperation. However, the Adriatic and Ionian region is still characterised by strong disparities in a number of dimensions like:

- institutional – in terms of both EU integration status (member and non-member states) and domestic administrative arrangements and models of social organisation (large and small countries, different administrative subdivision and organisational capacity etc.);
- social – including differential demographic trends, quality of higher education and migration fluxes;
- cultural – which includes differences among countries, within each country and between generations;
- economic – in terms of performance, capacities of innovation, quality of production etc.

These differences are particularly evident when comparing the EU and the non-EU Member States, but also remarkable within some of the countries themselves (the case of Italian North and South regions is emblematic).

Overall, the territories at stake present important human, natural resources and potentialities but are at the same time faced with urgent, multi-dimensional challenges concerning a number of socio-economic and territorial development spheres (i.e. climate change, environment and energy, labour market employment, migration and brain draining, networks, connectivity and transport). In order to further introduce these challenges and potentials, the following subsections will respectively reflect upon the historical factors that led to them, the peculiar urbanization models characterising the area, the characteristics of the area heritage and natural resources and the role played by internal and external borders and by existing and future functional interconnections. In conclusion, some of the main internal and external challenges for the development of the regions are highlighted.

A.1. *A (lack of) territorial interconnections*

The ADRION region is a complex area for cooperation as a consequence of its geomorphological and economic patterns and differences. The sea is the central functional element in the area, which features as well mountains, valleys with lowlands and remote areas in the Balkan Peninsula. The presence of big cities such as Athina, Beograd, and Milano, of areas of mass tourism (Venezia, Kriti, Notio Aigaio, Chalkidiki, Dubrovnik) and of a large number of islands is to be taken into account when planning future cooperation

² Since the beginning of the new millennium, China has progressively expanded its geopolitical, economic, and strategic influence around the world (Pu, 2016). One of the ways through which China has pursued this goal is in the revitalization of the ancient Silk Road, which for centuries constituted the only corridor connecting the Western and the Eastern side of the Eurasian continent. The BRI seeks to mobilize over USD 4 trillion through 2049 and concerns more than 68 countries around the world, together accounting for 65% of the world's population and over 40% of the world's total GDP (Cotella and Berisha, 2019).

in this area. The mentioned challenges and the heterogeneity that characterise the area are certainly a consequence of the complex geopolitical and administrative arrangement that had characterised it through time, of decades of isolation from the core of Europe as well as of the diverse political models adopted in the region.

One of the prerequisites of successful territorial cooperation is the existence of strong territorial interconnections. In this concern, one should notice that the ADRION area presents instead a number of territorial discontinuities that are a more or less direct consequence of the geomorphological (high mountains, inaccessible coast, rivers, lakes etc.), historical (isolation and conflicts) and economic characteristic of this transnational region. Overall, geomorphological spatial discontinuities are mainly due to the presence of the Adriatic-Ionian basin as well as of a conspicuous number of mountain ranges that limit people interactions and economic exchanges. The sea, in particular, has had a strong influence on how the territory has been historically intended and used. In Italy, for example, alongside the *Dorsale Adriatica* - connecting the Italian North-East regions with the South - a number of transversal corridors have been developed through time, to overcome the Apennine mountains, in-so-doing guaranteeing economic and territorial interconnections between the two sides of the country³. This is not always true for those Western Balkan countries that historically have developed their economy in the inland, mostly engaging in trade and links with the Eastern side of the continent. Indeed, except for some small-medium cities like Split, Dubrovnik and Durrës, the main and capital cities are located far from the Adriatic Sea. In this light, one of the challenges of the the ETC programmes (CBC and IPA CBC programmes are investing a significant share of money on maritime connections) to which the ADRION programme itself contribute, is to counteract the existing territorial patterns by facilitating interconnections between the two coasts of the Adriatic Sea (e.g. by valorising the Adriatic branch of the South-East European Seaway) as well as fostering better connections between coastal areas and inner territories. The territorial concentration of main development areas in the backstage of the Adriatic and the Ionian Sea is also one the reason for the scarce connections with that archipelago of islands that characterize the territory of Greece and, to a lesser extent, of Croatia. If one excludes the summer season, these islands remain relatively isolated, paying less attention to the valorisation of any development potential that goes beyond second homes and tourism. According to OECD (2019), indeed, accessibility is one of the main challenges for Greece where around a third (32%) of Greece's population lives in rural areas and the vast majority of this rural population (89%) live in remote regions, which includes also the almost 6000 islands. Indeed, almost one quarter of the population cannot reach a town with at least 50,000 inhabitants within an hour travel time⁴.

Interconnections can be also guaranteed by rivers and navigable waterways, which can represent a territorial obstacle from the one side, or an ecological alternative of using road transport, on the other side. In the ADRION region there are two important rivers systems: the Danube and the Po River. In particular, the Danube waterway is one of the backbone of the Trans-European Transport Network (TEN-T) - representing the Pan-European Corridor VII - and key logistics axis for the entire Central Europe. In 2014, indeed, more than 40 million tons of goods were carried on the Danube waterway and its tributaries⁵. Apart from that, the navigability potential of the Danube River still remains largely underused, in particular for what concerns the ADRION countries through which the river flows (i.e. Serbia, Bosnia-Herzegovina and

³ for an overview of the development of the Italian territorial system see: Bonaverio et al., 1999

⁴ <https://www.oecd.org/greece/territorial-review-of-greece-preliminary-findings-greece-march-2019.htm>

⁵ Danube International (2016) Fact Sheet Danube Transportation - Danube Waterway - backbone of the European Transport Network and key logistics axis of the entire region.

Croatia)⁶. On its hand, the Italian Po river also presents important ecological and transport potentials that have been until now underused⁷.

Finally, interconnections should be guaranteed by transport infrastructures and multimodal systems. In the case of the ADRION region, multimodality and transport networks are relatively scarce with limited international connections. In many cases, this is a consequence of years of isolation and the necessity to guarantee territorial integrity by sacrificing the connections with the rest of the region. Only in the last two decades, the implementation of the TEN-T Corridor X and VIII⁸ has brought important investments in terms of infrastructure connectivity. Alongside regional connectivity, however, there is a need to focus the political priorities also towards the internal connections which are very poor in terms of railway transportation network. At present, there are no credible rail-based alternatives for the transport of people and goods across the Balkans and from the Balkans countries and the rest of the ADRION region.

A.2. *Urbanisation models and processes*

The process of urbanisation that characterize the territory interested by the ADRION cooperation is rather polymorphic and heterogeneous. As far as the Balkans side is concerned, urbanisation happened late and its development has been rather not homogenous in comparison with the rest of the European continent. As shown in Graph. 1, according to the World Bank Data of 2020, Balkans countries have made important progress in terms of urban population growth in the last three decades. However, not all countries have performed in the same way. One of the countries that present the higher performance in this concern is Albania, which moved from a 36% of urban population in 1990 to more than 60% in 2018. A similar performance has been achieved by Montenegro which went from the 48% of population living in urban areas in 1990 to the current 66.7% in 2018. Positive performances are also witnessed in Bosnia-Herzegovina which moved from 39% of 1990 to 48% of 2018, Italy moving from 66.7% to 70.4% and Greece moving from 71 to 79% in 2018. Excluding the latter, all countries are abundantly under the EU urban population average, which is 75.7% in 2018.

Differently from other European territories, with the exemption of Italy, countries are characterized by rather monocentric settlement systems, where the majority of human activities are concentrated in and around the main capital cities, this leading to the emergence of a set of strong poles, among which the main role is played by Athina, Beograd, Zagreb and Tirana, followed by Ljubljana, Skopje, Sarajevo, and Pristina. On the other side of the Adriatic, the portion of Italy engaged in the programme presents a rather polycentric settlement system, characterised by Milan, Trieste, Venezia, Bologna, Ancona, Bari, Catania and Palermo as its main nodes. Moreover, urbanisation has also strongly affected the coastal areas on both side of the Adriatic Sea, with the highest intensity being located in the Italian Riviera romagnola (practically a continuous linear city more than 100 km-long) as well as in the most recently developed areas of

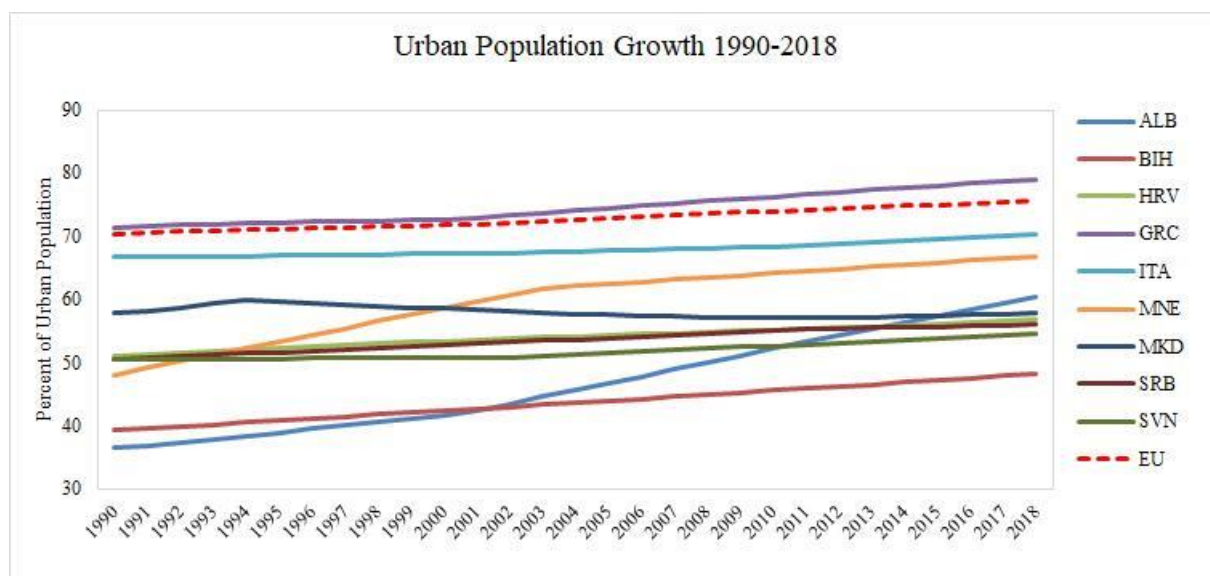
⁶ Milanković et al. (2018) The Danube inland waterway transport and its role in Serbia's economic development. R-Economy, ISSN 2412-0731

⁷ At present, however, the commercial traffic taking place along the Po River interests just Italy and Pianura Padana in particular, with scarce benefits for the rest of European countries. Franchi L., David, A. (2018) The Italian water inland transport scenario and major inland ports. Number 2, Volume XIII. Retrieved here: http://pernerscontacts.upce.cz/51_2018/Franchi.pdf

⁸ The Corridor XIII - Orient/East-Med Corridor - interests the North Macedonia and Bulgaria's CVIII Road Interconnection passing from Kriva Palanka (North Macedonia) to Deve Bair (Bulgaria).

Montenegro and Albania. Alongside the mentioned network of main centres, the area is characterised by a rather strong network of small and medium cities and this is true in particular in Italy and, to a different extent, in the other ADRION countries. Overall, the progressive diffusion of urbanisation is often associated with urban sprawl and illegal developments (especially in Albania and in some of the former Yugoslavia republics), thus increasing the pressure on land to the detriment of its sustainable use.

Importantly, one should notice that the ADRION region is mostly a coastal and insular region. It surrounds the Adriatic Sea completely, as well as the Ionian Sea, with a total of 26,000 km of coasts. Moreover, a large number of islands of different dimensions, mostly belonging to Greece and Croatia (1,200-6,000 and 602-1244, respectively, depending on the minimum size to take into account), are spread out the two Seas and host a large number of settlements and important natural and cultural heritage elements. However, the mentioned coastal and insular character is not equally characterising all the countries cooperating in the ADRION programme. As mentioned, Greece and Croatia are the countries that feature the larger number of islands in the area, followed at large distance by Italy, where Sicily is the largest Mediterranean island. When it comes to coasts, Greece is characterised by the longest shore insisting on the area (15,147 km), followed by Croatia (5,664km), Italy (4,173km⁹) within the ADRION area and Albania (649km). On the other hand, Montenegro (293km) and Slovenia (41km) show a shorter coastal extension and develop mostly inland, and the same is true for Bosnia-Herzegovina (23km). Finally, Serbia and North Macedonia do not present any coastal territory.



Graph. 1. Urban population growth in the ADRION countries

Source - own elaboration based on World Bank Database 2020

⁹ For Italy is intended the sum of coasts of regions participating in ADRION. Looking at the regional level: Friuli Venezia Giulia has 111km of coasts, Veneto (158km), Emilia Romagna (141km), Marche (185km), Abruzzo (170km), Molise (36km), Puglia (870km), Basilicata (70km), Calabria (780) and Sicilia (1652km).

A.3. *Natural and historical resources and ecological patterns*

The ADRION area is characterized by a variety of natural and ecological assets. It features high levels of biodiversity, that is further amplified by the coexistence of three biogeographic regions – Continental, Alpine and Mediterranean – all presenting distinctive characteristics¹⁰. This uniqueness is also a consequence of the prevailing presence of the Adriatic Sea, Ionian Sea and Aegean Sea that contain a variety of coastal and marine habitats rich in reefs, caves, rocks and archipelagos. This richness, however, is endangered by the progressive alteration of natural habitats by human activity, the impacts of climate change and the scarce coordination of conservation and preservation initiatives taken until now. Similarly, the growing tourism industry is generating a number of negative externalities, mostly in relation to the overexploitation of natural resources and the endangerment of important ecological areas; the increasing pressure on the existing infrastructure networks; the overuse of services during the summer season, etc.

Despite these pressures, inhabitants and visitors can still enjoy a rather preserved natural landscape and vibrant touristic localities. Tourism is indeed one of the recognized values of this region and it is becoming one of the main performing economic assets. The main appreciated touristic destinations are Italy, Greece, Slovenia, Croatia and Montenegro, more recently joined by Albania, which is slowly becoming attractive for its natural preserved inner areas and its Adriatic seacoast. Tourists are attracted by both enviable natural means but also stimulated by the architectural heritage with Italian and Greek cities and Greek islands, positioned at the top of European tourist destinations. In the last decades, however, also important historical cities in the Balkans are increasingly attracting the cultural tourism wave, as it is pointed out by the examples of Sarajevo (Bosnia-Herzegovina), Dubrovnik (Croatia) and Berat (Albania). The richness of natural and historical heritage is also confirmed by the number of UNESCO sites, among which are worth a mention Butrint and the Historic Centre of Berat and Gjirokastra in Albania, the Old Bridge Area of the Old City of Mostar in Bosnia-Herzegovina; the Old City of Dubrovnik and the Plitvice Lake National Park in Croatia; the Acropolis of Athina and Paleochristian and the Byzantine Monuments of Thessaloniki in Greece; the Dolomites, Venezia and its Lagoon and the Early Christian Monuments of Ravenna in Italy; the Natural and Culturo-Historical Region of Kotor and the Durmitor National Park in Montenegro; the Natural and Cultural Heritage of the Ohrid region in North Macedonia; the Stari Ras and Sopoćani in Serbia and the Ancient and Primeval Beech Forests of Europe in Slovenia¹¹.

A.4. *Overcoming borders through functional interconnections*

As introduced above, the ADRION area is characterized by a high number of territories featuring wide economic, social and territorial imbalances. Alongside the more performative areas (the triangle represented by Milano, Bologna and Venezia in Italy, the “S” shape development axis in Greece from Patras to Alexandroupolis and the capital cities in the rest of the Balkan countries), a large portion of the remaining territory is interested by scarce economic performance, high emigration rate and brain draining, lack of public investments. The more underdeveloped areas are the so-called inner areas (e.g. the Apennine ridge

¹⁰ <https://portals.iucn.org/library/sites/library/files/documents/2018-040-En.pdf>

¹¹ Data about UNESCO Sites are available here: <https://whc.unesco.org/en/list/&order=country#alphaS>

in Italy) and some hilly territories like those between Croatia and Bosnia-Herzegovina, those within Serbia, those across Albania and Greece, Bosnia-Herzegovina and Montenegro (World Bank 2019).

A central role for increasing connectivity (i.e territorial, economic and ecological) should be certainly played by the Adriatic Sea. Whereas the latter could potentially be considered an obstacle for cooperation and exchange, it could at the same time represent the very element that makes cooperation between the two shores not only convenient, but also necessary. In particular, cooperation across the Adriatic and Ionian Sea can focus on multiple spheres, among which energy, transport, climate change prevention and mitigation and blue growth. In particular, this cooperation activity should act as a link upon which to valorise the existing continuity and complementarity between the sea basin and the inland. The development of the infrastructure network is however highly imbalanced in the region. Some Italian regions in the north are among the most connected regions in Europe while some Greek, Croatian, southern Italian regions and most part of enlargement countries need substantial improvements. Closing the gap between them is a precondition for an integrated social and economic development. In particular, the limited intermodal transport curbs the potential exchange of goods both from the coast to hinterland and vice-versa. Scarce connectivity between ports, coastal areas and the inland hampers the possibility of goods and persons to move from the coastline to internal areas.

Additionally, functional interconnections between territories located within one or more countries of the ADRION area as well as outside, could contribute to further integrate currently underdeveloped areas within existing development trajectories. In this light, the development and consolidation of functional regions that extend beyond the transnational cooperation borders, represents an interesting strategy to enhance local development potentials for all ADRION regions. More in detail, the current debate on functional regions acknowledges that, in the age of globalisation, countries and administrative borders do not effectively represent - and hence address - the main territorial development mechanisms. This is equally valid when it comes to analyse functional (urban) areas, cross-border functional regions and transnational functional regions involving more than one country¹². Different from administrative, economic and historical regions, functional regions overcome borders in the extent of identifying communalities in terms of territorial capacity (connectivity, economic production models for instance etc.) and political solutions (common development strategies, mechanism, processes and governance models). As far as the ADRION cooperation is concerned, transnational functional regional development is founded upon the shared acknowledgement of challenges and the development of a joint political will to face them. At the moment, however, scarce knowledge exists in relation to existing transnational functional links, and, when one looks inside the ADRION individual nations, only few examples emerge – as for instance the Italian new intra-country functional regions constituted by the triangle of Milan-Bologna-Venezia and the Albania DURANA area that connect Durrës and Tirana. Apart those, there are a number of different Functional Urban Areas

¹² In the literature, “a functional region is a territorial unit resulting from the organisation of social and economic relations in that its boundaries do not reflect geographical particularities or historical events”. OECD (2002)

(FUA)¹³. According to some database (see among others OECD¹⁴, ESPON¹⁵ and Copernicus-ATLAS¹⁶), there are different FUAs in the region like: the regional metropolitan Modena-Bologna-Ferrara, the Metropolitan area of Milano, Bari, Venezia, Palermo followed by city-harbour of Trieste, Ancona as well as Messina and Reggio Calabria (Italy); the large metropolitan area of Athens, the metropolitan area of Thessaloniki and a series of medium-sized areas like Ioannina, Volos, Larisa in Greece; the metropolitan area of Ljubljana and Maribor in Slovenia as well as the metropolitan area of Zagreb and Split in Croatia. Looking at the rest of the Balkans countries, is worth to mention the metropolitan area of Belgrade, hosting almost 1.7 million of inhabitants, and followed by Novi Sad and Nis, both above 250,000 inhabitants. As far as for the other countries, except for the already mentioned intra-regional functional area of Durrës and Tirana, the capital cities of Podgorica in Montenegro and Skopje in North Macedonia also represent potential FUAs. Apart that, the recent ESPON FUORE (Functional Urban Areas and Regions in Europe) identified a series of “thematic” functional regions based on different databases (TERCET, Eurostat etc.). What emerges is that the ADRION region features additional functional regions such as (i) coastal functional areas which includes almost all the Adriatic –Ionian coasts, (ii) mountain massifs functional areas – which covers the Italian Apennine ridge, the Alps and almost all the Greek territory; (iii) islands functional regions which includes the islands archipelagos of Greece and Croatia as well as the region of Sicilia and its islands in Italy.

To what concerns cross-border functional regions, instead, there are no significant examples that may show a tendency of sharing common challenges and solutions, although a number of preliminary initiatives have been launched in recent years between (a) Italy, Slovenia and Croatia and (b) Greece and North Macedonia, often as a consequence of EU-funded cross-border cooperation programmes. In sum, the ADRION area presents a number of important potentials to further consolidate as a functional region. Additional efforts are needed to activate the latter in the direction of a truly integrated transnational territorial development. In this perspective, the ADRION programme can certainly facilitate this process, through the promoting of transnationally shared development policies and approaches that, in the long run, contribute to the consolidation of a joint political approach to existing challenges.

A.5. Chinese Belt and Road Initiative influence in the ADRION region

As part of the Chinese going out strategy, BRI's amount of investments has been growing in the last few years. From both the economic and territorial perspectives, the BRI is one of most ambitious initiatives of this century, as it interests directly or indirectly all continents of the World. More importantly, one of the BRI's European segment crosses explicitly the Western Balkan region (

¹³ According to OECD there are four classes of functional urban areas as follows: (i) small FUAs, with population between 50,000 and 100,000; (ii) Medium-sized FUAs, with population between 100,000 and 250,000, (iii) Metropolitan FUAs, with population between 250,000 and 1.5 million; (iv) Large metropolitan FUAs, with population above 1.5 million.

¹⁴ <https://www.oecd.org/cfe/regional-policy/functionalurbanareasbycountry.htm>

¹⁵ <https://www.espon.eu/functional-urban-areas-tool> and https://mapfinder.espon.eu/?print=1&p=2316&wmpmp_switcher=desktop
https://mapfinder.espon.eu/?print=1&p=2316&wmpmp_switcher=desktop

¹⁶ <https://land.copernicus.eu/local/urban-atlas/urban-atlas-2012>

Map 2), turning the ADRIION region in the main “entry point” for China towards the Single European Market, both via railway connections (following the Silk Road Economic Belt) as well as for via maritime connection (following the Maritime Silk Road). The ports of Trieste, Venice and Piraeus are expected to play an increasingly important role in facilitating people and goods movements in the close future.

According to the China Global Investment Tracker elaborated by the American Enterprise Institute and The Heritage Foundation¹⁷, countries in the ADRIION region have been interested by multiple investments initiatives from Chinese operators. In particular, in the period 2013-19, China invested more than 35 billion euro¹⁸ in different economic sectors (from transport to energy, from finance to logistics, etc.). However, the distribution of investments is not geographically homogenous but rather differs from one country to another (Graph. 2, Graph. 3). Graph. 2 shows that Italy, Serbia and Greece are benefiting the most from Chinese investments, while in the rest of countries investments are less relevant¹⁹ although investments are increasing in the last period as is happening in Montenegro and Slovenia. According to the Chinese Embassy ²⁰ in Tirana, up to 2015 the value of investments was up to 87 million USD and the amount increased significantly one year later (2016) to 760 million USD and 800 USD in 2018²¹.

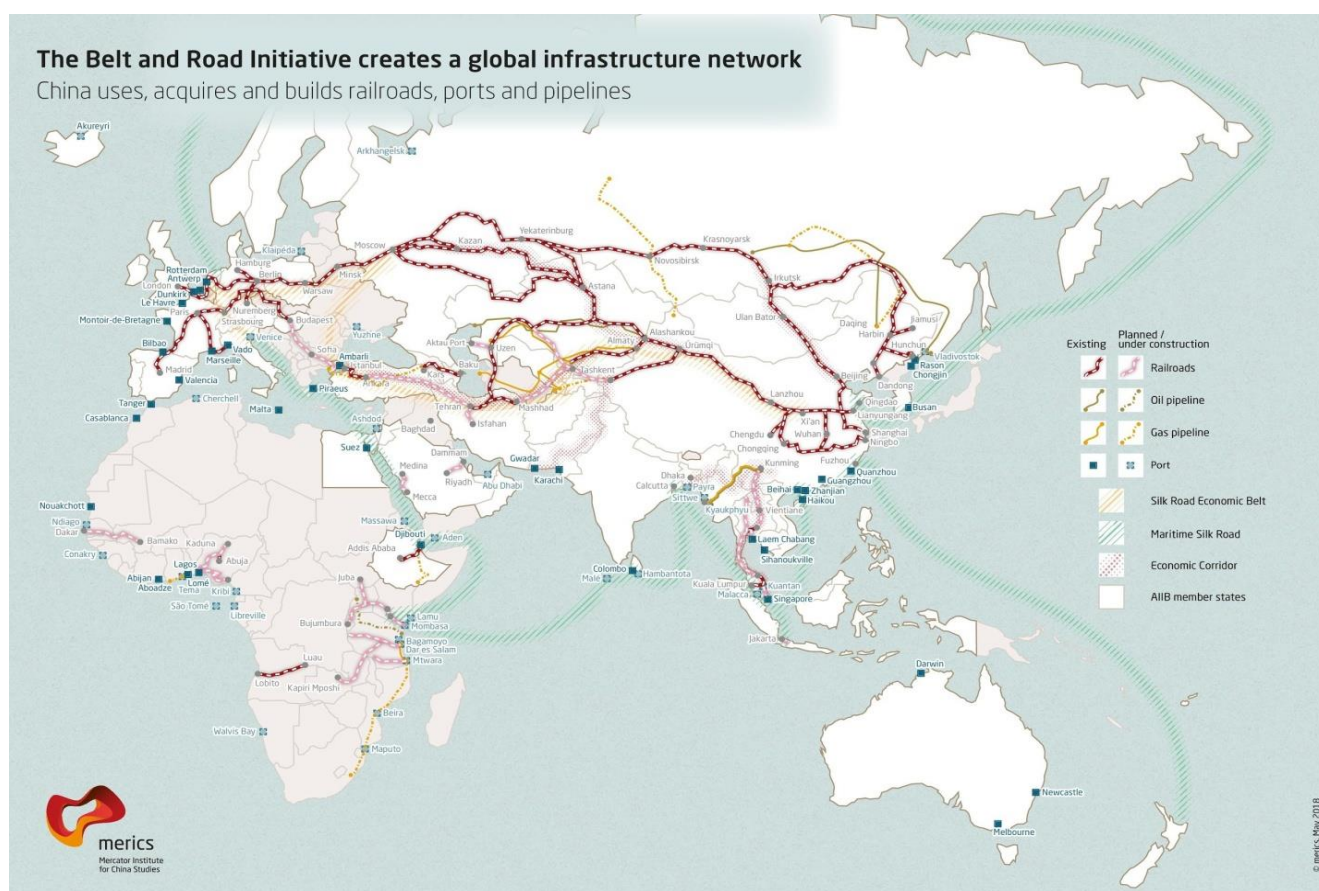
¹⁷ <https://www.aei.org/china-global-investment-tracker/>

¹⁸ According to the World Bank database, the ADRIION area has been interested in FDI share for a total of 190 billion dollars for the period 2013-2018.

¹⁹ For Albania, there are no data available

²⁰ <http://al.chineseembassy.org/eng/zgyw/t1484487.htm>

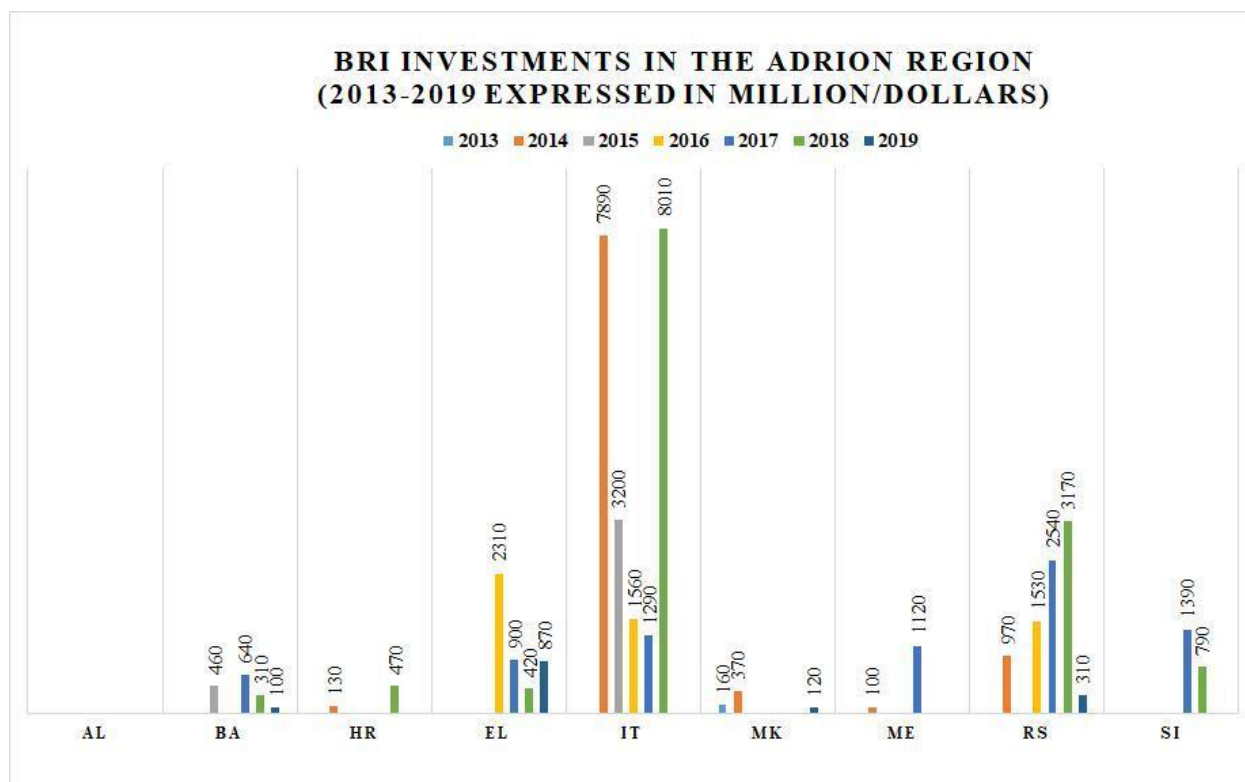
²¹ There has also been an increase in Chinese tourists (17,000 tourists in 2018, 60% more than in the previous year).



Map 2. BRI Investments in the ADRION region per country

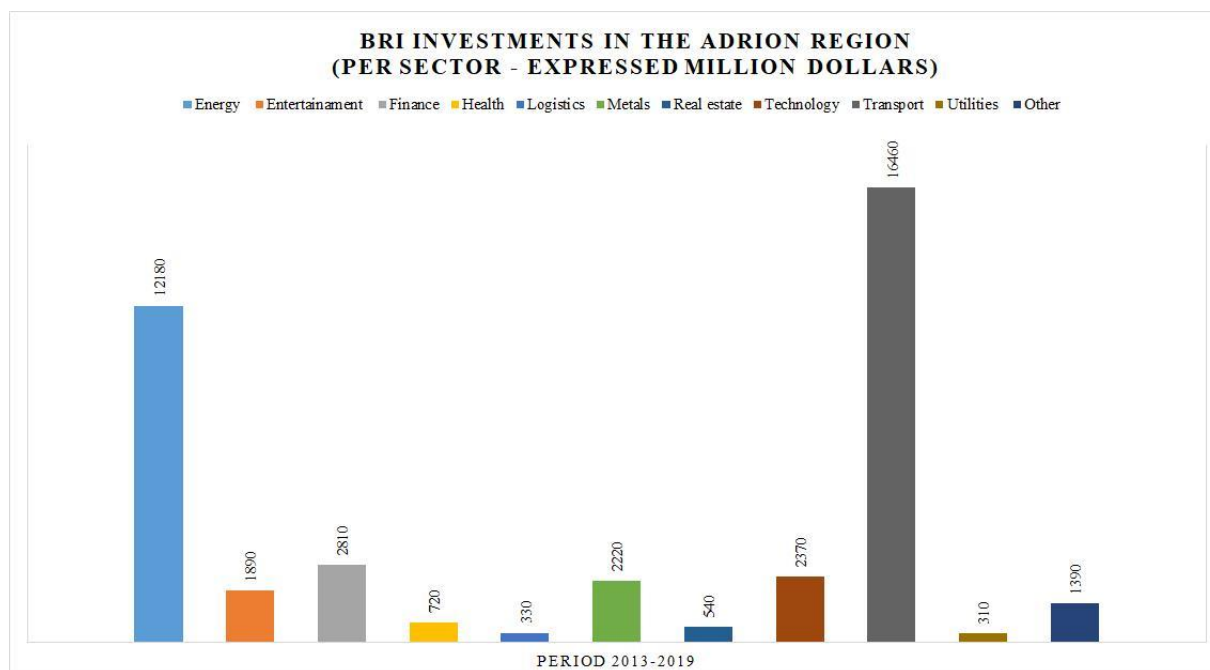
Investments are concentrated in some strategic sectors according to the main geo-economic, strategic and territorial objectives of the BRI (Graph. 4). In the ADRION region, more than 16 billion (39% of the investments) are concentrated in the transport infrastructure followed by the energy sector where more than 12 billion (29% of the investments) have been allocated. Important economic resources have been activated in other sectors like finance (2.8 billion), technology (2.37 billion), metals (2.2 billion) etc. Looking more in details, Italy shows a concentration of resources in transport, energy and finance sectors while in Greece the majority of funds have been used in the energy sector.

Source: Mercator Institute for China Studies, 2018. Own elaboration based on China Global Investment Tracker of the American Enterprise Institute and The Heritage Foundation).



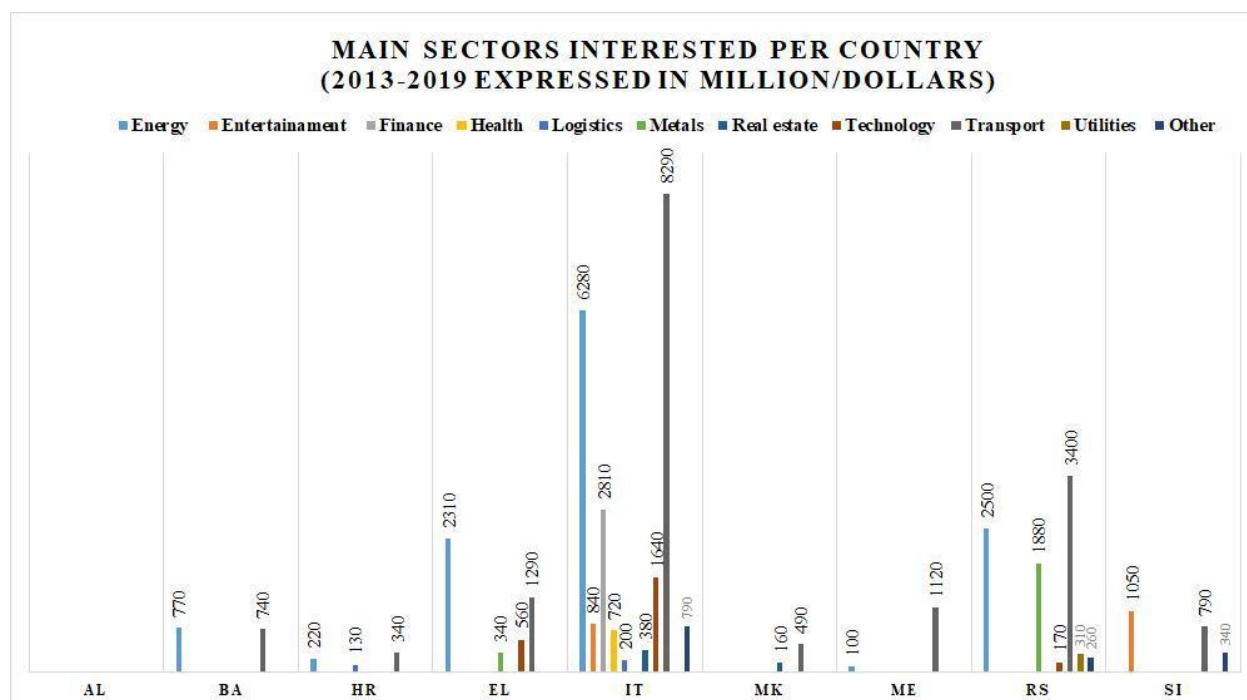
Graph. 2. BRI Investments in the ADRION region per country.

Source: own elaboration based on China Global Investment Tracker of the American Enterprise Institute and The Heritage Foundation



Graph. 3. BRI Investments in the ADRION region per sector

Source: own elaboration based on China Global Investment Tracker of the American Enterprise Institute and The Heritage Foundation



Graph. 4. BRI Investments in the ADRION region per sector in each country

Source: own elaboration based on China Global Investment Tracker of the American Enterprise Institute and The Heritage Foundation

A.6. Future territorial challenges and perspectives

From a territorial perspective, the ADRION area is characterised by a number of **internal and external challenges**. From an internal regional perspective, the challenges concern:

1. **Emigration flows**, brain draining, ageing population and depopulation of inner areas. Though not immediately perceived as challenging issues, the question of quality of human resources will be at the centre of the future development opportunities of this area. In particular, emigration and brain draining concerns all the countries at stake, as for Italy that, according to the ISTAT²², lost more than 800 000 nationals - mainly young people with medium to high education - who moved abroad. All countries are suffering from internal migration fluxes, which are emptying some already depressed areas in favour of more developed regions. The population of the Western Balkan countries is expected to decrease by about 14% between 2018 and 2050 (Bankwatch Network 2016)²³.

²² <https://www.istat.it/it/archivio/236762>

²³ Bankwatch Network, 2016. Western Balkans countries invest at least 2.4 times as much in coal as in wind power. Briefing Paper.

2. Development pressure on cities and metropolitan areas. According to City Population – Urban Agglomeration²⁴, the ADRION region is characterised by a scarce number of international metropolitan areas with more than 1 million inhabitants: Milano (Italy), Athina (Greece), Beograd (Serbia) and Zagreb (Croatia). However, there are a series of cities conurbation that are now under development stress, like the main cities in the Pianura Padana (Bologna, Mestre-Venezia, Padova), Thessaloniki and Patras in Greece, the Tirana-Durrës metropolitan area, Sarajevo in Bosnia-Herzegovina and many other smaller realities. Due to the role they play as gateway territories, these areas will most likely have increasing national and international attractiveness, depriving the rest of the territories from human, economic and natural resources. The challenge here concerns how to address territorial development in a more polycentric direction without, however, having additional impacts on land use and overexploitation of natural resources.
3. The risk of overexploitation of natural resources and the loss of biodiversity. This challenge goes hand in hand with the one presented before. A better and sustainable territorial organisation and development models will certainly reduce the risk of overexploitation of natural resources. Making cities, metropolitan areas and regions more efficient in terms of use of natural resources, and increasing social responsibility in dealing with common goods (i.e. water, air and soil), will contribute to preserve the region or make it more resilient against the unavoidable effects of climate change and global warming.
4. Investment on multi-modal transport, communication and research networks. Here the challenge will be how to achieve a more inter and trans connected region. ADRION area has an enviable geographical position. However, this potential has not been fully exploited yet. As a matter of fact, the Balkans area features a good number of rather isolated areas, and is characterised by few international airports and underdeveloped highway and railway infrastructures. Connectivity should be seen in terms of strong transport infrastructure (i.e. roads, harbours, airports and energy pipelines) but also in terms of e-communication (development of ultra-broadband networks) as well as increasing of human connections (join research centres, common development platforms etc.).
5. Improvement of soft and hard industries, international champions companies as well as creating high specialised productive districts. Due to the heterogeneity of the existing industrial system that characterise the region, a number of challenges concern the creation of a common industrial identity, which may pave the way for an increasing cooperation and collaboration of the private stakeholders active within each national context. Circular and sharing economy could play an important role in addressing economic development in a very sustainable way by increasing investments in joint initiatives.

Externally, the challenges are:

6. Globalisation mechanisms between risks and opportunities. After the downfall of the Berlin Wall, the Balkan countries experienced a number of global impacts in terms of economic transition and liberalisation, as well as value chain production mechanism and privatisation. After almost three decades of transition, however, these countries are not fully benefiting from globalisation as much as it was expected. In particular, in the present multi-polar world, small countries face more risks than benefits. Global challenges like migration, global warming,

²⁴ <https://www.citypopulation.de/en/world/agglomerations/>

climate change are indistinctly distributing their effects all over the world, but their impact is particularly significant for the small and relatively young democracies. In this light, transnational cooperation initiatives could represent a safety net to soften, at least partly, the negative socio-economic externalities of globalisation.

7. EU enlargement and integration process. Even if the process of EU Integration has been slowing down as a consequence of the political debate internal to the Union, to join the EU may be a crucial step for those Balkan countries that are still undergoing the integration process. In particular, despite the obvious economic and political advantages that the accession into the EU could bring, the latter should also provide an important impulse in terms of social identity and cooperation. Until now, social and economic circumstances have not supported the process of EU integration and for the future, additional efforts should be put in place. In March 2020, Albania and North Macedonia have been acknowledged the possibility to start negotiation talks,²⁵ which is an important step forward along the EU Integration path that will liberate new energies and funds to allow a quicker incorporation of the *acquis communautaire*, minding the existing gap in several sectors. ADRION, in this sense, can play definitely a key role for boosting the EU Integration process by building bridges not only between the countries but also between the Adriatic and Ionian Region and the rest of the EU entities.
8. ADRION and the Belt and Road Initiative. As mentioned above, the ADRION area represents the main entry point of the Chinese Belt and Road Initiative into Europe. As a consequence, the main economic investments that are interesting the European Continent within the BRI initiative are nowadays mainly concentrated in the Adriatic and Balkans territory. In the last year, Chinese investment funds has concentrated their economic efforts in acquiring ownership of container terminals and port authority in Piraeus, the acquisition of industries and the realization of railways (as the Beograd-Budapest railway). The challenge of ADRION will be how to strategically orient and integrate the potentials offered by the BRI with an EU strategic territorial perspective, hence limiting the emerging of negative externalities

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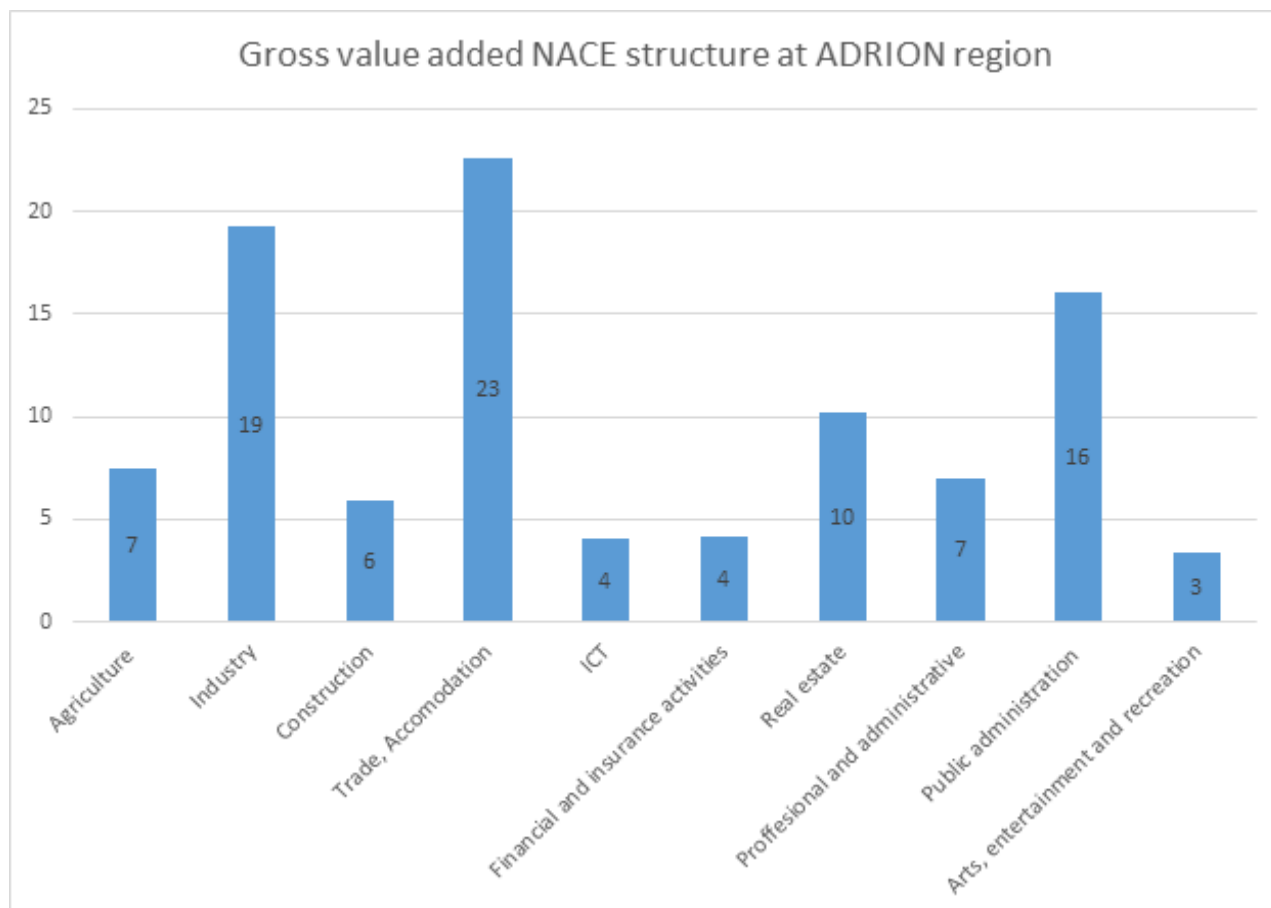
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²⁵ https://ec.europa.eu/commission/presscorner/detail/en/IP_20_519

B. Appendix B. The economic framework

Tourism and industry are the drivers of the gross value added of the ADRION region countries.

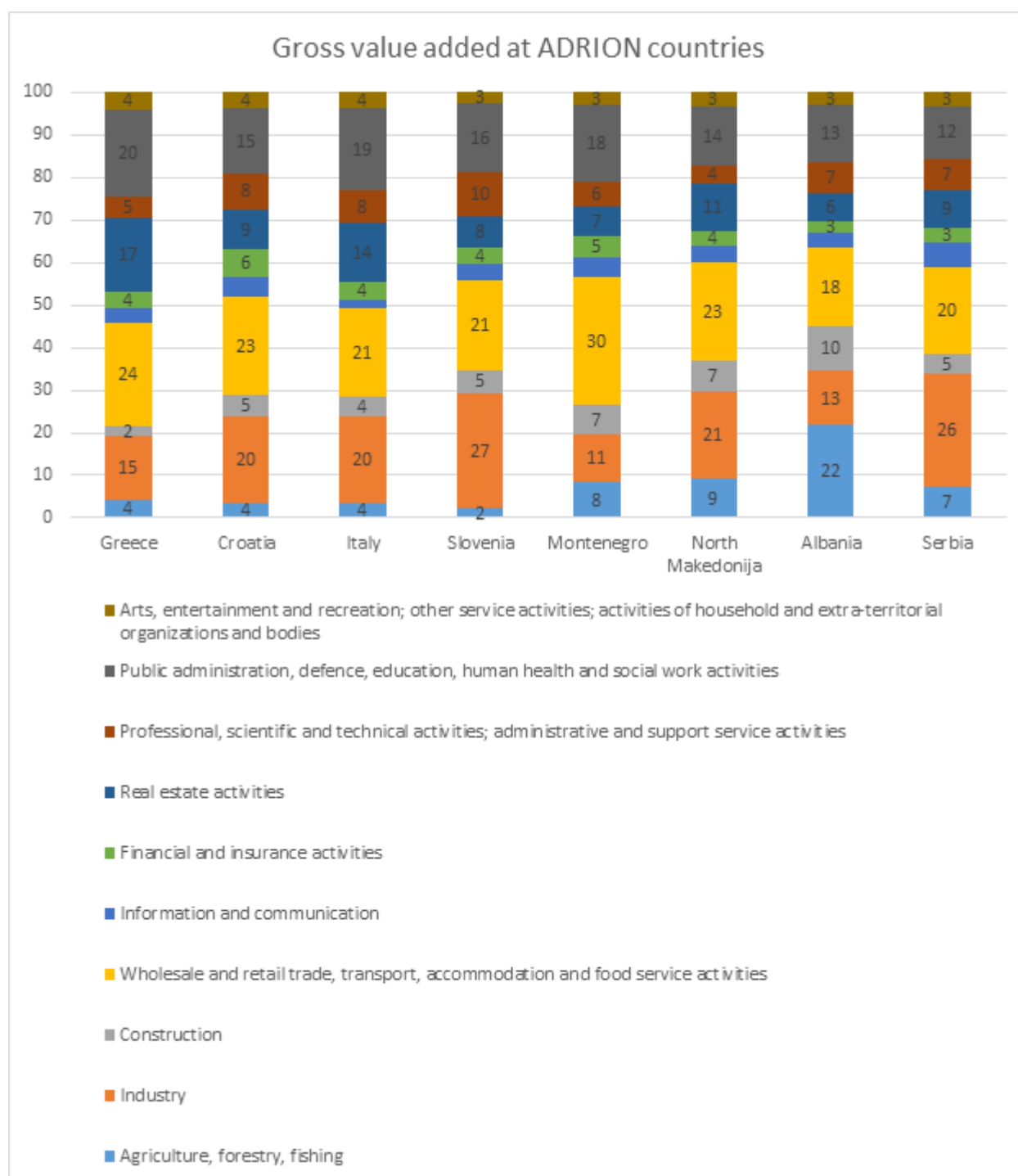
In the next Graph. 5 we can see that the economies (some 68% of the GVA) in the ADRION region are driven mostly by trade, accommodation and transport activities (23%), industry (19%), public administration (16%), real estate (10%),



Graph. 5. Structure of the gross value added, NACE activities average at ADRION in 2017 (no data for Bosnia-Herzegovina. Italy only ADRION NUTS 2 regions).

Source: Adopted from EUROSTAT data.

However, at the level of countries, the situation is less homogenous as illustrated in the next Graph. 6. Namely, while for the Albanian's economy agriculture (26%) is the most important activity, agriculture is least important for Slovenia (only 2%). Industry is most important for Slovenia (27%) as it is for Serbia (26%). Industry is also important for North Macedonia (21%), Italy (10%) and Croatia (20%). Trade, transport and accommodation (tourism) is most important for Montenegro (30%), for Greece (24%), for North Macedonia (23%), Croatia (23%) and Italy (21%).



Graph. 6. Structure of the gross value added, NACE activities by ADRION countries in 2017 (no data for Bosnia-Herzegovina. Italy only ADRION NUTS 2 regions).

Source: Adopted from EUROSTAT data.

In general, ADRION countries are net importers and are in the top five export partners among themselves. Trade balance is positive for Italy (2.52 % of GDP) and especially for Slovenia (9.31 % of GDP). A significant negative trade balance is accounted for Montenegro (almost 25% of GDP). Countries are depending on remittances especially Montenegro (11.29% of GDP), Bosnia-Herzegovina (11.05% of GDP), Albania (9.48%

of GDP) and it covers for the negative trade balance. Around 8% and more FDI inflows as % of GDP are accounted for Montenegro, Albania and Serbia (Table 1).

ADRION countries are trading among themselves and are part of the top five export partners. Italy is one of the top five partners in all of the countries except for North Macedonia and Montenegro. On the contrary, none of ADRION countries is in the top five partners for Italy. Russian federation is one of the top five partners only for Serbia and the USA and UK only for Italy. China is not part of the top five export partners for these countries (Table 1).

Table 1. General UNCTAD trade partners profile for the ADRION countries for 2018

| | FDI inflows as % of GDP | Remittances as % of GDP | Trade balance as % of GDP | Top five export partners (% of total export) <i>in black the ADRION countries</i> |
|--------------------|-------------------------|-------------------------|---------------------------|--|
| Albania | 8.46 | 9.48 | -13.59 | Italy-22 Spain-4 Greece-2 Serbia-2 Germany-2 |
| Bosnia-Herzegovina | 2.36 | 11.05 | -15.44 | Germany-10 Croatia-10 Italy-9 Slovenia-9 Serbia-8 |
| Croatia | 1.91 | 4.85 | 0.33 | Italy-7 Germany-7 Slovenia-6 Bosnia-Herzegovina-5 Austria-3 |
| Greece | 1.95 | 0.19 | -1.99 | Italy-5 Germany-3 Turkey-3 Cyprus-3 Lebanon-2 |
| Italy | 1.17 | 0.46 | 2.52 | Germany-10 France-9 USA-8 Spain-4 UK-4 |
| Montenegro | 9.04 | 11.29 | -24.84 | Serbia-5 Hungary-2 Bosnia-Herzegovina-2 Slovenia-1 Poland-1 |

| | | | | |
|-----------------|------|------|--------|---|
| North Macedonia | 5.82 | 2.72 | -13.61 | Germany-37 Serbia-6 Bulgaria-4 Belgium-3 Greece-3 |
| Serbia | 7.82 | 9.92 | -7.14 | Italy-8 Germany-8 Bosnia-Herzegovina-6 Romania-4 Russian Federation-4 |
| Slovenia | 2.62 | 1.17 | 9.31 | Germany-14 Italy-9 Croatia-6 Austria-5 France-4 |

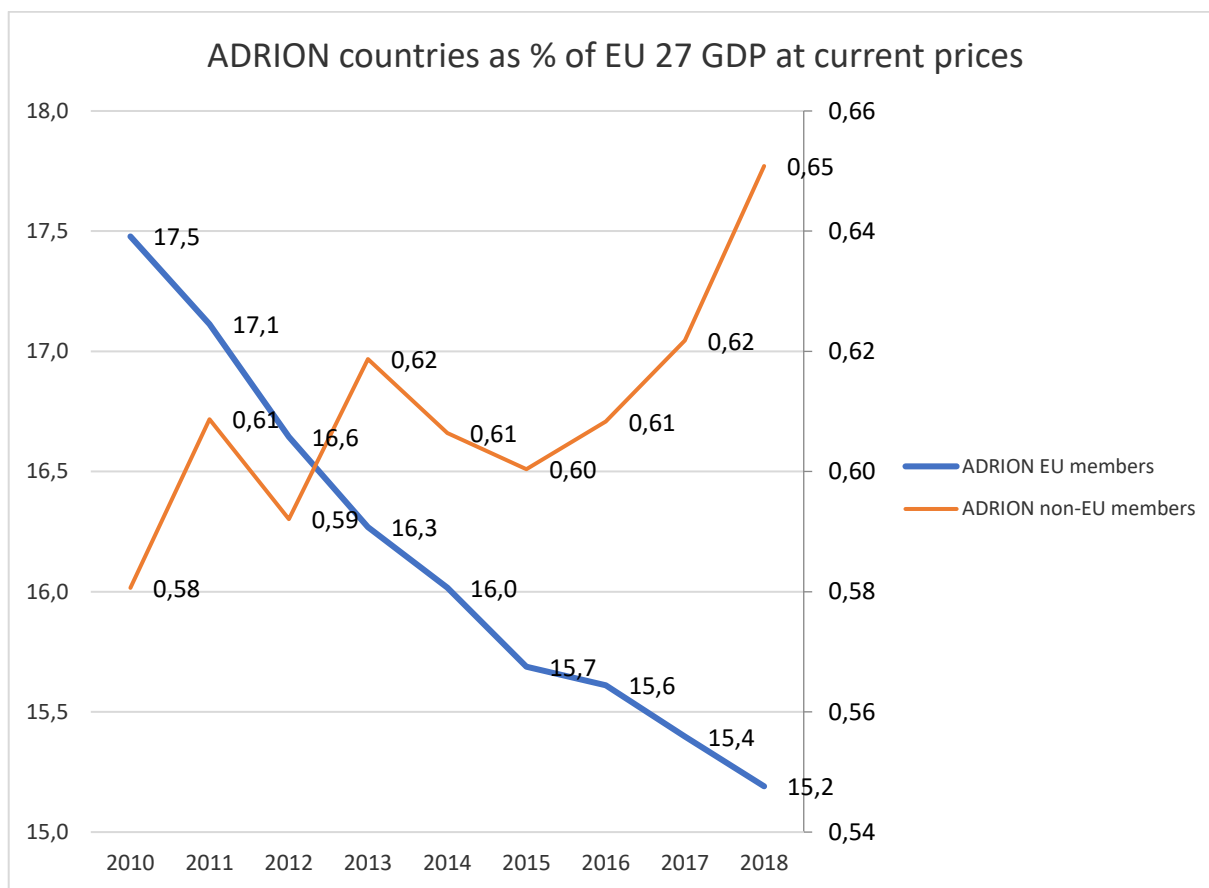
Source: Adopted from UNCTAD data base.

B.1. ADRION countries economic performance is heterogeneous

ADRION EU member countries' economies are decreasing their significance in EU 27 in almost one decade. The ADRION EU member countries²⁶ are steadily decreasing their GDP share in the EU27 GDP as illustrated in the next Graph. 7 from around 17.5% in 2010 to less than 15.5% in 2018 (left hand side axis). On the other hand, for the ADRION non-EU member states²⁷ the trend is the one for picking up with the EU 27 average (right hand axis).

²⁶ Greece, Croatia, Italy, Slovenia

²⁷ Montenegro, North Macedonia, Albania, Serbia, Bosnia-Herzegovina



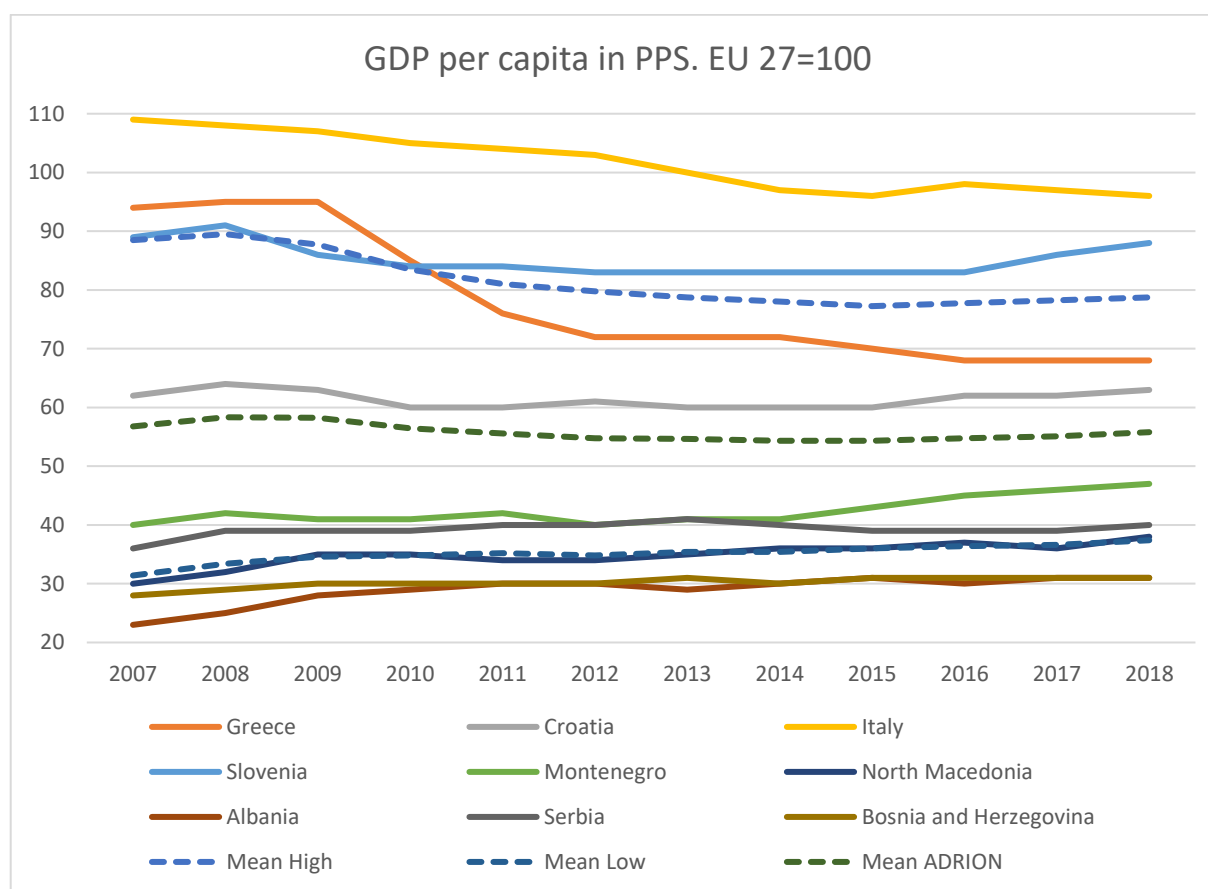
Graph. 7. ADRIAN countries' GDP at current prices as percentage in the EU27 GDP at current prices. Left hand side axis for EU member states and right-hand axis for non-EU member states and.

Source: EUROSTAT data.

Higher income countries in the ADRIAN region are deteriorating in purchasing power after 2007 relative to EU 27.

The ADRIAN region countries sport a heterogeneous set of qualities, when measured with the macroeconomic metrics. The group of countries comprises EU higher income countries, the intermediate income country-Croatia and EU lower income countries measured as GDP per capita in PPS²⁸ relative to the EU 27 (Graph. 8). For example, the difference in GDP per capita in current prices in Italy (as the highest in the ADRIAN region) is more than 7 times the one of Albania (as the lowest one in the ADRIAN region) for the period.

²⁸ PPS are purchasing power standards i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries (Eurostat).



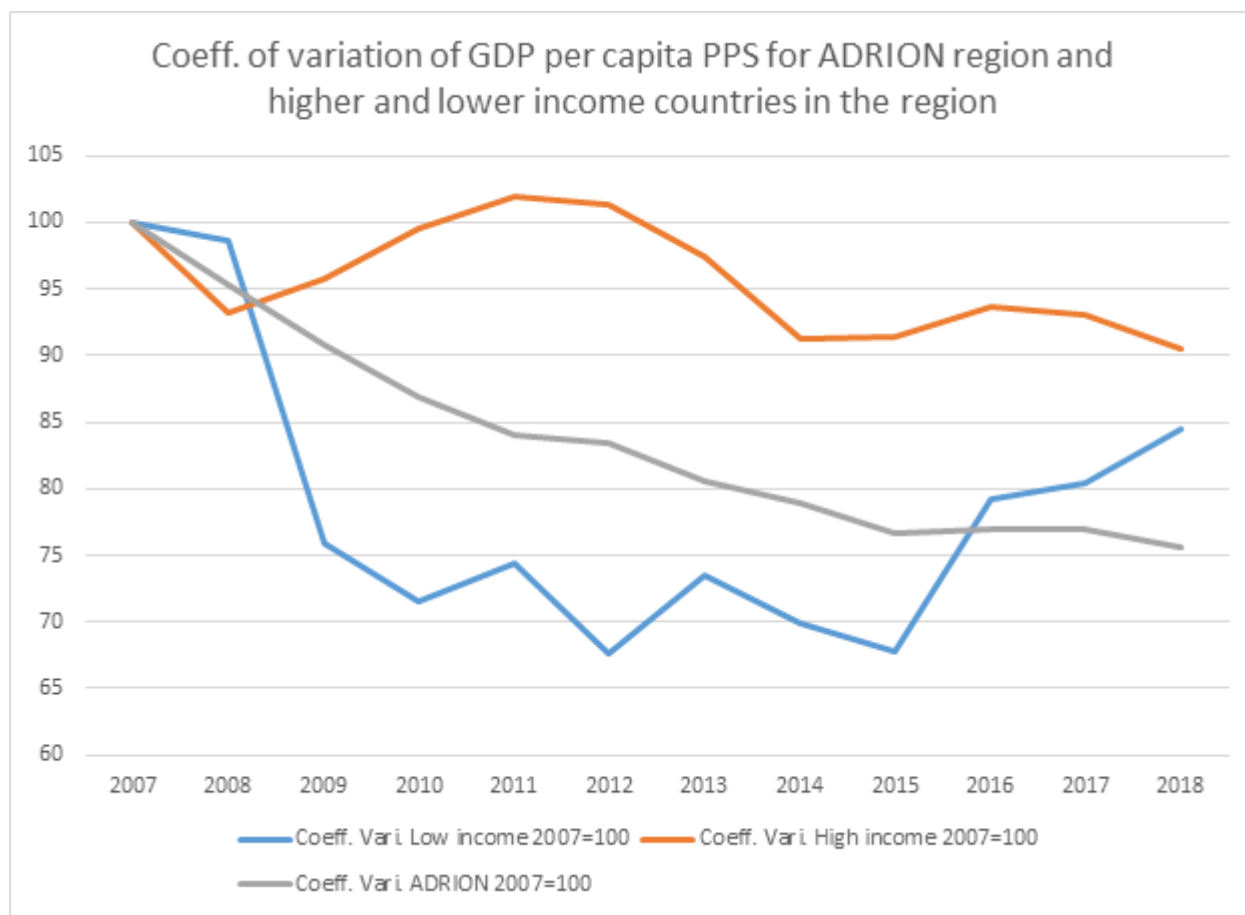
Graph. 8. GDP per capita in PPS for ADRION countries

Source: EUROSTAT data.

On average, from the Graph. 8 for the higher income countries as a group of the ADRION region (Italy, Greece and Slovenia=the dashed line mean-high) the purchasing power trend deteriorates in the period 2007-2018 relatively to the EU 27 mostly due to the effect of the global crises. For the lower income countries (Montenegro, Serbia, North Macedonia, Bosnia-Herzegovina and Albania=the dashed line mean-low) looks like the purchasing power is picking up relatively to the EU 27 for the period 2007-2018. Intermediate income level-Croatia's GDP per capita in PPS relatively to the EU 27 does random walk of around 60% GDP per capita in PPS relatively to the EU 27.

Thus, the next Graph. 9 illustrates the coefficient of variation²⁹ of the GDP per capita in PPS for the overall ADRION region and for the higher (Greece, Slovenia, Croatia and Italy) and the lower income group of countries (Albania, North Macedonia, Serbia, Montenegro and Bosnia-Herzegovina) within ADRION region. The differences of the GDP per capita in PPS for the countries of the ADRION region as a group for the period 2007-2015 are decreasing.

²⁹ Coefficient of variation measures the average dispersion of distribution of outcomes and is defined as the ratio of the standard deviation to the mean of a set of outcomes from a variable. In our case it measures the average dispersion of the GDP PPS within a set of NUTS regions (NUTS for low income countries, NUTS for high income countries, NUTS for ADRION).



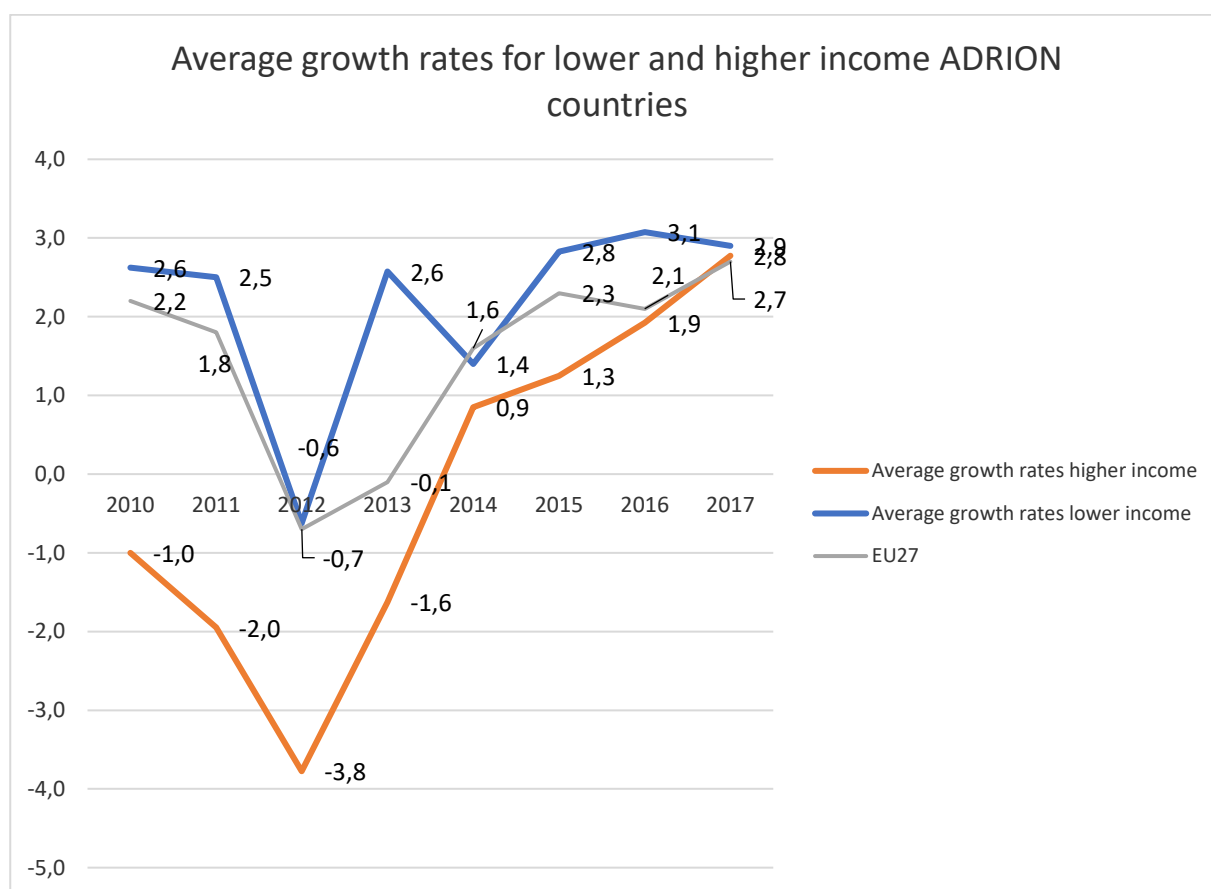
Graph. 9. Coefficient of variation of the GDP per capita PPS for the ADRIAN region countries (2007-108); 2007=100

Source: EUROSTAT data.

However, we can see from the Graph. 9 that for the lower income candidate-countries from the ADRIAN region the GDP PPS differences among them are increasing after 2015, while for the higher income EU member countries the GDP PPS differences are with decreasing trend for the period 2007-2018 but with a volatile cyclical effect.

The next Graph. 10 illustrates the average growth rates of the higher and intermediate income (Greece, Slovenia, Croatia and Italy) and lower income (Albania, North Macedonia, Serbia, Montenegro) ADRIAN countries. The 2012 drop is the results of the double dip effect³⁰ of the global financial crisis. In the period 2012-2017 the higher income countries from the ADRIAN region are picking up faster than the lower income countries in the ADRIAN region for the period (mostly as a result of the Slovenian GDP strong growth rates of 3.1% in 2016 and 4.8% in 2017).

³⁰ After the recession from the global financial crisis from 2007-08 the EU area was affected with another recession that started at the end of 2011 and prolonged in 2012-13



Graph. 10. Average growth rates for lower and higher income ADRION countries (2010-2017)

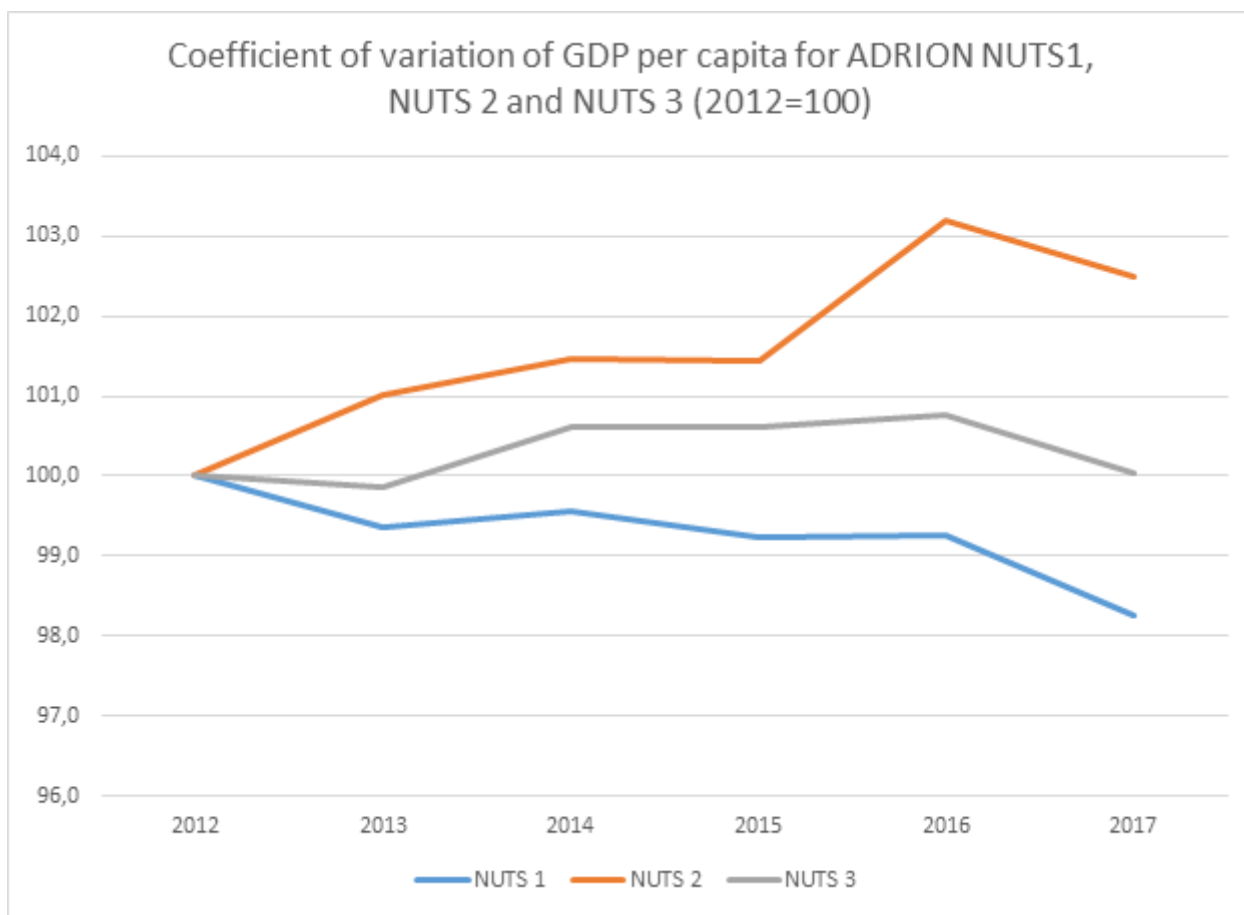
Source: Adopted from EUROSTAT data. (no data for Bosnia-Herzegovina).

Differences are more pronounced at NUTS 2 and NUTS 3 level

On heterogeneity of the ADRION countries, the situation is even more challenging looking closer at local level (NUTS 2 and NUTS 3) in the ADRION region countries.

Even though after 2012 and especially in the recent years after 2015 the inequalities among the ADRION NUTS 1 regions are decreasing (Graph. 10 **Errore. L'origine riferimento non è stata trovata.**), the local regional inequalities within the countries reveal that at the local level (NUTS 3 and especially at NUTS 2) the inequalities are rising, as illustrated in the next Graph. 11 measured with the coefficient of variation³¹ of the GDP per capita at current market prices.

³¹ Coefficient of variation measures the average dispersion of distribution of outcomes and is defined as the ratio of the standard deviation to the mean of a set of outcomes from a variable. In our case it measures the average dispersion of the GDP per capita at market prices for regions within a sets of NUTS regions (NUTS 1, NUTS 2, NUTS 3).



Graph. 11. Coefficient of variation of the GDP per capita at current market prices for the ADRIAN region countries at NUTS1, 2 and 3 level (2012-2017); 2012=100

Source: EUROSTAT data. (no data for Bosnia-Herzegovina. Italy only ADRIAN NUTS 2 and NUTS 3 regions)

Priorities should be given to policies addressing differences at NUTS 2 and NUTS 3 level.

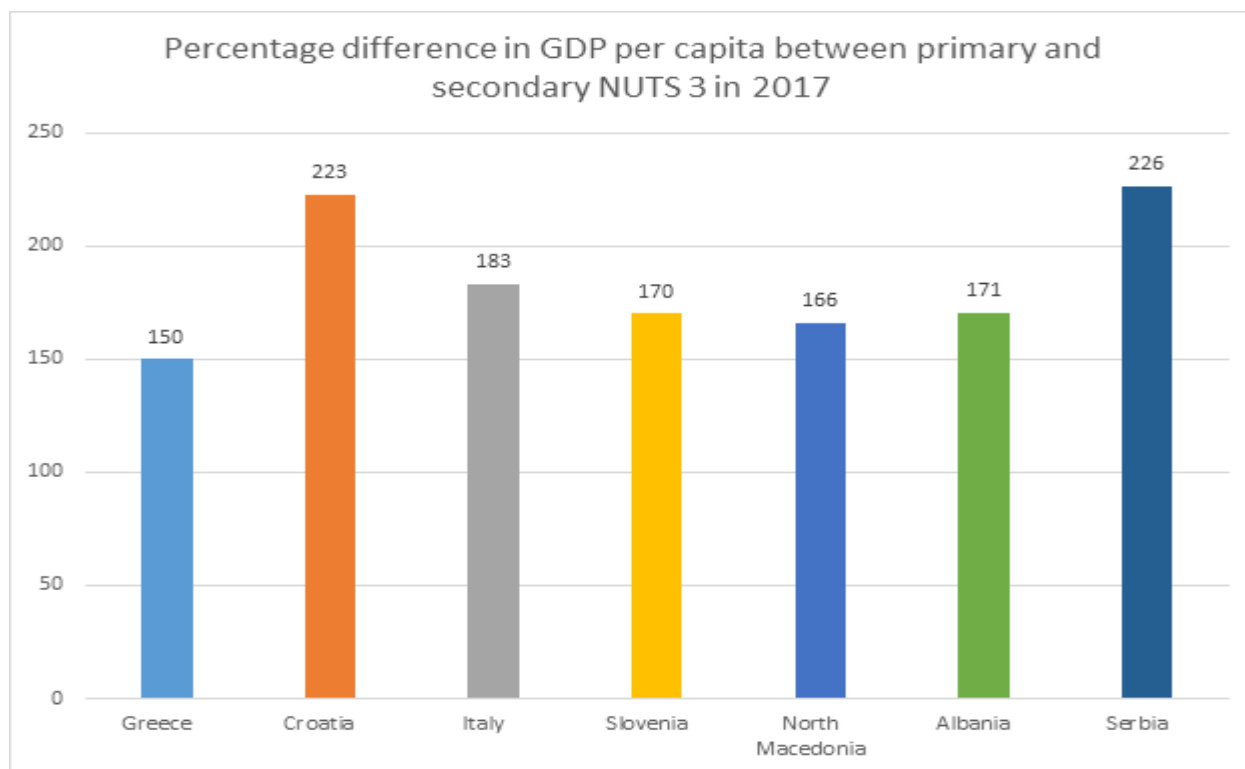
As shown in Graph. 10, even though the differences in GDP per capita at current market prices are decreasing on average across ADRIAN countries (NUTS 1 level) for the period still, at local NUTS 3 and especially at NUTS 2 level differences are rising for the period (decreasing in 2017). Even though the global crisis has its effect still, the rise of the inequalities at local level NUTS 2 and at NUTS 3 regions might be a result of the top-down macroeconomic cyclical pattern of growth and the structural characteristics of the urbanization and specialization from bottom up. **Thus, the priority in addressing the regional potential of lagging regions over addressing the convergence might be a more efficient policy choice for giving opportunity on the equality of the potentials across regions e.g. the focus should be on economic growth that is inclusive so that the benefits could be spread to all regions.** Namely, while the EU had a success in the gains of convergence and integrating the new EU members, mainly measured by the economic growth of the countries, the divergence is growing at local regional level within the countries (IMF 2017). The potentials of local level (regions) capacity to generate quality (productive) jobs and ensuring equality of opportunity for individuals to achieve their potential at regional level should be important (World Bank 2018). Thus, macroeconomic and economic policies can affect inequality differently depending on the design of policies and the structure of the economy. For example, policies geared at boosting productivity at macro-level could widen inequality if accompanied by an attendant displacement of the poor or low-skilled labour at regional level. In contrast, reforms targeted to help raise income and productivity of the

poor or of low-skilled labour, if designed well, could boost growth while reducing inequality (IMF 2017). Fostering inclusive growth will require infrastructure investment to raise job creation, education and health opportunities that raise human capital and offset polarization in skills and incomes as well as measures that support labour market flexibility by removing rigidities in other markets, such as well-targeted housing or regional policies aimed at restoring hard-hit communities (IMF 2017). As illustrated further in the text, the need for infrastructure investment, human capital improvement, addressing deficiencies in the labour market especially long-term unemployment could be priorities at regional level in the ADRION countries³².

B.2. *Attractiveness of metropolitan areas increases the differences compared to the secondary cities in ADRION region countries.*

The agglomeration effects of NUTS 3 areas of the primary cities attract people to these hubs of productivity growth and higher earnings in all of the ADRION region countries (no data were available for Bosnia-Herzegovina). Next Graph. 12 illustrates the percentage difference between primary and secondary NUTS 3 in ADRION region countries in 2017, though the difference may not always reside in the size itself of the urban areas (in Italy, for example, there are plenty of wealthy and economically successful medium-size urban areas within the ADRION area itself).

³² World Bank (2018) highlights five horizontal policy priorities for cohesion policy: (1) Addressing macro-structural weaknesses that limit regional *growth potential* – for example, national fiscal and external debt in countries with “low growth” lagging regions cripples growth potential; (2) *Improving the regional business environment*: firms in lagging regions are smaller, less productive, and much more likely to be engaged in non-tradable than those in “non-lagging” regions, in part as a result of weak local and regional business environments; (3) *Leveraging the productivity potential of cities*: investment in secondary cities – which generate 45 percent of EU GDP – as sources of productivity, human capital accumulation and locations of opportunity, is central to achieving policy objectives in the EU’s lagging regions; (4) *Investing in skills as a “no-regrets” policy*: addressing entrenched regional gaps in foundational skills is critical to deliver on the potential of regions and to enable individuals to reach their own potential; and (5) *Strengthening institutional endowments*: weak institutions are one of the defining features of lagging regions, and addressing them is fundamental to expanding regional potential and to delivering regional policy. These five horizontal priorities can support smart sectoral policies, which build on the unique comparative advantages of each region.

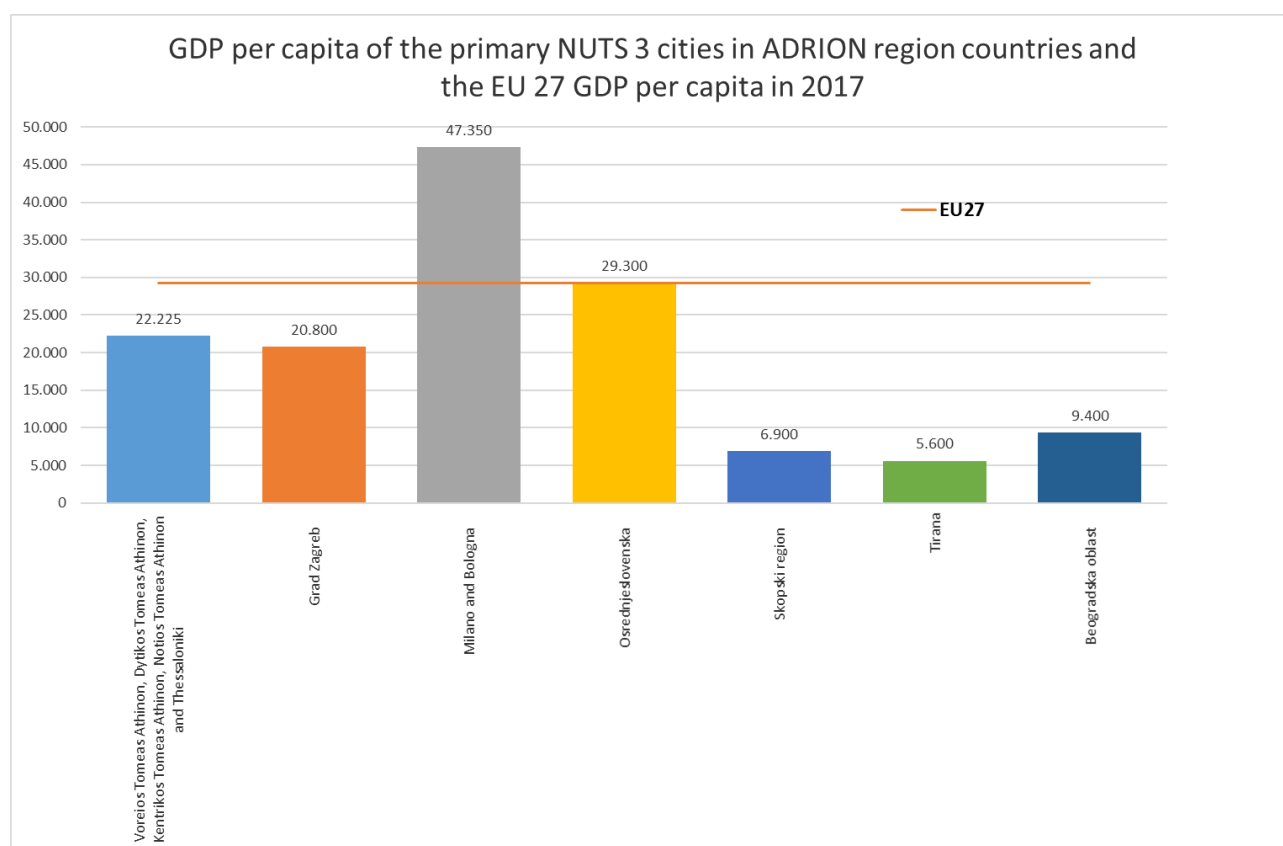


Graph. 12. Percentage difference in GDP per capita at market prices between primary and secondary areas NUTS 3 level in 2017

Source: Adopted from EUROSTAT data. (Italy only ADRION NUTS 3 regions). Primary and secondary defined as: Albania: Tirana vs other NUTS 3; Croatia: Grad Zagreb vs other NUTS 3; Greece: (Voreios Tomeas Athinon, Dytikos Tomeas Athinon, Kentrikos Tomeas Athinon, Notios Tomeas Athinon and Thessaloniki) vs. other NUTS 3; Italy: (Milano and Bologna) vs. other NUTS 3; North Macedonia: Skopski region vs. other NUTS 3; Serbia: Beogradska oblast vs. other NUTS 3; Slovenia: Osrednjeslovenska vs. other NUTS 3 level

However, only the NUTS 3 primary cities of the high- and intermediate-income countries from the ADRION region can compete with the EU27 average of the GDP per capita at market prices.

Some of these NUTS 3 levels in 2017 have close or even higher than the EU 27 GDP per capita in market prices (average EU 27=29,200 Euro per capita) like the average of Milano and Bologna for Italy (more than 47,000 Euro per capita); Osrednjeslovenska NUTS 3 in Slovenia higher than EU 27 of 29,300 Euro per capita in 2017; Grad Zagreb NUTS 3 of more than 20,000 Euro per capita; Voreios Tomeas Athinon, Dytikos Tomeas Athinon, Kentrikos Tomeas Athinon, Notios Tomeas Athinon and Thessaloniki in Greece of more than 20,000 Euros per capita (Graph. 13).

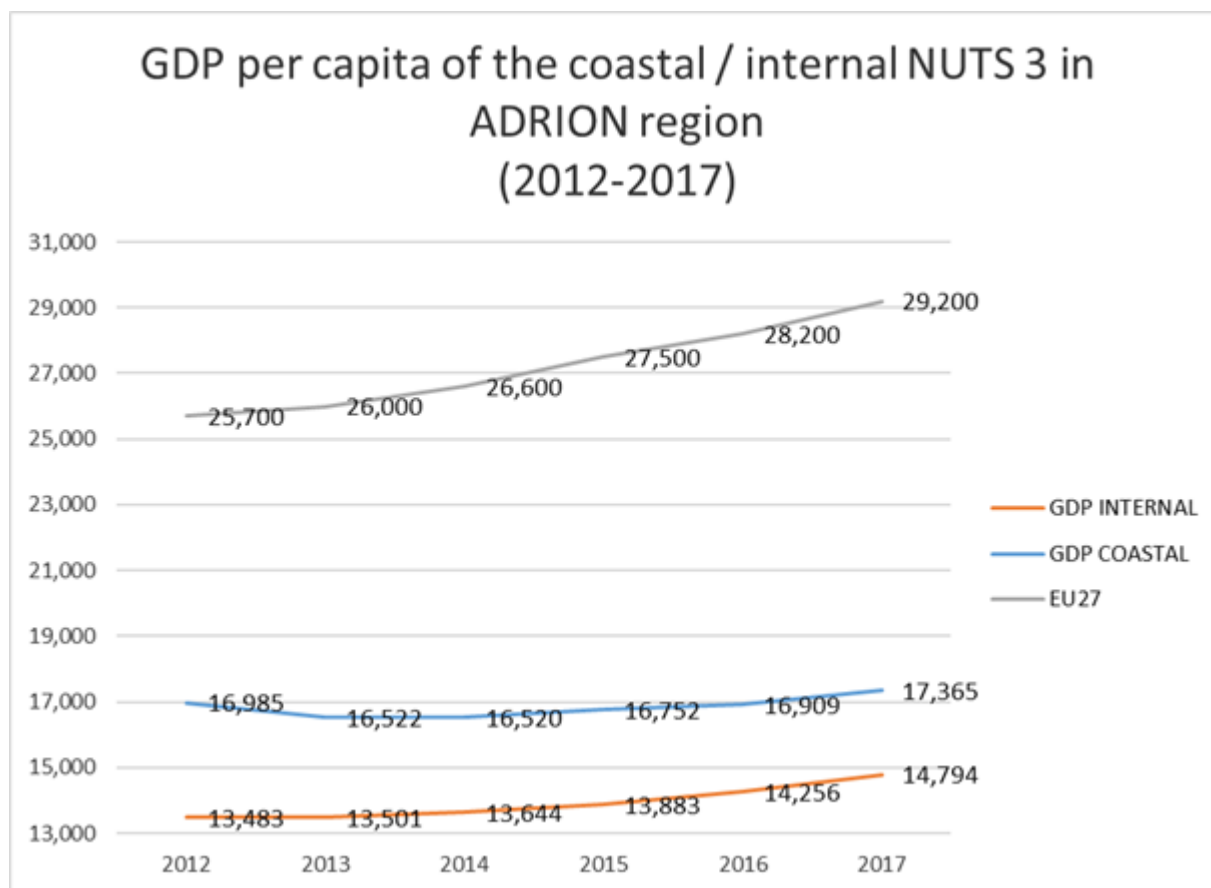


Graph. 13. GDP per capita at market prices among primary NUTS 3 level in ADRION region countries in 2017.

Source: Adopted from EUROSTAT data. Red dashed line is the EU27 average of the GDP per capita in market prices for 2017=29,200 Euro per capita. Primary NUTS3: Albania-Tirana; Croatia-Grad Zagreb; Greece-(Voreios Tomeas Athinon, Dytikos Tomeas Athinon, Kentrikos Tomeas Athinon, Notios Tomeas Athinon and Thessaloniki); Italy-(Milano and Bologna); North Macedonia-Skopski region; Serbia-Beogradska oblast; Slovenia-Osrednjeslovenska

Coastal NUTS 3 regions have higher GDP per capita at current market prices than the internal NUTS 3 regions in ADRION countries but the inequalities between the coastal and internal NUTS 3 regions are decreasing for the period 2012-2017.

The next Graph. 14 illustrates that the coastal NUTS 3 regions have higher GDP per capita at current market prices than the internal NUTS 3 regions in ADRION countries but the differences are decreasing for the period (in 2012 on average by 24% and in 2017 on average by 16%). The graphic is based on an arbitrary division of coastal/internal NUTS3 areas (see the caption under the graphic) and the significant difference is to be taken as an example, given the fact that within "internal" areas there are also economically rich areas (Milano, Bologna, Parma as an example), thus giving an even more important sign that the difference is relevant in itself.



Graph. 14 GDP per capita in Euro at current market prices of the coastal NUTS 3 and internal NUTS 3 in ADRION region in 2017

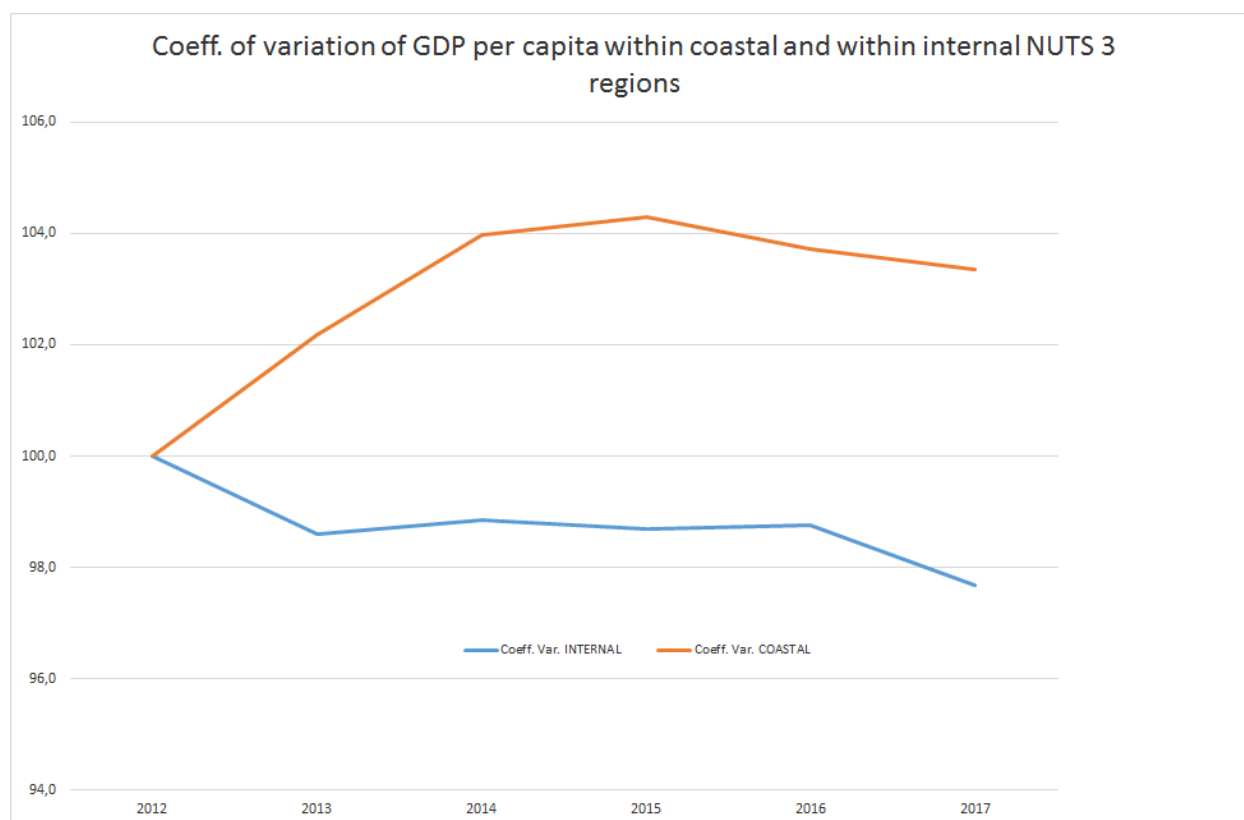
Source: Adopted from EUROSTAT data. No data for Bosnia-Herzegovina. Italy only ADRION NUTS 3 regions.

| Internal | Coastal |
|---|--|
| Drama, Imathia, Kilkis, Pella, Serres, Grevena, Kozani, Kastoria, Florina, Ioannina, Karditsa, Trikala, Evrytania, Grad Zagreb, Zagrebacka zupanija, Krapinsko-zagorska zupanija, Varazdinska zupanija, Koprivnicko-krizevacka zupanija, Medimurska zupanija, Bjelovarsko-bilogorska zupanija, Viroviticko-podravskaa zupanija, Pozesko-slavonska zupanija, Brodsko-posavska zupanija, Osjecko-baranjska zupanija, Vukovarsko-srijemska zupanija, Karlovska zupanija, Sisacko-moslavacka zupanija, Varese, Como, Lecco, Sondrio, Bergamo, Brescia, Pavia, Lodi, Cremona, Mantova, Milano, Monza e della Brianza, Bolzano-Bozen, Trento, Verona, Vicenza, Belluno, Gorizia, Piacenza, Parma, Reggio nell'Emilia, Modena, Bologna, Perugia, Terni, Macerata, L'Aquila, Isernia, Potenza, Matera, Caltanissetta, Enna, Pomurska, Podravska, Koroska, Savinjska, Zasavska, Posavska, Jugovzhodna Slovenija, Primorsko-notranjska, Osrednjeslovenska, Gorenjska, Goriska, Montenegro, Vardarski, Istocen, Jugozapaden, Jugoistocen, Pelagoniski, Poloski, Severoistocen, Skopski, Dibër, Kukës, Elbasan, Berat, Gjirokastër, Korçë, Beogradska | Evros, Xanthi, Rodopi, Thasos, Kavala, Thessaloniki, Pieria, Chalkidiki, Arta, Preveza, Thesprotia, Larisa, Magnisia, Zakynthos, Kerkyra, Ithaki, Kefallinia, Lefkada, Aitolokarnania, Achaia, Ileia, Voiotia, Evvoia, Fthiotida, Fokida, Argolida, Arkadia, Korinthia, Lakonia, Messinia, Voreios Tomeas Athinon, Dytikos Tomeas Athinon, Kentrikos Tomeas Athinon, Notios Tomeas Athinon, Anatoliki Attiki, Dytiki Attiki, Peiraias, Nisoi, Lesvos, Limnos, Ikaria, Samos, Chios, Kalymnos, Karpathos, Kos, Rodos, Andros, Thira, Kea, Milos, Mykonos, Naxos, Paros, Syros, Tinos, Irakleio, Lasithi, Rethymni, Chania, Primorsko-goranska zupanija, Licko-senjska zupanija, Zadarska zupanija, Sibensko-kninska zupanija, Splitsko-dalmatinska zupanija, Istarska zupanija, Dubrovacko-neretvanska zupanija, Treviso, Venezia, Padova, Rovigo, Pordenone, Udine, Trieste, Ferrara, Ravenna, Forli-Cesena, Rimini, Pesaro e Urbino, Ancona, Ascoli Piceno, Fermo, Teramo, Pescara, Chieti, Campobasso, Taranto, Brindisi, Lecce, Foggia, Bari, Barletta-Andria-Trani, Cosenza, Crotone, Catanzaro, Vibo Valentia, Reggio di Calabria, Trapani, Palermo, Messina, |

| | |
|--|--|
| oblast, Zapadnobačka oblast, Juznobačanska oblast, Juznobačka oblast, Severnobačanska oblast, Severnobačka oblast, Srednjobačanska oblast, Sremska oblast, Zlatiborska oblast, Kolubarska oblast, Macvanska oblast, Moravicka oblast, Pomoravska oblast, Rasinska oblast, Raska oblast, Sumadijska oblast, Borska oblast, Branicevska oblast, Zajecarska oblast, Jablanicka oblast, Nisavska oblast, Pirotka oblast, Podunavska oblast, Pcinjska oblast, Toplicka oblast | Agrigento, Catania, Ragusa, Siracusa, Obalno-kraska, Durrës, Lezhë, Shkodër, Tiranë, Fier, Vlorë |
|--|--|

However, inequalities are increasing within coastal NUTS 3 regions rather than within the internal NUTS 3 regions in ADRION countries.

The next Graph. 15 illustrates that inequalities of GDP per capita at current market prices within the coastal NUTS 3 regions are increasing until 2015 and then are decreasing while for the within internal regions, inequalities of GDP per capita at current market prices are decreasing more steadily for the period 2012-2017 as measured with the coefficient of variation³³.



Graph. 15. Coefficient of variation of GDP per capita at current market prices of the coastal NUTS 3 and internal NUTS 3 in ADRION region for the period 2012-2017

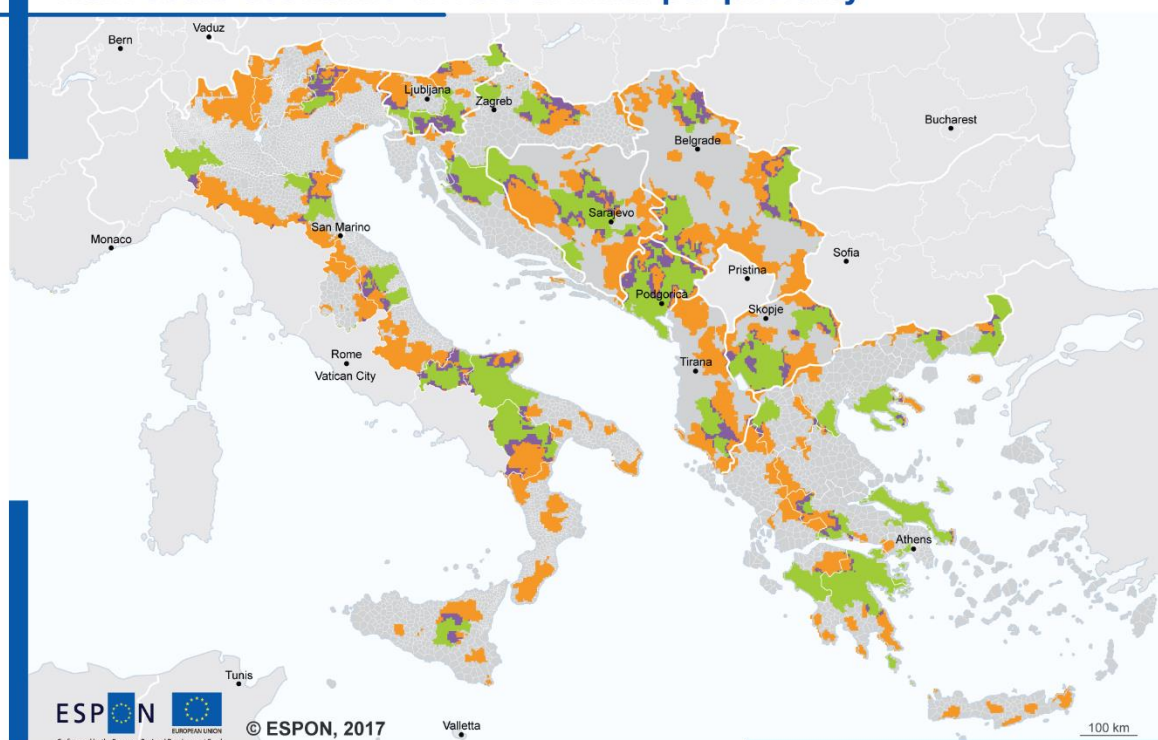
Source: Adopted from EUROSTAT data. No data for Bosnia-Herzegovina. Italy only ADRION NUTS 3 regions

³³ Coefficient of variation measures the average dispersion of distribution of outcomes and is defined as the ratio of the standard deviation to the mean of a set of outcomes from a variable. In our case it measures the average dispersion of the GDP per capita at market prices for regions within a sets of NUTS 3 regions (coastal NUTS 3 and internal NUTS 3).

B.3. Policies should address potentials of NUTS 2 and NUTS 3 regions and the capital stock gaps

There is a need for proper policies to support the potentials of the secondary internal NUTS 3 region cities. Obviously, the NUTS 3 performance varies across countries. The inequalities illustrate that the secondary and internal NUTS 3 region cities are failing to employ the full potentials. This is important for the ADRION region countries, because cities are driving the growth and the NUTS 3 regions where the secondary internal cities are placed and can to a large extent improve the growth of the ADRION countries. That is why giving opportunity on the equality of the potentials across regions can increase their competitiveness and finally accelerate the convergence with EU27 average. But the challenge of course is to find the right policy to identify and to help the potential growth poles in the secondary and internal cities (challenges with the urban/rural difference, proximity/remoteness to high growth gravity centres, coastal/internal dichotomies for example).

Main socio-economic drivers of inner peripherality



Main socio-economic drivers of inner peripherality

- poor socio-economic situation and economic potential
- lack of access to regional centres and/or services
- poor accessibility, socio-economic situation and economic potential

Regional level. Grid level (2.5x2.5 km)
 Source: ESPON PROFECY, 2017
 Origin of data: TCP International Accessibility Model, 2017
 © UMS RIATE for administrative boundaries

Map 3. Main socio-economic drivers of inner peripherality

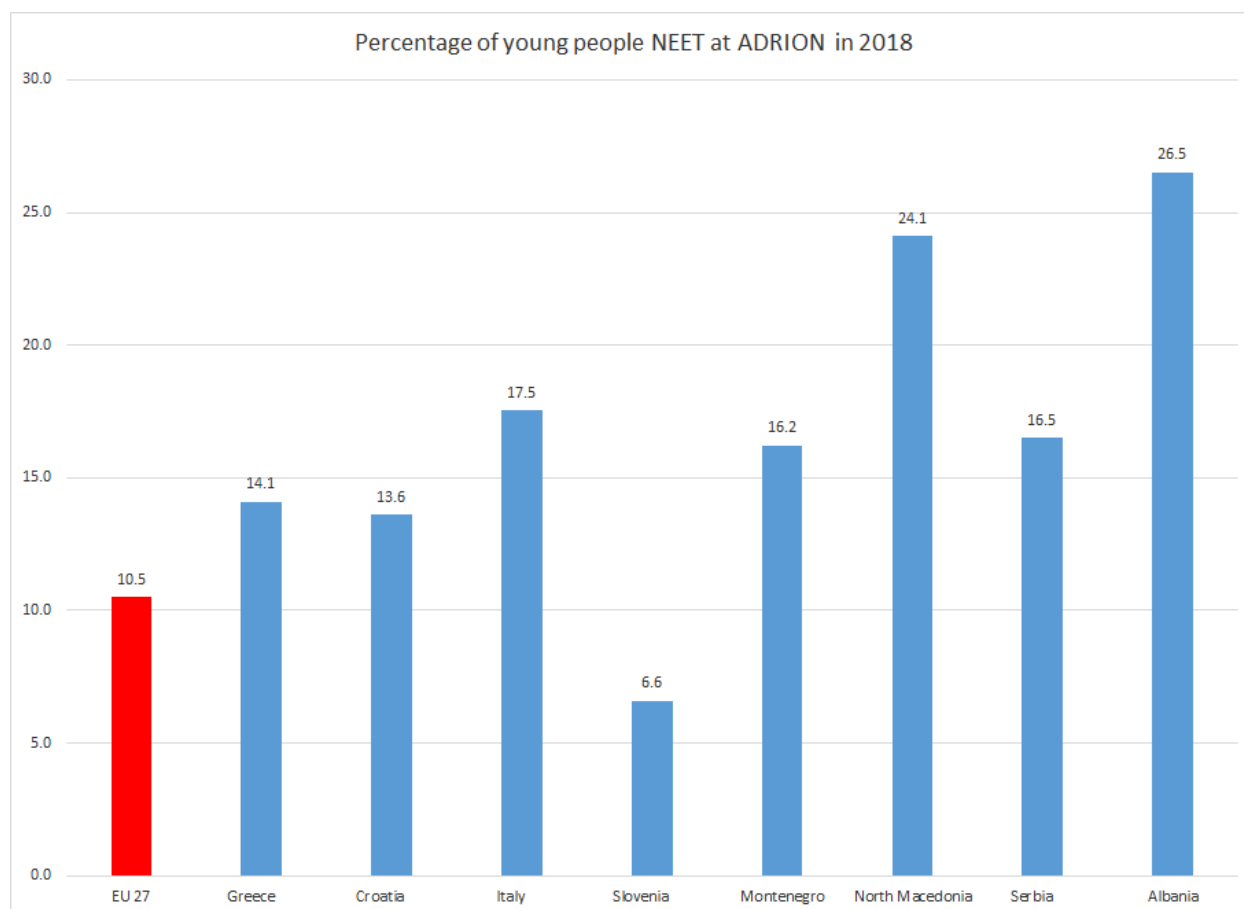
Source: ESPON - The interpretation of ESPON material does not necessarily reflect the opinion of the ESPON 2020 Monitoring Committee

Policies could move toward equality of the potentials across regions and their better utilization.

B.3.1. HUMAN CAPITAL-YOUTH

The quality of human potential in the ADRION region countries could be improved. In the next Graph. 16 we illustrate the percentage of neither in employment nor in education and training (NEET) for age group of 15-24 in 2018. In all of the presented countries the situation improved in 2018 compared to 2014 but still, only youth in Slovenia are engaged better than the EU27 average.

The worse the situation is in Albania, with more than ¼ of the youth being engaged neither in employment nor in education and training and Macedonia with almost ¼ of the youth being engaged neither in employment nor in education and training.



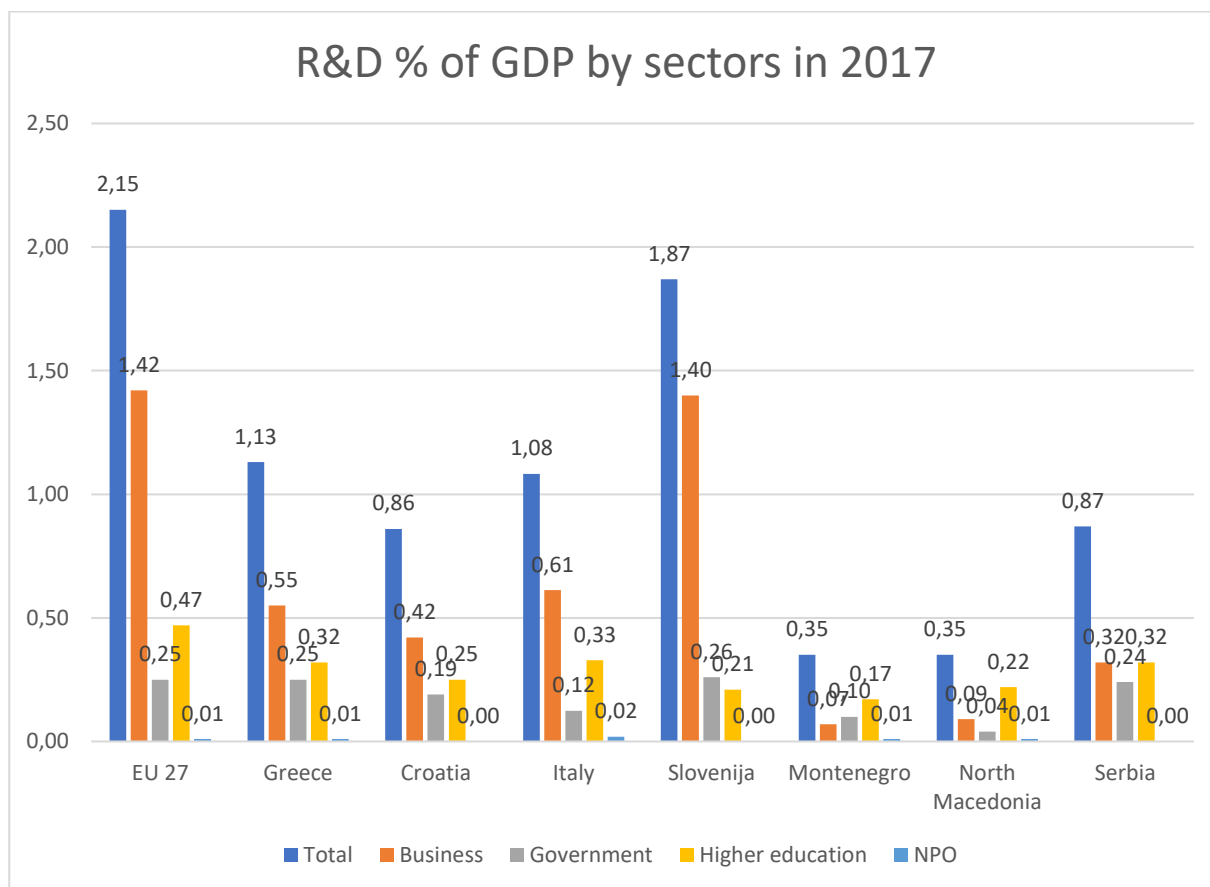
Graph. 16. Percentage of young people NEET at ADRION in 2018

Source: Adopted from EUROSTAT data. Data for Albania from INSTAT (<http://databaza.instat.gov.al/pxweb/en/DST/?rxid=320e00c3-971d-476c-bb60-4bab62067c08>). No data Bosnia-Herzegovina. Italy only ADRION NUTS 2 regions

B.3.2. R&D

The next Graph. 17 illustrates the R&D expenditures for some ADRION countries as percentage of GDP. The average for EU 27 demonstrates that the percentage of R&D research expenditures by the private sector is higher than the investment made by the public budget for higher education, at National level. The situation is similar in all presented ADRION countries except for Montenegro and North Macedonia where the R&D expenditures are higher in the higher education sector rather than at the business sector. In Serbia the R&D expenditures are the same in the higher education sector and at the business sector of some 3.2% of the GDP. Slovenia is close to the EU27 average (1.87% of GDP expenditures in R&D compared to EU27 of

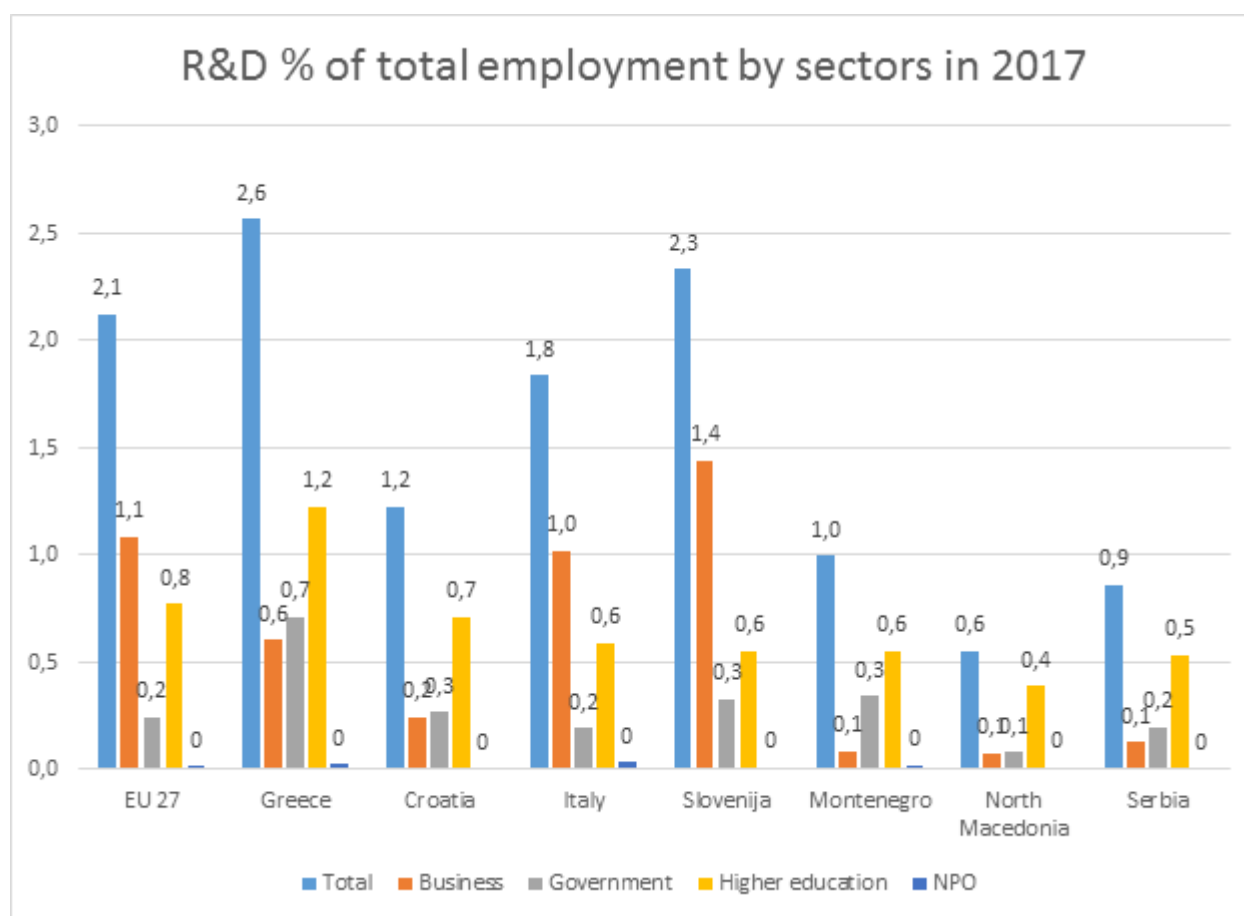
2.15%). The worst is the situation is in North Macedonia and Montenegro with only 0.35% of GDP R&D expenditures.



Graph. 17. R&D expenditures as percentage of GDP per sector in 2017

Source: Adopted from EUROSTAT data. No data for Albania and Bosnia-Herzegovina. Italy only ADRIAN NUTS 2 regions. NPO=Not for profit organisations

The next Graph. 18 illustrates the R&D for ADRIAN countries and the difference of the total R&D employees as percentage of total employment in some of the ADRIAN countries. The average for EU 27 demonstrates that the percentage of researchers from all employees in the business sector is higher than in the higher education sector. The situation is similar in Italy and Slovenia. In the remaining countries R&D employment is higher in higher education than in the business sector. Greece (2.6% employed in R&D of total employment) and Slovenia (2.3% employed in R&D of total employment) have higher total R&D employment out of total employment than the EU27 average (2.1%). Italy is close to the EU27 average (1.8% employed in R&D of total employment). The worst is the situation in North Macedonia with only 0.6% R&D employment out of the total employment.

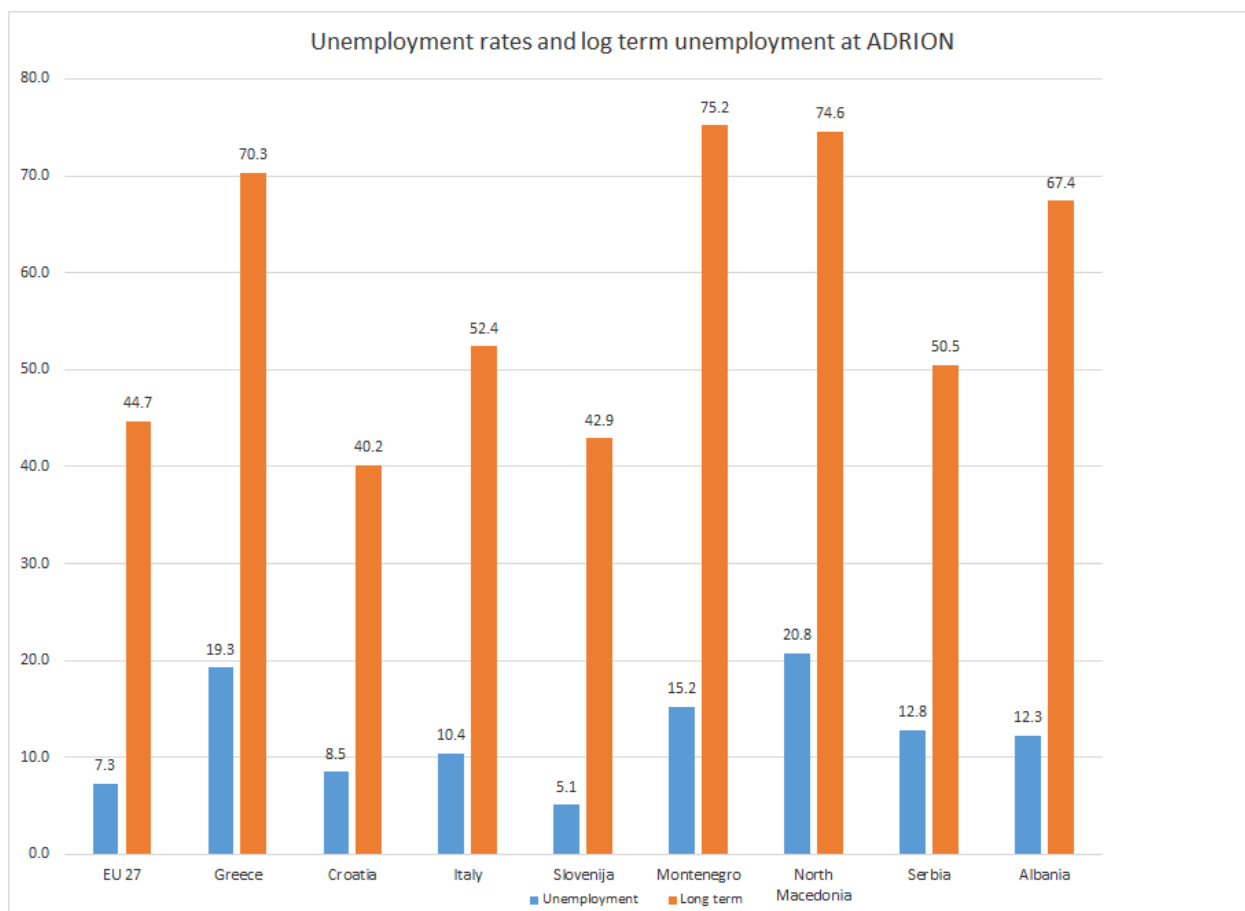


Graph. 18. R&D of total employment by sectors in 2017

Source: Adopted from EUROSTAT data. No data for Albania and Bosnia-Herzegovina. Italy only ADRION NUTS 2 regions. NPO=Not for profit organisations

B.3.3. UNEMPLOYMENT AND UNEMPLOYMENT STRUCTURE

The next Graph. 19 illustrates the unemployment rates and the long-term unemployment as percentage of the unemployed in some of the ADRION countries. Only Slovenia (5.1%) have lower than the EU 27 average unemployment rate (7.3%). What worries is the long-term unemployment especially in Montenegro, North Macedonia and Greece. The long-term unemployment has negative effects as it reduces the employability of the labour force due to a lack of skills or maybe barriers to employment. Long-term unemployment, particularly for the young, may have adverse effects in terms of future employment and wages in the ADRION region countries.



Graph. 19. Unemployment rates and the long-term unemployment as percentage of the unemployed in some of the ADRION countries in 2018

Source: Adopted from EUROSTAT data. Data for Albania from INSTAT (<http://databaza.instat.gov.al/pxweb/en/DST/?rxid=320e00c3-971d-476c-bb60-4bab62067c08>). No data for Bosnia-Herzegovina. Italy only ADRION NUTS 2 regions

Situation is even more complicated if we look at the range e.g. minimum and maximum of the unemployment rates for different NUTS 2 regions within the countries. In Greece for example, in 2018 unemployment rate (long term unemployment as % of the total unemployment) minimum is 13.4% (of which, 32.4% long-term) and the maximum is 27% (of which, 77.2%, long-term). In Italy, in 2018 unemployment rate (long term unemployment as % of the total unemployment) minimum is 2.9% (of which, 2.6% long-term) and the maximum is 21.6% (of which, 69.6% long-term). In Serbia, in 2018 unemployment rate (long term unemployment as % of the total unemployment) minimum is 10.5% (of which, 39.3% long-term) and the maximum is 16.4% (of which, 55.1% long-term).

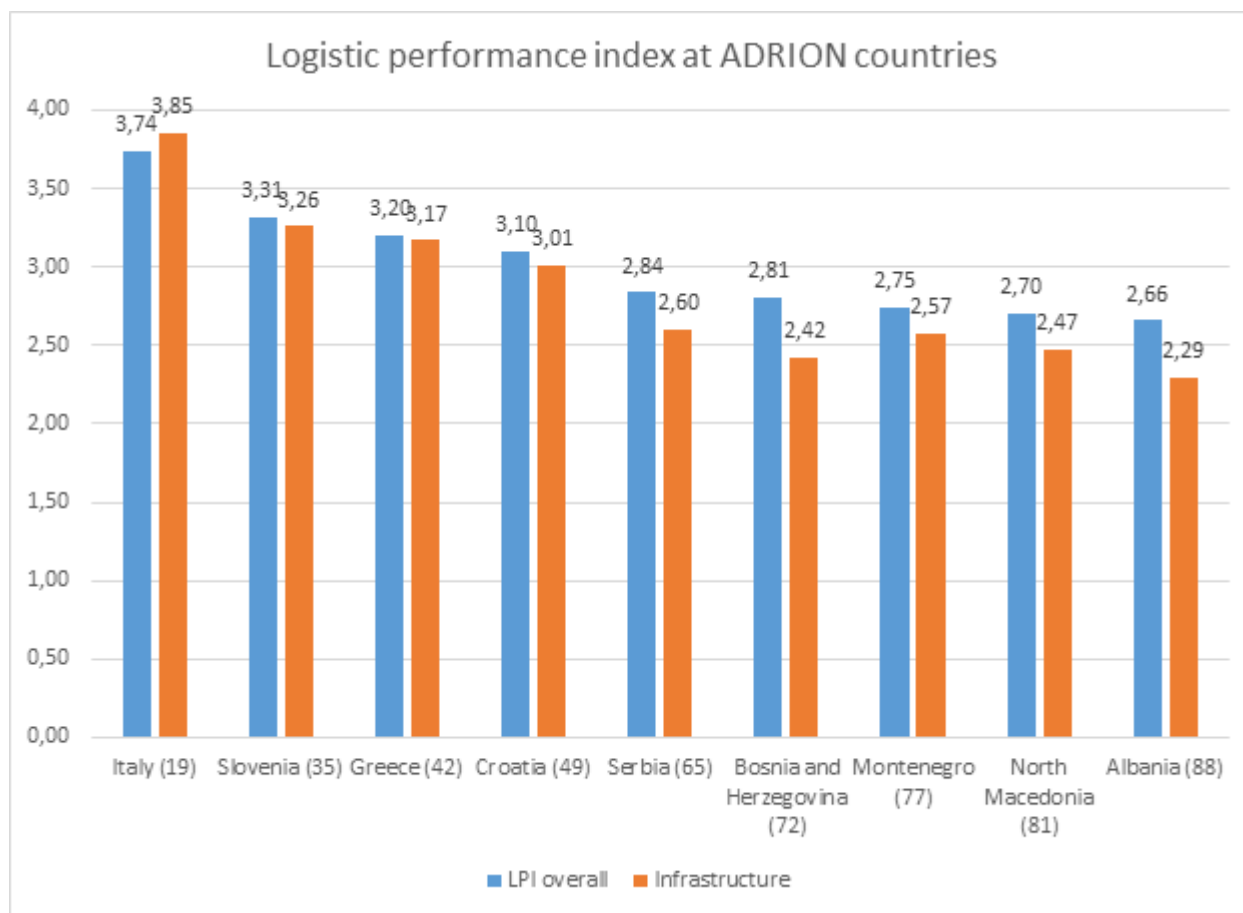
B.3.4. CAPITAL STOCK GAP

Although post-crisis growth has been driven largely by the accumulation of capital, still there is a significant capital stock gap in most of the ADRION countries if compared to other economies at a similar level of development.

EBRD (2018) reports that a significant capital stock gap³⁴[10] is recorded for Serbia, Croatia, Bosnia-Herzegovina, but also in Montenegro, Greece, Slovenia, Albania and North Macedonia relative to reference countries. For example, in 2014 the EBRD region had a total estimated capital stock deficit of 2.2 trillion Euro relative to other economies at a similar level of development, of which around €500 billion was on account of lower levels of investment during the period 2008-14 (around 40 per cent of that gap was accounted for by insufficient infrastructure, with the remaining 60 per cent corresponding to other forms of capital stock, such as machinery and equipment, buildings and intellectual property). That gap is equivalent to 18 percent of the region's total capital stock and 47 per cent of the region's annual GDP (EBRD 2018).

While Italy, Slovenia, Greece and Croatia show *relatively higher* levels of accessibility for all transport modes, Serbia has medium accessibility in terms of road and rail transport, while Albania, North Macedonia, Montenegro and Bosnia-Herzegovina have insufficient accessibility for all transport modes. According to the World Bank Logistic Performance Index or LPI (see Graph. 20), which considers six dimensions of a country's performance in terms of logistics and compares it to 160 countries worldwide, Italy, Slovenia, Greece and Croatia enjoy the highest overall score, the quality of trade score and transport infrastructure index. These countries are ranked in the top 50 countries worldwide. Other countries in the ADRION region are ranked lower (Serbia, Bosnia-Herzegovina, Montenegro, North Macedonia and Albania).

³⁴ Capital stock is important as a factor of economic production. Capital stock gap is a gap calculated as a difference between the capital stock of the EBRD countries and the capital stock of the reference countries at a similar level of development e.g. the fixed capital investment has been lower in the EBRD countries compared to the reference countries at a similar level of development. The capital stock gap in EBRD countries is 40% due to insufficient infrastructure, with the remaining 60 per cent corresponding to other forms of capital stock, such as machinery and equipment, buildings and intellectual property.



Graph. 20. Logistic performance index at ADRION countries in 2018

Source World Bank: <https://lpi.worldbank.org/international/scorecard>. In brackets the overall country ranking from 160 countries.

References for the economic framework

EBRD (2018): Transition report 2017-2018. E-version: <https://www.ebrd.com/transition-report-2017-18>

IMF (2017): Fostering inclusive growth. E-version: <https://www.imf.org/external/np/g20/pdf/2017/062617.pdf>

OECD (2019): Territorial wide area cooperation in the Adriatic-Ionian region. E-version:

UNCTAD data base: <https://unctadstat.unctad.org/CountryProfile/GeneralProfile/en-GB/004/index.html>

World Bank (2018): Rethinking lagging regions; World Bank report on the EU. E-version: <https://www.worldbank.org/en/region/eca/publication/rethinking-lagging-regions>.

C. Appendix C. Other multilevel governance framework and cooperation programmes in ADRION region

C.1. Interactions with overlapping macroregional strategies



Map 4. Coverage of EUSDR and EUSALP within the ADRION area

As far as the macroregional strategies are concerned, the ADRION programme area falls partially within the scope of the [Danube Region strategy](#) (involving Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro) and to a lesser extent within the [Alpine Region](#) (involving Slovenia and Northern Italy). In the following pages, a short description of the priorities identified and the governance system implemented for these two is given. Beyond these EU Council supported political arenas, it cannot be hidden that in the whole Mediterranean area the [Union for the Mediterranean](#) plays an important role as far as the political coordination among EU and extra-EU countries is concerned.

C.1.1. EUSDR: THE EU STRATEGY FOR THE DANUBE REGION

Originally set in 2011, and recently subjected to a deep revision process culminating at the end of 2019, the EU Strategy for the Danube Region overlaps a significant area of internal regions to the North and western borders of the ADRION Programme.

The countries sharing the double macrostrategy approach (EUSAIR + EUSDR) are:
Slovenia, Croatia, Montenegro, Bosnia-Herzegovina, Serbia.

C.1.1.1. EUSDR governance

National Coordinators (NCs)

The National Coordinators (NCs) are core strategic decision-makers within the governance structure of the EUSDR. They also have a strategic coordination function of the Strategy within their country. The NCs coordinate and keep an overview of the participation of their country in the implementation of the EUSDR including all 12 Priority Areas.

EUSDR Presidency

Pursuing a rotation principle, the EUSDR Presidency is taken over by a Danube country for a one-year period, in agreement with the others

Priority Area Coordinators (PACs)

Each Priority Area is managed by two or more Priority Area Coordinators (PACs), empowered by the participating countries, which are ensuring the operationalisation of the EUSDR. The PACs are key facilitators of the Strategy and serve as a strong liaison between their PA's groups of actors, by offering a platform for exchanging and coordinating initiatives, stakeholders, policy processes and information.

Steering Group (SG) Members

The Steering Groups (SG), with members from all involved countries, are established for all priority areas. Their role, capacities, resources and engagement are key to success of the Strategy. They constitute arenas for discussing thematic issues of interest for the Danube Region.

Danube Strategy Point (DSP)

Interactions with the Danube Transnational Programme are maintained via the DSP. The DTP representatives are present at the NC meetings so the interaction between the DTP and EUSDR structures goes beyond the DSP. DTP funds the PACs through projects. The DSP is a strategic working unit for the core EUSDR stakeholders and beyond, supporting the political and operational level of the EUSDR. The DSP thus has a cohesive function for the Strategy, easing the communication and coordination among the (TRIO) Presidency, the EC, NCs, PACs, further stakeholders and the wider public. Its primary role is to support the EUSDR implementation, communication, monitoring and evaluation and interlinking with DTP.

C.1.1.2. EUSDR: four pillars and 12 priority areas

The EUSDR communication strategy focuses more heavily on 12 priority areas, corresponding to the "topics" in the EUSAIR. It is likely that some of them will be directly linked to the ADRION selected PO's and implementation measures. An asterisk indicates the Priority Areas which are most likely to match with similar ADRION specific objectives.

Pillar 1: Connecting the Danube Region – smart and sustainable

- Priority Area 1A Waterways Mobility
- Priority Area 1B Rail-Road-Air Mobility

- Priority Area 02 Sustainable Energy
- Priority Area 03 Culture & Tourism

Pillar 2: Protecting the Environment – clean and green

- Priority Area 04 Water Quality
- Priority Area 05 Environmental Risks
- Priority Area 06 Biodiversity, Landscapes, Air & Soil Quality

Pillar 3: Building Prosperity – smart, social and innovative

- Priority Area 07 Knowledge Society
- Priority Area 08 Competitiveness
- Priority Area 09 People & Skills

Pillar 4: Strengthening the Danube Region – effective, sound and safe

- Priority Area 10 Institutional Capacity & Cooperation
- Priority Area 11 Security

C.1.2. EUSALP: THE MACROREGIONAL STRATEGY FOR THE ALPINE AREA

The regions sharing the double macrostrategy approach (EUSAIR + EUSALP) are:
Lombardia, Trento, Bolzano, Veneto, Friuli-Venezia Giulia, the whole of Slovenia.

C.1.2.1. EUSALP governance

The governance structure of EUSALP is laid at 3 levels:

Political - This level, represented by the **General Assembly**, should ensure the overall political orientation as well as providing strategic thematic guidance and decisions on actions.

Coordination - The governance of a macro-regional strategy requires greater dialogue and substantial coordination across all decision-making levels, and sectors inside each state and region as well as between participating States and Regions, to reduce fragmentation, improve realisation of actions and encourage effective participation from the actors involved. It also requires the capacity to exchange information and to detect policy gaps when they arise. This overall coordination is ensured by the **Executive Board**.

Implementation - Implementation is a key step, as it is mainly based on the results of joint actions and projects completed at macro-regional level that better and informed decisions can be taken at political level to improve the efficiency of the policies concerned and to reach the objectives assigned to the Strategy. The implementation of the objectives of the Strategy will be done through 9 complementary **Action Groups**.

C.1.2.2. EUSALP pillars

The EU Macro-regional Strategy for the Alpine Region aims to bring a new impetus for co-operation and investment to the benefit of all involved: States, regions, civil society stakeholders and, above all, European citizens. It will build on a long tradition of cooperation in the Alps, and will seek to complement, rather than duplicate existing cooperation structures.

The Strategy builds upon three general action-oriented thematic policy areas and one cross-cutting policy area (an asterisk indicates the Action Groups which are most likely to match some of ADRION specific objectives):

1st Thematic Policy Area: Economic Growth and Innovation

OBJECTIVE:

- Fair access to job opportunities, building on the high competitiveness of the Region
- developing innovation and research capacity and transfer into practice*
- improving and developing support for enterprises*
- promoting high levels of employment, with the aim of ensuring full employment in the Region
 1. Action Group 1: to develop an effective research and innovation ecosystem
 2. Action Group 2: to increase the economic potential of strategic sectors
 3. Action Group 3: to improve the adequacy of labour market, education and training in strategic sectors

2nd Thematic Policy Area: Mobility and Connectivity

OBJECTIVE:

- Sustainable internal and external accessibility to all
- better overall transport systems in terms of sustainability and quality
- improve sustainable accessibility for all Alpine areas
- a better-connected society in the region
 4. Action Group 4: To promote inter-modality and interoperability in passenger and freight transport
 5. Action Group 5: To connect people electronically and promote accessibility to public services

3rd Thematic Policy Area: Environment and Energy

OBJECTIVE:

- A more inclusive environmental framework for all and renewable and reliable energy solutions for the future
- reinforcing Alpine natural and cultural resources as assets of a high-quality living area*
- building further on the position of the Alpine Region as world-class in terms of energy efficiency and sustainable production of renewable energy
- Alpine risk management including risk dialogue, to tackle potential threats, such as those of climate change*
 6. Action Group 6: To preserve and valorise natural resources, including water and cultural resources
 7. Action Group 7: To develop ecological connectivity in the whole EUSALP territory

8. Action Group 8: To improve risk management and to better manage climate change, including major natural risks prevention
9. Action Group 9: To make the territory a model region for energy efficiency and renewable energy*

Cross-cutting Policy Area: Governance, including Institutional Capacity

OBJECTIVE:

- A sound macro-regional governance model for the Region (to improve cooperation and the coordination of action)

C.2. *Interactions with multinational initiatives*

C.2.1. UNION FOR THE MEDITERRANEAN

The Union for the Mediterranean (“UfM”) gathers 43 Euro-Mediterranean countries, with a view to increasing the potential for regional integration and cohesion among the Euro-Mediterranean partners. The UfM has already established an active cooperation framework as an associate partner within the MED 2014-2020 governance programme (*PanoraMed*).

The UfM is a regional platform for dialogue and consensus building, and is focusing on identifying, processing, promoting and coordinating projects and programs, which are in line with the principles and rules of international law in order to enhance and strengthen the cooperation for regional development and impact livelihoods of citizens.

With more than 50 labelled projects and over 300 ministerial and expert fora gathering 25,000 stakeholders since 2012, UfM activities illustrate the strong belief that regional challenges call for regional solutions and that there is no security without development.

C.2.1.1. UfM: governance

Co-Presidency

The governance of the Union for the Mediterranean is established through a process designed to ensure co-ownership of the decisions and shared responsibility by the Northern and Southern Mediterranean countries. The UfM is chaired by a co-presidency shared between the two shores. Since 2012, it has been assumed by the European Union on the Northern side, ensuring a close link with the European Neighbourhood Policy, and by Jordan on the Southern side, allowing its full appropriation by the Southern countries. The co-presidency applies to all levels: summits, ministerial meetings, and officials’ level meetings.

Senior officials' Meeting (SOM)

The members of the Union for the Mediterranean meet on a regular basis at the level of Senior Officials from the Ministries of Foreign Affairs of the 43 UfM countries, EU institutions and the League of Arab States. The Senior Officials Meetings (SOM) provide the framework to discuss the current political context and coordinate the work of the UfM Secretariat. They approve the budget and work programme of the Secretariat and set the basis to prepare the Ministerial Meetings. They also discuss the project proposals submitted for approval and endorsement. The Senior Officials take decisions by consensus.

Secretariat

The UfM Secretariat, based in Barcelona, is the platform to operationalise decisions taken by Member States, through the preparation of Ministerial meetings, the facilitation of regional dialogue platforms and the development of strategic regional projects. The UfM Secretariat operates under the direction of the Secretary General, supported by six Deputy Secretary Generals (DSGs), each in charge of a sectoral division: Business Development and Employment, Social & Civil Affairs, Higher Education & Research, Water & Environment, Transport & Urban Development and Energy & Climate Action.

UfM: dialogue areas

The UfM organised its activities around 6 dialogue areas (an asterisk indicates the Dialogue Areas which are most likely to interact with some of ADRION specific objectives):

1. Business Development and Employment
2. Social & Civil Affairs
3. Higher Education & Research
4. Water & Environment*
5. Transport & Urban Development
6. Energy & Climate Action*.

C.2.2. THE ADRIATIC IONIAN INITIATIVE (AII)

The Adriatic and Ionian Initiative (AII) was established at the Summit on Development and Security on the Adriatic and Ionian Seas, held in Ancona (Italy) on 19-20 May 2000 and attended by the Heads of States and Governments of Italy, Albania, Bosnia and Herzegovina, Croatia, Greece and Slovenia. At the end of the Conference, the Foreign Ministers of the participating Countries signed the "Ancona Declaration". As the Declaration states, strengthening regional cooperation helps to promote political and economic stability, thus creating a solid base for the process of European integration. From the very moment of its institution the goal of facilitating the enlargement of the EU in the Western Balkans was clear.

The Initiative was later extended to the federative union of Serbia and Montenegro, and after the referendum in Montenegro, both States preserved the status of AII Participating Countries. In 2018 (Catania Declaration) and in 2019 (Budva Declaration), also the Republic of North Macedonia and the Republic of San Marino – respectively – joined the AII.

Today, the AII counts the same nine Members which are joining forces in the ADRION programme: Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Montenegro, North Macedonia, Serbia and Slovenia.

Given the increased interdependence among States, linked to the globalization processes and the need to provide common solution to common problems affecting the Adriatic region, asks for strong cooperation not only among regional Countries but also among regional initiatives. Cooperation has therefore gradually assumed different forms, including the establishment of partnerships involving Adriatic Ionian networks and Fora such as the Forum of the Adriatic Ionian Chambers of Commerce, the Adriatic Ionian Forum of Cities and Towns and UniAdrion (the Adriatic Ionian network of Universities).

C.2.2.1. AII: governance

Committee of Senior Officials (CSO)

The Committee of Senior Officials (CSO) is the executive body of the Adriatic & Ionian Initiative. Each country has one representative in the CSO, which is supported in its activities by the AII Permanent Secretariat (AII-PS). It usually meets between two sessions of the Council at least three times per year in order to discuss and implement ideas and matters relating to co-operation within the framework of the AIC and to prepare the sessions of the AIC

AII Council of Ministers

The AII Council of Ministers is the decision-making body of the Adriatic & Ionian Initiative. It meets once a year at the level of Ministers of Foreign Affairs. The AIC adopts Declarations endorsing the work done during annual presidency and setting objectives and strategy for the future period of cooperation.

Over the last few years, considering the commitment of coordinating the activities of the AII with those of the EUSAIR and with the aim to avoid duplication and exploit synergies, the Ministers of Foreign Affairs decided to merge the political level of the two intergovernmental exercises and for the first time under the Croatian Chairmanship, in May 2

Permanent Secretariat (PS)

The will of strengthening cooperation within the AII asked for the creation of a Permanent Secretariat, provided with staff and charged with promoting, selecting and coordinating the implementation of project activities.

Therefore, taking into account the Sarajevo Declaration of 1 June 2007, the AII Participating States of the Adriatic and Ionian Initiative, Bosnia-Herzegovina, Croatia, Albania, Greece, Italy, Montenegro, Serbia and Slovenia, have agreed upon to set up the Adriatic and Ionian Initiative Permanent Secretariat (AII-PS) located in Ancona.

Under the direction of the Secretary General, the AII Permanent Secretariat has been established on 19 June 2008.

The task of the AII-PS is to grant coordination among Participating States in the framework of the AII activities and to provide any possible support to them, as well as to assist Participants and local authorities in implementing projects.

The AII-PS, given its primary focus on coordinating the AII activities and providing for any relevant official documentation, shall fulfil all the tasks assigned by the AII Council, AII Chairmanship in Office and the Committee of AII Senior Officials.

C.2.2.2. AII: fields of activities

- Transport and Energy connections
- Sustainable Tourism and Culture
- Inter-University Cooperation
- Environmental and Civil Protection
- Blue Growth and maritime Cooperation
- Parliamentary Dimension

C.2.3. THE CENTRAL EUROPEAN INITIATIVE (CEI)

The Central European Initiative (CEI) was founded in Budapest on 11 November 1989. It is a regional intergovernmental forum committed to supporting European integration and sustainable development through cooperation between and among its Member States and with the European Union, international and regional organisations as well as with other public or private institutions and non-governmental organisations. While acting as a platform for political dialogue, the CEI has developed a strong operational, result-oriented approach to regional cooperation. It combines multilateral diplomacy and fund, programme and project management as both donor and recipient. The everyday CEI activities are handled by the CEI-Executive Secretariat in Trieste, including the development and implementation of projects.

Strategic Goals

- a united Europe without dividing lines, with shared values embracing all countries, regions, peoples and citizens;
- strong capacities of Member States towards good governance, rule of law and sustainable economic development for stability, social cohesion, security and prosperity.

through

- people-to-people mobility in the framework of short-term activities such as seminars workshops and trainings;
- capacity building and best-practice transfer from institutions in CEI-EU countries to benefit recipients in non-EU CEI Member States;
- implementation of EU projects focusing on transnational and regional cooperation.

Member states

Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech republic, Hungary, Italy, Moldova, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Ukraine

C.2.3.2. CEI Governance: the Executive Secretariat

The CEI-Executive Secretariat (CEI-ES) was established in Trieste under the Austrian CEI Presidency in 1996.

It operates with the legal status of an International Organisation, based on a Headquarters Agreement concluded between the Italian Government and the CEI Presidency.

The CEI-ES provides administrative and conceptual support to the CEI three-pillar system (Governmental, Parliamentary and Economic Dimensions). It also manages its funds and instruments and takes appropriate initiatives aimed at promoting the realisation of the Organisation's mission

The CEI operates under three different dimensions:

Governmental dimension

CEI Summit

The CEI Summit is one of the most significant bodies, gathering the Heads of Government of the seventeen CEI Member States. It takes decisions on:

- political and economic orientation for cooperation within the framework of the Initiative, including the adoption of the Plan of Action;
- principles and objectives of the CEI;
- amendments to the CEI Guidelines and Rules of Procedure;
- membership (admission, suspension).

Committee of National Coordinators

The Committee of National Coordinators (CNC) is the key body responsible for the definition, coordination, management and implementation of CEI cooperation as well as for the implementation of CEI programmes and projects through appropriate structures. The CNC meets frequently in order to discuss and coordinate cooperation within the various bodies of the CEI as well as in relation with other international and regional organisations.

The CNC, assisted by the CEI Secretariat, prepares the documents to be approved by the CEI Summit or by the MFA Meeting.

Parliamentary dimension

The Parliamentary Dimension includes several bodies: the Parliamentary Assembly; the Parliamentary Committee; the three General Committees (on Political and Home Affairs; on Economic Affairs; on Cultural Affairs).

Economic dimension

The CEI Economic Dimension (ED), together with the Governmental Dimension, develops activities at political level through its own structures and the Parliamentary Dimension, which develops cooperation among the Parliaments of CEI Member States also through its own structures, represents one of the three main pillars of the Organisation. The ED mainly consists of meetings with the Chambers of Commerce of the CEI Member States and an annual CEI Economic Forum convened by the Presidency.

C.2.3.3. CEI: Ways of action

CEI Cooperation activities

The CEI Cooperation Activities are projects of small scale and limited duration, which mainly take the form of seminars, workshops, short training courses or other kinds of meetings. They are financed out of the CEI Cooperation Fund to which all Member States contribute, through annual calls for proposals.

EU Projects

The CEI's Executive Secretariat designs, manages and implements EU-funded projects focusing on transnational and regional cooperation for European integration.

EU projects help implement the CEI mission by addressing the strategic priorities encompassed in its Plan of Action as well as reach tangible results applicable to all Member States.

Know-how exchange programme

The Know-how Exchange Programme (KEP) is an instrument supporting projects and programmes focused on the transfer of know-how and best practices from EU to non-EU CEI Member States. It operates through annual calls for proposals. Its objectives are:

- Strengthen economic and social advancement of the non-EU CEI Member States.
- Help the recent EU members in their transformation from recipients to donors (emerging donors) of development assistance.
- Promote principles of foreign development aid and support international collaboration among institutions in CEI member countries.

Technical Cooperation with EBRD

In 1992 the Italian Government established the Central European Initiative (CEI) Fund at the European Bank for Reconstruction and Development (EBRD), acknowledging the great opportunity the newly created multilateral development bank presented for the objectives of the CEI. The Fund was created “to assist the Bank’s countries of operation in central and eastern Europe in their economic and social transformation process.” Since its inception, Italy has allocated 47.5 million EUR to the Fund.

Through its Technical Cooperation Programme the Fund offers grant-type assistance in support of specific components of investments and operations of the EBRD. Since its inception, the Fund has committed around 29 million EUR for 180 technical cooperation assignments. TC operations include support for feasibility and pre-feasibility studies, sector and environmental engineering, management training, capacity building, pre-loan audits.

C.2.4. THE BLUE MED INITIATIVE

The BLUEMED Initiative was jointly developed and agreed between Cyprus, Croatia, France, Greece, Italy, Malta, Portugal, Slovenia, and Spain and facilitated with the support of the European Commission in 2014.

It was afterwards endorsed by all the countries of the European Union, and with the signature of the Valletta Declaration in 2017 it was also adopted by all the member countries of the Union for the Mediterranean (UfM), BlueMed has hence the opportunity to act on both sides of the Mediterranean and of promoting Euro-Mediterranean collaboration, fostering Blue Growth-related research and innovation activities.

C.2.4.1. BlueMed governance

GSO: Group of Senior Officials

The GSO BLUEMED Working Group is the steering body of the BLUEMED Initiative. It is co-chaired by the DG Research and Innovation of the European Commission and the current co-chair of the Union for the Mediterranean: it is composed by officially appointed delegates from the Mediterranean countries and it is supported by the Secretariat of the Union for the Mediterranean (UfMS).

Aiming at promoting the extension of the BlueMed Initiative and the related activities to non-EU UfM countries willing to join, the GSO BlueMed Working Group also is engaged on:

- facilitating and promoting the BlueMed SRIA adoption by the bordering Mediterranean countries;

- promoting cooperation/joint actions with the two sub-regional Mediterranean Initiatives “*EU Strategy for the Adriatic Ionian Region*” (EUSAIR) and the “*Western Mediterranean initiative*” (WestMed) of the European Commission (DG REGIO, DG MARE);
- liaising with relevant public and private organisations and programmes management authorities;
- disseminating BlueMed achievements in high-level policy events and towards major framework programmes for research and innovation.

The BlueMed GSO Working Group works in close connection with the BlueMed Coordination and Support Action (CSA).

C.2.4.2. BlueMed ways of action

Coordination and Support Action

The BlueMed Coordination and Support Action (CSA), launched in October 2016 and funded by the European Commission within the H2020 framework programme with 3 M€, functions as the “operating arm” in support of the BlueMed Initiative.

It organizes the work of the thematic platforms, promotes coordination among blue economy actors and among the Mediterranean countries, and deals with all the practical details of the Initiative’s activity, as well as contributes to shape the Initiative’s future developments.

Thematic platforms

The four interconnected working platforms will allow cross-national communication and interplay among research, private sector, public administration and civil society, pivoting on identified key players of these sectors at national level. Serving as active observatories for monitoring the system, they will update the needs and promote solutions. In the long term, the platforms are expected to act as a transnational operation network to update and make tangible the BlueMed Strategic Research & Innovation Agenda (SRIA) in the Mediterranean.

The working platforms are currently focusing on:

- Knowledge
- Economy
- Technology
- Policy

Platforms are composed by the Platform Coordinator, representatives from the BLUEMED CSA and the National Pivots (one for each partner country).

National pivots

National Pivots are key contributors to Platform operation, representatives of the different partner countries on the four thematic platforms themes.

They can be members of national public administrations, research institutions or stakeholders, competent on their subject, experienced in participating in networks, clusters or international organizations and projects, active in private or public organizations, recognized and accepted as representatives of their National Communities at the highest possible level. Acting as main interface between the Consortium and

the national stakeholders, they contribute to mobilize other relevant national stakeholders by collecting and conveying their message and bring back the feedbacks.



Figure 1 – Mediterranean Sea top priorities for research and Innovation

Source: BlueMed Initiative

C.3. *Interactions with ETC Transnational programmes*

Several Interreg transnational programmes are overlapping partially with the ADRION programme area, some of them already have a starting platform of orientation on which to work for the future programmes, in the case of *Balkan Med* a final decision about its discontinuation has not yet been made. The following table summarises the main guidelines known at the time of the study and extracted from the Border orientation Papers issued by DG REGIO.

| | ETC TRANSNATIONAL PROGRAMMES | | | | | |
|-----------------------|--|--|--|---|--|---|
| | ADRION | EuroMED (ERDF) | DANUBE | CENTRAL EUROPE | Alpine Space | NEXT MED (NDCI) ³⁵ |
| PO1 Smarter Europe | <p>Promote RDI activities across the Adriatic and Ionian Region, with a focus on identifying joint challenges and innovative solutions;</p> <p>Mapping innovation infrastructures and ensure coherence of specific innovation activities in the region;</p> <p>Cluster and stimulate investments in innovation of key sectors for the region;</p> <p>Strengthen and connect innovation</p> | <p>Build up on existing frameworks and enhancing scientists Community networks working on specific Mediterranean R-D/Innovation issues, very specific challenges and pilot projects where direct benefits and spill-overs relating to the Euro-MED.</p> | <p>Cluster and network, the DTP should focus on "catalyst" projects launching project a that can be supported by other institution slater on or as a transnational institution network</p> <p>Invest in digital infrastructure and in the workforce, in regions lagging behind. DTP shall be a catalyst also in relation to mainstream</p> | <p>Interregional industrial partnerships by expanding and promoting them through transnational cooperation.</p> <p>Commercialisation and scale-up of interregional innovation projects.</p> <p>Strengthening the standing of the region in the shift to a green or circular</p> | <p>ASP should limit support to RDI and smart specialisation strategies to very specific challenges and pilot projects, with direct benefits and spill-overs relating to the Alpine Space and its regions.</p> <p>A possible focus of the programme could include issues such as green economy, circular economy, inner peripheries and related topics, energy,</p> | <p>Innovation</p> <p>Gain access to partnerships of excellence.</p> <p>Entepreneurship</p> <p>Differences in market size between regions and differences in the cost of products and services can provide a basis for economic complementarity.</p> |

³⁵ Source: Ref. Ares(2020)450163 - 24/01/2020 - Annex V

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| | ecosystems, including clusters; Sharing test and demonstration infrastructures | For the Hinterlands areas, the programme could promote innovation in order to improve environmental protection, new products, environmental services, including fields such as water resources, solid urban waste and soils and the eco-innovation. | Creation of a common ground for innovation (regional technological park) | economy and the 4th industrial revolution. All these efforts should be in line with the existing and future SMART Specialization Strategies in the area. | fresh water and climate change and adaptation to it. | |
| PO2 Greener Europe | Whole region Climate change adaptation , air pollution, circular economy, biodiversity , exchange experience between marine & terrestrial protected areas Actions aimed at improving env. quality, mitigation and adaptation on climate | The functional focus is primarily climate change and should concentrate on selected joint challenges that one single cooperation partner is unable to address alone. Sea dimension | DTP might support studies or pilot projects in resource efficiency, reliable and resilient energy provision. River basin management, flood prevention, water quality Biodiversity Sustainable tourism | Support the EU's commitment to the Paris Agreement and UN Sustainable Development Goals. The Central European Green Belt may be considered as a framework for the future measures under PO2. Efforts to stop the loss of biodiversity, in | Environment and climate change should concentrate on selected joint challenges that one single cooperation partner is unable to address alone. Such as fresh water reservoirs, decreasing biodiversity, and soil erosion and other natural hazards. | Climate change and natural risks Jointly developed responses to the effects of climate change could achieve economies of scale. Coordinated responses to risks. Transition to low carbon energy |

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| | <p>change in cooperation with LIFE programme; Sea dimension Strategies for marine litter reduction; governance, management and monitoring of maritime spaces; harmonization of standard regulations; oil spill contingency Hinterland dimension Circular economy; risk assessment, climate change adaptation, env. Friendly farming practices, CB habitats and ecosystems; species preservation</p> | <p>Marine ecosystem: Overfishing, habitat degradation and incidental catches pose serious threats to marine biodiversity. Uncontrolled and illegal coastal development leads to destruction of habitats. Invasive alien species from aquaculture and ballast water discharge also threaten the ecosystem Sea Pollution: Pollution of the sea originating from maritime transport activities and hydrocarbon exploration and exploitation, insufficient wastewater treatment, ecologically-</p> | <p>Air quality supporting measures</p> | <p>coordination with the regional and rural development funds to generate quality and complementary projects. Climate change adaptation, and in particular climate change related natural hazards, promoting the transnational perspective by supporting transnational learning, networking and pilot actions. Set up transnational monitoring and warning mechanisms of peak pollution periods and to promote the exchange of best practices, synergies and complementarity resulting from the</p> | <p>Sustainable solutions to renewable energy production and storage in the Alpine Space. Transnational green economy and circular economy systems, as well as climate change adaptation with respect to natural hazards</p> | <p>Uptake of clean renewable energy sources. Water Exchange of best practice, common solutions and shared infrastructure. Circular economy and waste management Best practice in waste management and circular economies Regional waste management solutions, including for marine litter prevention. Biodiversity and natural resources Monitoring of invasive species and overfishing mitigating solutions.</p> |
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| | | <p>unsound aquaculture practices, marine litter are problems that can only be tackled at transnational level.</p> <p>Hinterland dimension</p> <p>Climate change and its side effects such as desertification (water reservoir empty, decreasing biodiversity, soil erosion and other extreme weather events and natural hazards (droughts, forest fires...))</p> | | LIFE and ESIF programmes. | | |
| PO5 Europe closer to citizens | Innovate with approaches and increased capacities for delivery of services of general interest in islands and mountains, so addressing | Perceptions are that remote, rural and Islands areas are left behind and do not matter. Efforts are required in order to link all areas and | Cross-cutting approach: support a better understanding of the EU to help fight the nationalisms. | Policy making concentrates too much on the division of successful and thriving territories, but failing to provide positive spillover effects to the rest of | Perceptions are that remote and peripheral areas are left behind and do not matter. Efforts are required in order to link all areas to | Involvement of Local communities Exchanges of practices among local authorities should focus for instance on waste management, air |

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| | <p>geographic specificities.</p> <p>Promote territorial strategies.</p> | <p>stakeholders to the larger European scale.</p> <p>Urban innovative actions supported under relevant national and regional mainstream programmes, promoting networking and experiences exchanges, achieving overarching goals and promoting regional cooperation on urban-related issues.</p> <p>Rural and Islands innovative actions could be selected if they operate under approved local strategies (e.g. rural and fisheries CLLD).</p> | <p>Local and regional activities with transnational dimension should be supported.</p> <p>Building on existing networks (i.e. academia)</p> <p>Small projects can be used for local initiatives</p> | <p>the less functioning areas.</p> <p>The CEP area cannot be considered as a single functional area, but as a collection of smaller functional areas.</p> <p>Identify peripheral areas and support the development and the implementation of focused integrated territorial strategies.</p> <p>Identify integrated territorial development strategies, the relevant local territorial authorities.</p> <p>The involvement of the relevant socio-economic partners and the participatory planning of these integrated territorial strategies is a key</p> | <p>the larger European scale</p> <p>Measures to promote capacities and empowerment on a local level can help these areas to be listened to and to become increasingly involved.</p> <p>In addition, innovative approaches (including in urban areas, where appropriate) with the aim of improving access to services of general interest</p> <p>The use of small project funds should be envisaged.</p> <p>Urban innovative actions may also be supported</p> | <p>quality and urban mobility in all its components.</p> <p>Network of local authorities, namely MedCities.</p> |
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| | | | <p>factor for their success.</p> <p>By establishing linkages between the smaller functional areas at the transnational level CEP can play a “catalyst” role.</p> <p>Support the enhancement of existing and new strategies, twinning and pilot initiatives.</p> <p>Pay attention to be complementary with the mainstream programmes (including ESF, ERDF, CF, EMFF and EAFRD programmes), other (e.g. LIFE) and CBC Programmes.</p> <p>Fostering the integrated social, economic and environmental development in</p> | | |
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| | | | | urban surrounding areas. | and rural | |
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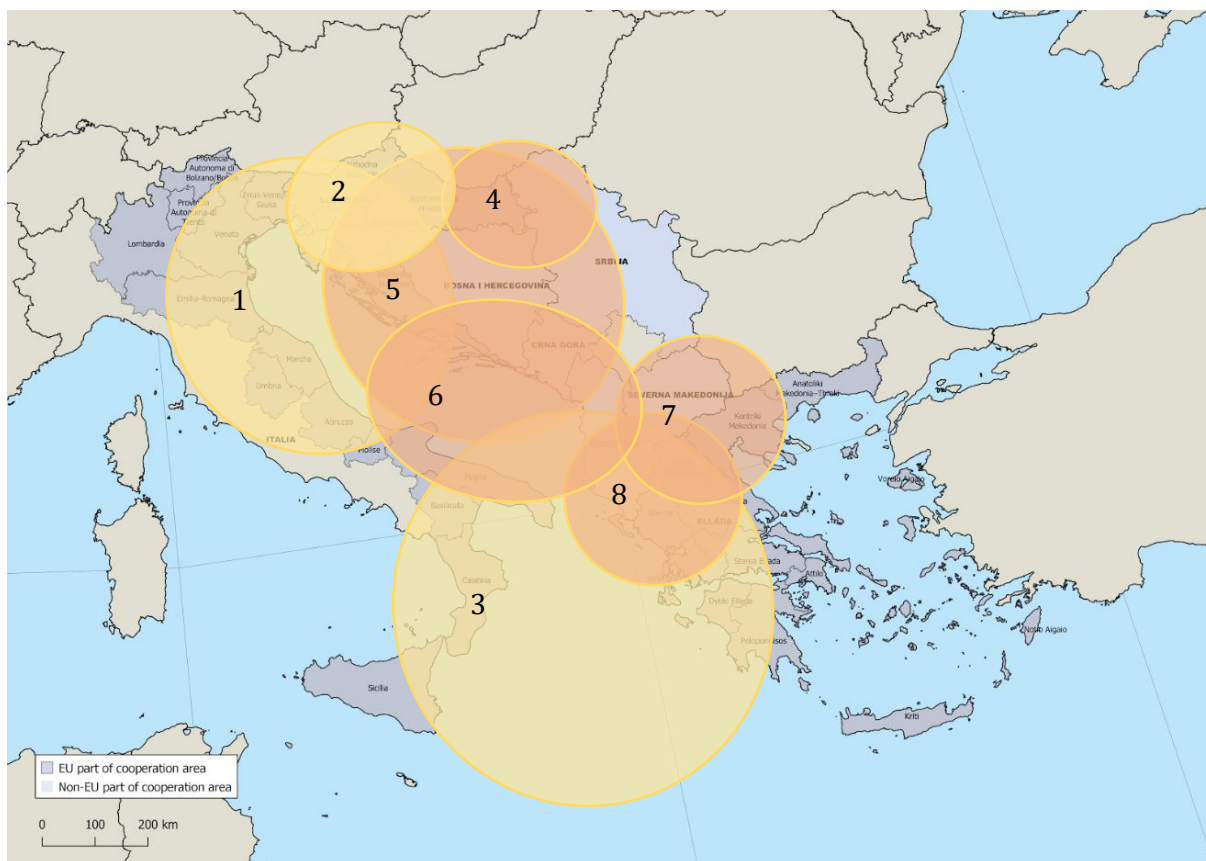
Table 2. Suggested example specific objectives for ETC Transnational programmes

C.4. *Interactions with CBC programmes*

Having a careful look at the priorities suggested (and still to be confirmed by the practical evolution of the programming exercise made by each individual programme), ADRION might be able to avoid the overlapping of type of actions falling within the scope of CBC programmes and, oppositely, to foster interventions complementary, synergistical to those, and immediately absorb the capitalisation effect stemming from CBC projects.

As it is to be expected, the CBC maritime programmes (Adriatic, Central Adriatic, Ionian - as from the latest available proposal from DG REGIO, still to be confirmed by the concerned MS) being NUTS3 based, peculiarly focus their efforts on coastal areas, maritime-related activities and blue economy. In the map below, the approximate geographical coverage of the proposed CBC programmes (1: Adriatic; 2: Slovenia-Croatia; 3: Ionian; 4: Croatia-Serbia; 5: Croatia-Bosnia and Herzegovina-Montenegro; 6: Central Adriatic; 7: Greece-North Macedonia; 8: Greece-Albania).

Beyond these, there is a number of land border CBC programmes, partly co-funded by ERDF and IPA and a greater number of IPA-only funded small CBC programmes covering the borders of non-EU countries.



Map 5. CBC programmes within the ADRION geographical coverage. In yellow ERDF programmes, in red the IPA programmes

The definition of these programmes is still under way and they follow a programming process independent from ADRION, though reciprocal interactions will have a direct impact on a certain number of local stakeholders. The Border Orientation Papers issued by DG REGIO give a previous hint on the potential specific actions that those programmes might implement and they are summarised in the table below.

| | MARITIME CBC programmes | | |
|--------------------------|---|--|--|
| | Adriatic (IT-HR) | Central Adriatic (IT-AL-ME) | Ionian (IT-GR) |
| PO1 Smarter Europe | <p>Support to boost sustainable blue economy in key areas such as clean maritime shipping.</p> <p>Support innovation in creative industries, sustainable coastal tourism using smart specialisation.</p> <p>SME cooperation in their internationalisation activities.</p> | <p>The enhancement of links, networks and clusters between area businesses active in various fields, with particular focus on maritime issues and in line with the objectives of the EUSAIR</p> <p>The provision of support to local SMEs, taking into account also the activities under the Enterprise Europe Network</p> <p>The promotion of entrepreneurship education taking into account also the activities under the European Institute of Innovation</p> <p>The establishment of knowledge flows and links</p> | <p>Support to innovation and cluster in selected topics (maritime profile and sustainable blue economy)</p> <p>Cross-border e-government services (inter-modality, maritime safety, risks management)</p> |
| PO2 Greener Europe | <p>Dialogue with other Interreg programmes on biodiversity protection.</p> <p>Map local needs in fighting pollution, restore biodiversity and remedy effects of climate change.</p> <p>Joint management of water and marine environment and protected species.</p> | <p>Climate change and risk prevention: Investments should be promoted in joint climate change adaptation and mitigation</p> <p>Development of joint policies, protocols, procedures and approaches on risk prevention and rapid response management.</p> <p>Energy transition:</p> | <p>Coordinate actions with other programmes</p> <p>Coordination for protection of natural areas and biodiversity in coastal areas</p> <p>Mitigate air pollution causes</p> <p>Strengthen renewable energy production</p> |

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| | <p>Cross-border actions linked to strengthening renewable energy production</p> | <p>Consider investing in cross border small-scale energy production from renewable sources, energy efficiency actions and smart energy systems</p> <p>Exchange and best practices for developing energy efficiency in the cross-border region should be fostered.</p> <p>Bio-diversity and pollution:</p> <p>Programme’s operations should jointly protect nature and biodiversity in line with EUSAIR</p> <ul style="list-style-type: none"> - Protection of the wetlands, to remove pollution from the watershed, to reduce flooding and improve the habitat quality for wildlife - Fostering circular economy and waste management measures - Implementing a life cycle approach to marine litter - Restoring and protecting sea-bed damaged by destructive fishing practices; - Reducing the impact of land-based activity on the maritime environment; - Developing the capacity of exploiting the common natural heritage of the region. <p>Air pollution:</p> <ul style="list-style-type: none"> - Measures to improve air quality |
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Appendixes

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| <p>PO3 More connected Europe</p> | <p>Ensure maritime connectivity to hinterland areas with low accessibility. Improve maritime safety of shipping.</p> | <p>As far as <u>Mobility</u> is concerned: Foster cooperation for sustainable development policy in port. Support investments in most frequently used ferry connections. Address the issue of land-sea connections and hinterland accessibility. Digital connectivity: Increased digitisation of the border region improving general conditions for joint e-solutions in education, health care, business support and cultural cooperation. Developing the potential to improve connectivity and consequently competitiveness of regions in supporting the ICT infrastructure.</p> | <p>Cross-border connectivity through multi-modal schemes</p> |
| <p>PO4 More social Europe</p> | <p>Training on languages Harmonise certification and skills for similar occupations with a special eye on maritime related needs</p> | <p>Support more extensive and structured learning activities as a vector for building an employment boosting factor.</p> | <p>Improve recognition of skills Support the development of specialised curricula</p> |

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| <p>PO5 Europe closer to citizens</p> | <p>Identification of legal and administrative obstacles to CBC interaction. Promote the creation of joint attractions/joint products focusing on sustainable tourism.</p> | <p>Integrated, place-based strategy, i.e. strategies targeting a specific geographical area, identify integrated challenges and objectives based on the local needs, developed with appropriate citizen involvement</p> <p>investments in common historical, natural and cultural heritage</p> <p>products and services through integrated territorial strategies</p> <p>Town twinnings, urban-rural linkages, and cooperation within cross-border functional urban areas</p> <p>projects of a strategic nature, which will enhance the implementation of the EUSAIR Strategy</p> | <p>Sustainable approach to tourism development (marine environment and cultural heritage)</p> |
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Table 3. Suggested example of actions for ETC/IPA Crossborder programmes

Source: DG REGIO Border Orientation Papers

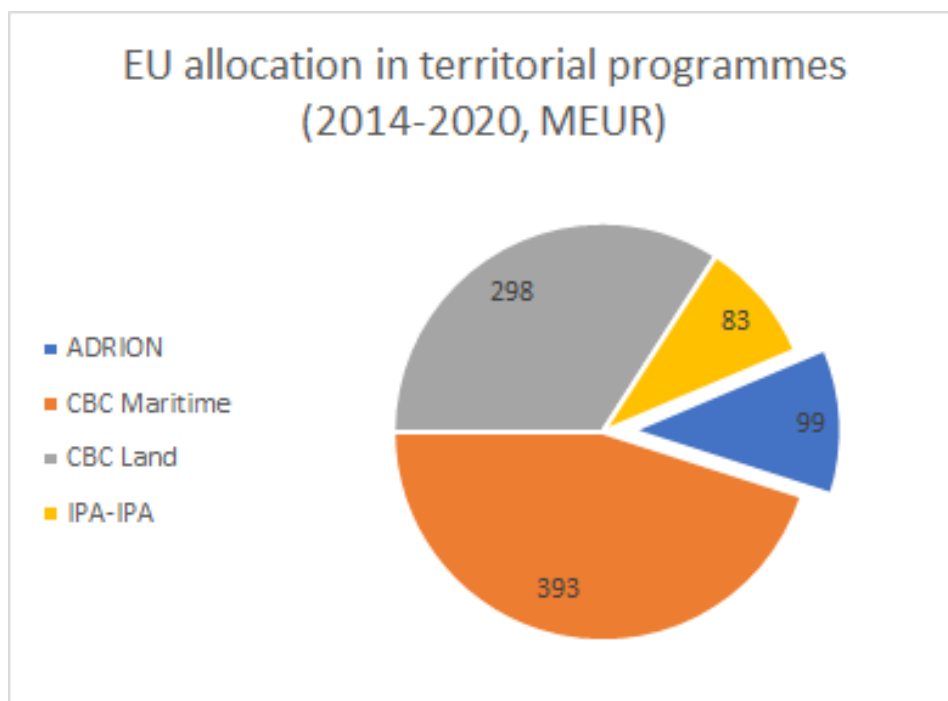
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 Further than maritime cross-border cooperation programmes, it is expected that some land cross-border cooperation programmes will also be confirmed and launched under ETC (Slovenia-Croatia) and IPA (Greece-Albania; Greece-North Macedonia; Croatia-Bosnia and Herzegovina-Montenegro; Croatia-Serbia) regulations.

Table 4, EU allocations for the CBC programmes within the ADRION programme area (2014-2020)

| Type of cooperation | Programme | ERDF / IPA (MEUR allocated) |
|---------------------|----------------------|--------------------------------|
| TRANSNATIONAL | ADRION | 99 |
| CBC | Maritime cooperation | 393 |
| CBC | Land cooperation | 298 |
| IPA-IPA | Land cooperation | 83 |

Source: DG REGIO web site

It is worth highlighting the fact that transnational programmes use to be allocated a relatively minor amount of EU contribution and, in the specific case of the ADRION area, the cross-border maritime programmes are entitled to significant resources, which are intended to focus on the priorities typically making for the “blue economy” component (see figure below).



Graph. 21. EU allocations (in MEUR) given to the territorial cooperation programmes during the 2014-2020 period, by the ERDF and the IPA funds

Source: DG REGIO website