European Territorial Cooperation

ADRION - ADRIATIC IONIAN COOPERATION PROGRAMME 2014-2020

Territorial Analysis

European Union
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Acronyms

AA	Audit Authority
ADRION	Adriatic and Ionian Programme 2014-2020
EUSAIR FP	EUSAIR Facility Point
CA	Certifying Authority
CP	Cooperation programme
CSG	Community Strategic Guidelines
ENI	European Neighbourhood Instrument
ERDF	European Regional Development Fund
ETC	European territorial cooperation
EUSAIR	European strategy for Adriatic and Ionian region
GAV	Growth Added Value
ICT	Information and Communication technologies
IP	Investment priority
IPA	Instrument for Pre-Accession Assistance
JS	Joint Secretariat
MA	Managing Authority
MC	Monitoring Committee
NCP	National Contact Point
PA	Priority Axis
SEA	Strategic Environmental Assessment
RIS3	Research and Innovation Strategies for Smart Specialisation
SEE	South East Programme 2007-2013
SME	Small and Medium sized Enterprises
SO	Specific Objective
SWOT (analysis)	Strength, Weaknesses, Opportunities and Threats
TA	Technical Assistance
TO	Thematic Objective

Introduction

The ADRION transnational programme, set up in the framework of the European Territorial Cooperation (ETC), one of the objectives of the cohesion policy, includes 31 regions from four (4) different EU Member States and four (4) IPA countries (hereinafter referred to as Partner States).

For the period 2014-2020, the overall programme budget amounts to EUR 117.917.379 including European Regional Development Fund (ERDF) (EUR 83.467.729), the Instrument for Pre-Accession Assistance (IPA II) (EUR 15.688.887) and national contributions (EUR 18.760.763).

A co-financing rate of 85% of ERDF/IPA is applied for projects.

The overall objective of the ADRION programme is to act as a policy driver and governance innovator fostering European integration among Member and non-Member states, utilising the rich natural, cultural and human resources surrounding the Adriatic and Ionian seas and enhancing economic, social and territorial cohesion in the programme area.

This programme takes into consideration the experience of the 2007-2013 Operational Programmes (OPs) especially SEE and IPA Adriatic whose eligible areas overlap with that of ADRION. It also takes into account the results of the SEE in itinere evaluation and the overall programme achievements of the previous programming period.

Following the Commission decision drawing up the list of eligible regions and areas for the transnational strands of the ETC, the ADRION programme covers the following areas:

a) The Member States:

- IT Italy : 12 regions and 2 provinces
- SI Slovenia: 2 regions
- EL Greece: 13 regions
- HR Croatia: 2 regions

b) IPA countries

- AL Albania
- BA Bosnia and Herzegovina
- ME Montenegro
- RS Serbia

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

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

1.1.1.1. Context of the programme

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

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

The **EUSAIR** 'EU Strategy for the Adriatic-Ionian Region' is described in two documents:

(1) a Communication from the European Commission to the other EU institutions, and
(2) an Action Plan, which complements the Communication **(presented by the EC on June 17th 2014 (SWD(2014) 190 final)**.

The strategy focuses on four (4) Pillars: 1**. Blue growth, 2. Connecting the Region, 3. Environmental quality, 4. Sustainable tourism**. The Action Plan is one of the outputs of the Strategy. Its aim is to go from "words to actions" by identifying the concrete priorities for the macro-region. It is therefore structured so as to reflect the four pillars, as well as the topics selected under each pillar, including also an indicative list of eligible actions and project examples.

The structure of the EUSAIR governance will be defined, in order to identify and support actions and projects with a macro regional value. In the framework of the Action Plan, the governance structure shall identify the sources of financing, looking at the other funds available on the area (EU, national, regional and public, financial instruments, loan and private funds). ADRION shall support the governance and the implementation of EUSAIR mainly under TO11. The EUSAIR action plan mentions explicitly that the Strategy's coordination mechanism will be eligible for institutional and administrative support from the 2014-2020 Adriatic-Ionian transnational cooperation programme.

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

T**he Macroregional Strategy for the Alpine region (EUSALP),** which is currently undergoing a consultation process, will be built upon three general action-oriented pillars:

1. To improve the competitiveness, prosperity and cohesion of the Alpine Region;

2. To ensure accessibility and connectivity for all the inhabitants of the Alpine Region;
3. To make the Alpine Region environmentally sustainable and attractive

In this general framework, three (3) thematic pillars have been identified:
Pillar 1. Fostering sustainable growth and promoting innovation in the Alps: from theory to practice, from research centres to enterprises.
Pillar 2. Connectivity for all: in search of a balanced territorial development through environmentally friendly mobility patterns, transport systems and communication services and infrastructures.
Pillar 3. Ensuring sustainability in the Alpine Region: preserving the Alpine heritage and promoting a sustainable use of natural and cultural resources.

The Danube Region Strategy (EUSDR), developed in 2010, addresses a wide range of issues which are divided among four (4) pillars and 11 priority areas. Its Action Plan and governance structure are meant to promote joint, coherent and mutually supportive actions that demonstrate immediate and visible benefits for the people, tackling joing challenges in the macro-region (or a significant part of it).

Strategic response by the programme to contribute to Europe 2020
As noted earlier, in 2010, the European Union and its Member States launched the Europe 2020 strategy as a ten year roadmap. It constitutes an overall strategic framework putting forward three mutually reinforcing priorities (quantified by five EU headline targets):

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

The link of the ADRION cooperation programme to the Europe 2020 strategy goals is ensured by the definition of the Thematic Objectives (Article 9, Regulation (EU) No 1303/2013) and the requirement for thematic concentration (Art. 6, Regulation (EU) No 1299/2013). The Thematic Objectives are further broken down into Investment Priorities (Article 5, Regulation (EU) No 1301/2013) and Article 7 Regulation (EU) No 1299/2013) and specific objectives. Priority axes are set out to combine Investment Priorities covering one or more Thematic Objectives (in cases of a thematically coherent context).

The ADRION programme 2014-2020 includes a wide transnational area with more than 60 million inhabitants, and has distinct physical, environmental, socio-economic and cultural characteristics. Hence, it addresses all three dimensions of sustainability, including social, economic and environmental aspects but also institutional elements.
It will be structured in four (4) Priority Axes that aim to develop coordinated policies and actions in the programme area with a view to reinforcing the achievements of the Europe 2020 strategy towards smart, sustainable and inclusive growth.

Taking into account the potential role of the ADRION programme as a coordination mechanism for Instruments, its elaboration has been made in reference to Partnership Agreements of EU Countries, National/Regional structural funds

Operational Programmes, IPA II Multi-country and Country Strategy Papers and International Agreements concluded for the development of the Western Balkans (i.e. Treaty on Energy Community http://www.energy-community.org/portal/page/portal/ENC_HOME)

1.1.1.2. Lessons from the past

According to the 3rd Evaluation Report (November 2013) of the SEE Programme, the most important results of the programme are related to the established partnerships and exchanged experience (there is good progress with the common standards developed under all PAs). In addition there are signs of:

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

In addition the evaluation of programme results (based on the completed projects under the 1st call) indicates a number of factors, which hamper the achievement of results and diminish expected contributions, such as:

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

Lessons learnt from the Med Programme during the previous programming period 2007- 2013, include difficulties in generating projects in specific intervention fields like transport, maritime safety and natural risks. On the other hand, activities related to innovation but also to environmental issues have been quite successful and play an important role in Axis 1 (TO1) and 3 (TO6) of the 2014-2020 programme.

When it comes to the lessons learnt from the IPA CBC Adriatic Programme, we can refer only to the first on-going evaluation report of 2011: according to the findings, the majority of the 33 approved projects (56%) aim at developing Common Tools, 25% share the objective of elaborating Common Strategies and Policies, while the remaining 19% aim at implementing Pilot Actions.

1.1.1.3 Main findings and suggestion on the economic, territorial and social context of ADRION Area

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

Environment. ADRION area is characterised by an extraordinary environmental ecosystem, extremely delicate, but nevertheless subject to high pressures from agriculture, industries and port activities, especially on water quality and coastal areas, also affected by seasonal tourism and one-dimensional urbanisation that

lead, among others, to loss of biodiversity and ecosystem fragmentation. Investments in environmental infrastructures, innovative technologies for the prevention of natural risks and the use of renewable energy sources are low. Moreover, the level of advancements on the EU acquis as referring to PCCs shows moderate progresses, underlining the need to strengthen institutional capacity, at all levels, to implement environmental legislations and policies aimed at fostering sustainable development and a more balanced use of natural resources.

- **Water.** Strategic actions should be undertaken at a cross-border/macro-regional level in order to promote balance between supply and demand, besides improving quality and efficiency of water services (reduction of water losses and increasing efficiency in agriculture). Moreover, the development and sustainable use of non-conventional water resources such as the re-use of treated wastewater should considerably be enhanced.
- **Waste.** Waste management shows a low level of sustainability as well. Further development of integrated waste management systems as well as support to research, innovation and technology transfer in relation to waste treatment and recycling are needed.
- **Integrated Coast Zone Management.** The Adriatic and Ionian coast is facing a huge urbanisation process and pressure produced by mechanical fishing and aquaculture. All these factors produce significant environmental impact resulting in loss of biodiversity, ecosystem fragmentation, desertification, salt water intrusion, congestion. The Integrated Coastal Zone Management at cross-border level needs to be strengthened, also by improving in a sustainable way the integration of coastal zone related policies within territorial socio-economic development. The strategic assessment of the coastal zone to increase coastal resilience and prevent negative impacts of natural hazards (floods, erosion, salt water intrusion) exacerbated by climate change should be promoted too.
- **Risk prevention.** Countries involved in the Programme have to cope with the lack of homogeneous and comparable data for spatial/territorial planning addressing risk prevention policies, strategies and plans. As a result, a suitable level investment to support cross-border application and testing of innovative technologies for natural risks prevention and technological risks should be ensured.
- **Energy.** The share of energy from renewable sources (in % of gross final energy consumption) in the area is above average (about 24%), with IPA countries figuring higher shares, although the gap might be biased by slightly outdated data. 2012 saw a shift in the balance of renewable energy investment worldwide: the balance in overall investment changed from roughly a two-thirds-one-third split between developed and less developed economies to one that was much closer to 50:50. Within the AOI area, the squeeze on subsidies in Italy triggered a fall in investments (-53% new investment in RE on 2011) and the recession slowed down the Slovenian financial support scheme started in 2002 and upgraded in 2009. Investment is needed to meet the renewables target but the challenge lies in investing into the right type of renewable. The same applies to Greece and to Croatia, as recently reported in the national plan adopted by the government in 2013, together with the need to accelerate licensing of projects. In IPA Countries, the main EE and RE financing facilities are provided by IFIs and the EU and are available as loans that can be accessed through local banks. Energy

systems in the region are fragmented, most of the countries having small markets which may be less attractive for investors. Better coordination and increased energy trading could reduce investment requirements for electricity generation by roughly 10 percent by 2020, according to the Power Generation Investment Study conducted for the World Bank (World Bank, 2007).

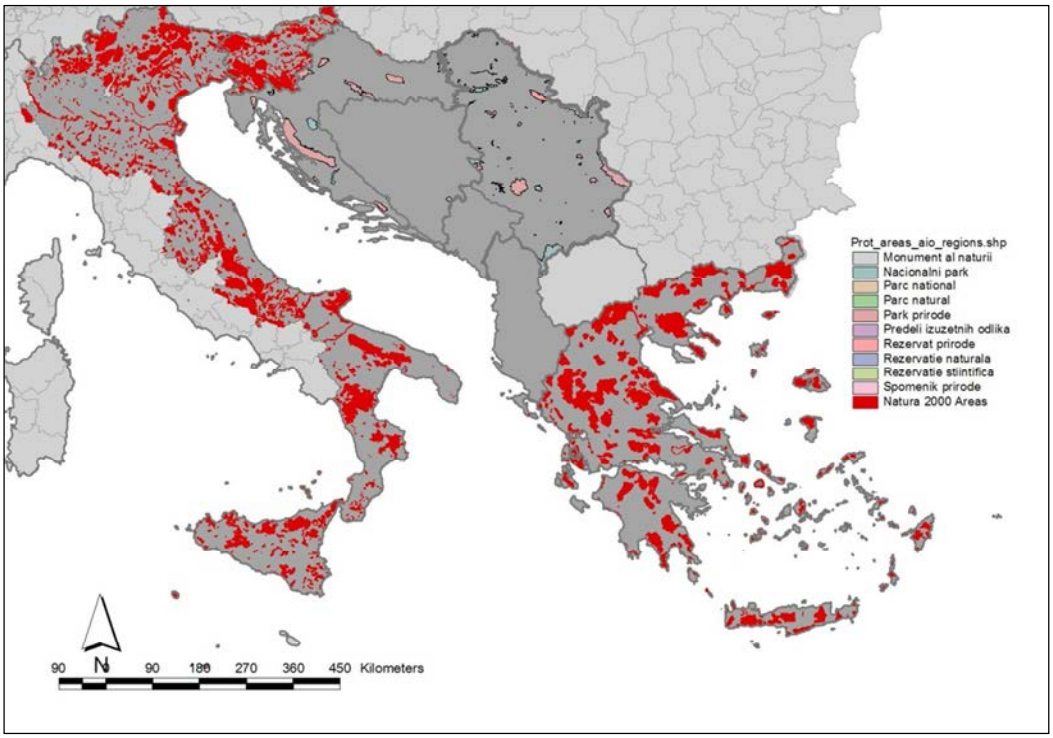
The programme area is characterised by great variety of land cover and usages among the coastal areas around the Adriatic, the Ionian and the Aegean with high density of human settlements and activities, the plains in the northwest (northern Italy) and northeast (mainly Voivodina and Slavonia) and the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

Figure 1: Land cover and land use[1]

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

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

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



Source: EEA, 2014, own design

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

Table 1: Environmental situation, basic context indicators

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

Serbia (RS)	35	31	57	2	6	82	15	43	Medium (North-South)
Sources	Nordregio (2004), Mountain Areas in Europe	2011, World Bank	2011, 2011, Eurostat	2011, World Bank	2011, World Bank	2011, Eurostat	2011, World Bank	2011, Eurostat	Calculation based on geographic form and elevation variation

Topography and Land uses

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

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

Agglomerations and human pressure

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

Per capita water use by the domestic sector in cooperation countries was particularly high in Greece (almost 89 m3 in 2011) with the increase of 52% from the trend in 2001. Slovenia experienced a minute rise while Croatia a small fall.

However, as data availability was limited, conclusions should be drawn with caution ((Source: Eurostat (2014) online data code: env_wat_cat).

Table 2: Population connected to at least secondary wastewater treatment (% of national resident population)

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

The ADRION partner states practice different approaches in the water field. Besides the overall high consumption, which is partially caused by low water prices and low collection rates, other problems in the water supply system include water shortages, especially in the coastal region and during the summer season, and insufficient level of coverage of the rural areas with public water supply systems (with poor water quality control for the waters from the rural water supply systems and other sources). Quality of drinking water is regularly monitored for the public water supply systems and the quality requirements are in line with WHO and EU standards. Discharge of communal and industrial wastewater into natural recipients is done with almost no treatment other than primary An additional problem is the lack of pre-treatment of industrial wastewater discharged into the public sewage systems, and a low level of residential connection to the sewerage especially in the remote areas.

In the context of the Water Framework Directive (WFD), the EU wants to put in place a common methodology for cost-recovery calculation, which would take account of the polluter pays principle. Water pricing – included in the WFD – has to be realistic and take account of environmental costs, but at present, in many cases, it is not working. Incentives for domestic consumers, farmers and businesses to use water more carefully should be installed through adequate pricing levels based on water-metering.

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

Table 3: Waste generation by economic activity and households and Waste Management, 2010 (thousand tons)

	Total waste	Mining and quarrying	Constru-ction	Manu-facturing	Electricity, gas, steam and air condi-tioning	Waste from house-holds	Other	Recovery	Energy recovery	Incineration	Disposal
EU-28	2.505.400	671.780	859.740	275.580	86.040	218.590	393.670	1.145.110	89.650	42.280	1.061.680
Croatia (HR)	3.158	29	8	634	108	0	2.379	403	110	24	2.048
Greece (GR)	70.433	44.793	2.086	4.941	11.029	5. 198	2.387	11.722	126	21	58.520
Italy (IT)	158.628	706	59.340	35.928	2.660	32.479	27.515	93.037	2.373	6.092	25.655
Slovenia (SI)	5.159	12	1.509	1.517	558	728	835	3.885	282	35	1.436
Albania (AL)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Bosnia and Herzegovina (BA)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Montenegro (ME)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Serbia (RS)	33.623	26.458	0	1.146	6.019	0	0	565	26	1	32.466
Sources	Source: Eurostat (online data code: env_wasgen, env_wastrt)										

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

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

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

- Medium-performing/transitional countries (including Italy, Slovenia) are typically characterized by mid-level recycling, around 25-30%, and landfilling between 35-50%. As Slovenia more recently joined the EU, important changes have been made to pre-EU waste management practices but it still remains to be seen how a recycling society is to be supported by political, economic and infrastructural frameworks. For many of the medium-performing countries, a focus is needed on setting up the appropriate political, economic and infrastructure framework to avoid diverting waste from landfill to incineration instead of to recycling. The use of economic instruments plays a key role in helping to fund such infrastructure creation and development, while also effecting behavioral change to less wasteful practices.

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

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

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

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

area providing high quality of life and global attractiveness				and customisation of approaches and concepts to the area needs especially at the local and regional level. In those areas where a strong acqui exists, the focus can be more on customisation. In those areas where more "uncharted waters" exist, the ADRION can focus on pilots and demonstration.
Need to manage human made environmental pressure	Yes	Partially	Partially	As above
Need to manage the high environmental vulnerability	Yes	Partially	Partially	As above
Need to manage increased land and resources consumption	Yes	Partially	Partially	As above
Need to address fragmentation of habitats and landscapes	Yes	Partially	Partially	As above
Need to integrate Ecosystem Services, Blue and Green Growth principles in regional development planning and establish sustainable valorisation of natural and cultural assets as growth assets	Yes	Yes	Yes	As above

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

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

Accessibility[2]. One of the main features characterizing the Programme's area is the imbalance in the development of infrastructures and modes of transport, both between the two banks of the Adriatic Sea and among participating Countries, due to structural weaknesses, low level of maintenance and little investments in infrastructures. What is more, the lack of connections between coastal and inland areas leads to high pressure on coastal roads and bottlenecks. As a matter of fact, road transport is the most common mode of transportation for both goods and passengers throughout the area. Even sea-water transport has increased in Montenegro (+19%), Slovenia (+11%) and Croatia (+9%). Air transport of passengers has increased too, even though at different rates, while railways transport has decreased nearly in the whole cooperation area. The absence of data on inland-water transport underlines, once again, the lack of data and common indicators on infrastructures and transport services especially at a regional level.

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

- **Logistics efficiency and economic development**

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

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

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

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

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

The EU economic integration process of the ADRION area can for sure stimulate a better development of the transport sector as long as the countries opting for EU integration will be able to reorganize their domestic transport systems in an

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

efficient and competitive way. More in general the pure transport cost is not the way to be competitive on the EU transport market.

Looking at sustainable interventions related to the available resources it is allowed to suppose to improve the efficiency of the intermodal organization of the ADRION area starting from increasing the efficiency of the intermodal nodes – ports, freight villages, goods yards – by intervening on their entrance bottlenecks, on the storage and parking areas, and the efficiency of the intermodal transfer technologies.

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

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

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

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

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

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

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

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

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

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

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

for spatial and strategic planning and develop a more integrated and environmentally friendly framework.

The area is rich of thousand km of pristine beaches, over 10,000 islands (in Greece, Croatia, Italy) but also stunning mountain landscapes, important rivers (Danube, Po, Axios, Ardas-Evros, ecc with enormous potential for developing river tourism), lovely rural areas, a wide variety of spa resorts an thermal springs and above all several parks and protected areas.
Also the ADRION area cultural offer is very high: hundred years of different dominations have inexorably influenced the culture and architecture of most of the regions of the area, today rich of extraordinary urban heritages, vibrant cities, medieval monasteries, arts, archaeological values and traditions. To underline this extensive heritage, the ADRION area boasts 62 sites inscribed on the UNESCO List, representing about 16% of the whole Europe UNESCO list.

Tab. 1 - ADRION UNESCO's sites

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

* only ADRION regions

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

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

Need	Relevant to national strategies etc.	Can be tackled in a Transnational ETC Programme	Can be tackled in the ADRION?	Comment
To better integration among tourism development planning and environmental management system	Yes	Yes	Partially	ADRION can promote common approaches for an integrated planning system
To improve a local cooperative approach and a private public dialogue	Yes	Yes	Partially	ADRION can stimulate thanks to exchange and cooperation the adoption of this approach in the tourist policies planning
To enhance the local identity and territorial uniqueness	Yes	Yes	Yes	ADRION can support in providing Territorial marketing plan
To raise the market trends knowledge and marketing ability of the local tourism SME's	Yes	Yes	Partially	
To facilitate the circulation of technology innovation (booking system) and best marketing practices	Yes	Yes	Yes	ADRION can support pilot projects for testing the IT solution for the sustainable tourism
To better tourism labour market and reinforce the entrepreneurial culture	Yes	Yes	Partially	The ADRION can provide support for the formulation of criteria and quality standards for the employment in this sector.
To diversify and to specialize territorial and accommodation offer	Yes	Yes	Partially	ADRION can support feasibility studies for the offer diversification
To find common indicators and statistics to measure tourism demand and offer	Yes	Yes	Partially	ADRION can promote the development of common standards for monitoring and assessment of tourism system
To support sustainable development of tourism	Yes	Yes	Yes	The ADRION can foster implementation of guidelines and "green" growth

Research and innovation. The area is struggling towards building up efficient research and innovation systems. R&D intensity is overall growing (about 0.75% in Croatia, 2.47% in Slovenia, 1.25% in Italy, 0.60% in Greece and an average of 0.3%

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

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

- With the exception of Slovenia, all ERDF ADRION countries allocate significantly lower **GDP shares to RTD (GERD)** in comparison to the EU average; similarly **business share in GERD** is less that EU average (again Slovenia is closer to EU standards); Similarly IPA countries have a very low GERD and BERD;
- **Patent applications** rates are low in Greece, Croatia, Serbia and Albania; Italy and Slovenia perform better but still much below EU standards;
- Greece and Croatia are below EU average levels with regards to the **employment in high- technology sectors**; Italy and especially Slovenia perform better (the latter above EU average);
- All ERDF ADRION countries present EU average indices relevant to **employment in knowledge- intensive services**;
- Slovenia's **SME competitiveness performance** is comparable to EU's average; Italy and Greece lag behind (the latter by far);
- Greece and Croatia present significantly lower **employment rates**; Italy and primarily Slovenia present EU average comparable rates; **unemployment rates** in Croatia and especially Greece are well above EU average;
- **Investments** in Greece are below EU average; Slovenia, Croatia and Italy perform better;
- Slovenia's workforce is directed towards **Industry, ICT and Financial services**; Italy and Croatia follow this pattern at a EU average level; Greece's workforce is less employed in these sectors;
- **Slovenia's regions** are characterized as "Advanced manufacturing regions" and "Technologically- advanced regions" and "Scientific regions";
- **Italy's ADRION eligible regions** have more diverse profiles (from "Low tech regions" to "Advanced manufacturing regions" and "Advanced services regions" and from "Research intensive regions" to "Regions with no specialization in knowledge activities");

- **Greece's regions** are characterized as "low tech"; "Regions with no specialization in knowledge activities" and "Non- interactive regions"; however some of them seem to be in the process of diversifying their production model ("Smart and creative diversification area");

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

Need	Relevant to national strategies etc.	Can be tackled in a Transnational ETC Programme	Can be tackled in the ADRION?	Comments
Increased adoption of innovation and technologies by SMEs	Yes	Partially	Partially- increased adoption requires financial incentives that ADRION can't provide	The ADRION could support the dissemination and adaptation of innovative instruments and approaches should be sought for capacity building of SMEs instead of the traditional ones that are best tackled at a national/ regional level.
Increased cooperation between research and industry	Yes	Yes	Yes, the facilitation of clustering, networking and the establishment of linkages among the various triple helix actors can be typically tackled in ETC programmes	The ADRION could focus on the exploitation of transnational and trans- regional cooperation and linkages and clustering of RIS3 pre-selected areas of competitive advantage for the ADRION regions.
Increased business investment in R&I	Yes	Partially	Partially- increased business investment is depended on a large number of parameters (financial and tax stability, business environment, etc.) that are typically influenced by national policies.	The ADRION could focus on the identification of hurdles to increased business investment in R&I and the adoption of measures to tackle the problem.
Commercialisation of research (innovation)	Yes	Partially	Partially- activities supporting the translation of research ideas to products and services (IP support, technology transfer, patenting, prototyping, etc.)	The ADRION could focus on piloting professional services directly aiming SMEs are deployed along with capacity building for IPA innovation support mechanisms based on careful examination of reasons that hinder SME participation.
Development of smart specialisation strategies and examination of synergies among the various countries and regions	Yes	Partially	Partially, smart specialisation strategies are typically developed at a regional level. However, synergies among the various country/ regional strategies can be examined in the framework of ADRION.	The ADRION could focus on the identification of smart specialisation synergies among the various countries and regions and the transfer of RIS3 practices to the IPA countries and the programme area (e.g. related to Blue Growth).

Identification and exploitation of synergies with other relevant programmes	Yes	Partially	Partially- activities targeting the identification and exploitation of synergies can be part of ADRION funded projects	This may be a standard "module" of ADRION funded projects, i.e. the identification of additional means to fund innovative actions.
More emphasis on new innovation areas and approaches (Eco Innovation; Public Procurement for Innovation; Creative Industry; Service Industry and Social Innovation, Procurement and Social Innovation)	Yes	Yes	Yes- the ADRION programme can be used as a test- bed for such areas and approaches and for the dissemination of their benefits at a larger audience	The promotion of these new innovation areas and approaches can be beneficial both for ERDF and IPA countries. In particular social innovation and creative industry allow room for nurturing non- technological "soft" innovation which is relevant to many of the less developed regions in the ADRION area.
Innovation management support (IP advise, tech-transfer, prototyping, demonstrators, etc.)	Yes	Partially	Partially- "soft actions" can be relevant to the ADRION programme; however more advanced and resource-demanding applications (such as prototyping and demonstrators) require funding which ADRION cannot provide	Innovation management support can be especially beneficial for IPA countries; capacity building can be directed to the local innovation support mechanisms.

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

- **Increased adoption of innovation and technologies by SMEs:** tackling this need is in line with ADRION's objective of promoting business investment in R&I
- **Increased cooperation between research and industry;** in line with ADRION's objective of developing links and synergies between enterprises, R&D centres and higher education; and supporting networking, clusters and open innovation;
- **Increased business investment in R&I;** in line with ADRION's objective of increased SME participation in innovative actions;

- **Commercialisation of research (innovation);** in line with ADRION's objective of supporting product and service development; technological and applied research, pilot lines, early product validation actions;
- **Development of smart specialisation strategies and examination of synergies among the various countries and regions;** in line with ADRION's objective on the use of RIS3 results;
- **Identification and exploitation of synergies with other relevant programmes;** in line with the necessity to exploit all available resources depending on the type of innovative activity;
- **More emphasis on new innovation areas and approaches (Eco Innovation; Public Procurement for Innovation; Creative Industry; Service Industry and Social Innovation, Procurement and Social Innovation);** in line with ADRION's objective to exploit social innovation, eco-innovation, public service applications and other new innovation support measures;
- **Innovation management support (IP advise, tech- transfer, prototyping, demonstrators, etc.);** in line with ADRION's objective of supporting product and service development; technological and applied research, pilot lines, early product validation actions.

a) SWOT analysis of the ADRION area

Smart growth

	Strengths	Weaknesses	Opportunities	Threats
Research, technological development and innovation	- Some regions leaders in R&D - Some high skill industrial sectors (agriculture, agribusiness, chemicals, materials...) - Relatively well developed research facilities in some countries - Well developed innovative activities and practices in the area of cultural and creative industries - Good systems of product quality certification, good facilities and labs with international accreditation	- Low investment in R&D - Low proportion of research personnel in companies - Low number of patent applications to be commercialised - Poor IP protection also in relation to academia and enterprises - Weak technology transfer activities and limited cooperation of science & technology parks, incubators and clusters - Innovation models more based on diversification than breakthrough innovation - Full potential of culture and creative industries not yet realised - No specific regulations in the field of venture capital/private equity funds in some countries - Declining urban areas as poles for innovation - Low entrepreneurial skills and low knowledge about innovation	- Rising investments in R&D - Slight increase of patent applications over the last years - R&D specialisations in agribusiness, maritime and tourism - Transfer research from universities/laboratories to private sector - Increasing skills in research through financial support and training opportunities in the field of enterprise creation, technology transfer, organizational and management innovation - A diverse and networked innovation community (clusters, science & technology parks and incubators) - Social and open innovation as potential - Research activities and innovative products in the	- Economy seriously affected by the economic and debt crisis - Increasing competition from southern and eastern countries Dispersion of R&D investments and absence of priorities - Migration of highly skilled work force - Significant differences among regions regarding R&D potentials

			area of sustainable building industry and creative industries	
Information and communication technologies	- Widening coverage of high-speed broadband - Increasing use of ICT by individuals and businesses	- Limited access to broadband across the whole ADRION regions especially in peripheral areas - Lower ICT skills of individuals than in other EU regions - Limited offers and use of online public services	- Development of high-speed broadband financed by other funds - R&D sectors specialised in ICT -Young generation highly IT-literate - The use of ICT as enabling sector and a means to involve the citizen in the quadruple helix model (eg. living labs).	- Significant inequalities between regions and territories in term of ICT use
Competitiveness of SMEs	- Appeal of the ADRION area which is essential for the tourism - Highly competitive regions - Positive results of policy support for businesses (business innovation and competitiveness)	- Strong influence of traditional business (low and medium technology sectors) - Incremental innovation producing limited added value in SMEs - Low productivity of business - A majority of SMEs poorly integrated in international networks - Wide regional disparities and regions with low competitiveness - Limited understanding of the importance of intellectual property Limited sectoral/cross-sectoral	- High business rate creation in some ADRION regions - Increasing clustering of SMEs	- Serious recession in the majority of ADRION regions - Difficulties of businesses to access to finance

		specialisations		

Sustainable growth

	Strengths	Weaknesses	Opportunities	Threats
Low carbon economy and energy sector	- Favourable conditions for the production of renewable energy (climate, natural resources) - Increased awareness about the need for a shift towards a low carbon economy	- - Green-house gas index much higher than the EU average - Insufficient development of renewable energy - Relatively high degree of energy dependence - Low energy efficiency compared to the EU average	- Development potential for renewable energy not fully exploited - ADRION countries committed to reduce GHG emissions	- Significant increase in the cost of low carbon energy
Climate change and risks	- Existence of a European framework and national policies for the reduction of C02 emissions	- ADRION area strongly confronted to natural risks (floods, drought, fire, storms, earthquakes),) - Low Climate Change Adaptation Capacity - Low interoperability of Civil Protection organisations	- Increasing commitment to sustainable development -Emergence of low-cost effective technologies for risk early warning, communication and interoperability (e.g. remote sensing) - Increased engagement of civil society in risk management and emergency preparedness and response	- Increased risk of natural disasters due to the mutually reinforcing effect of hazards (e.g. climate change, floods, drought, forest fires and erosion) - High costs involved in repairing the damage caused by natural disasters
Protection of the environment, natural and cultural heritage	- Very rich environmental and cultural heritage (sea, mountains, forests, wetlands, cultural landscapes…) - Many protected areas	- Degradation of fragile areas, landscapes, notably coastal areas, eutrophisation and pollution of maritime areas - Growing households waste production	- Development environmental protection measures (protected areas…) - Shift from traditional waste processing towards cleaner	- Risk of increasing environmental pollution due to increase in tourism and agriculture activities - Increasingly poorer air

	(NATURA 2000, areas of ADRION and global (UNESCO) importance)	- Waste recycling remains lower than the EU average - Urban growth and sprawl stressing natural and cultural heritage	methods - Increasing awareness especially among the younger population - High demand and prices might encourage re-use and renovation of existing building stock Preservation/renovation and reuse should take precedence over new construction	quality - Increasing scarcity of water resources - Increasing urban sprawl - Increasing cost of recycling and waste re-use methods due to complexity of products increased human use especially of the coastal and marine space for recreation, housing, transport and fishing/aquacultures ;
Transports	- Good level of road infrastructures especially in the north-south direction in the EU countries whereas improvements are needed in the IPA countries - Large network of port cities even if only some of them well equipped to deal with the flow of passengers and goods - Strategic geographical location between East Europe, Mediterranean and Asia	- High difference in terms of satisfactory accessibility, For IPA countries Low resources allocated for the development and maintenance of railway infrastructure -Geographical fragmentation and isolation of numerous territories (Islands, remote areas) - Badly managed urban development, notably in coastal areas relying on individual motorised traffic - Lower density of the railway network than the EU average - Low multimodal accessibility - Insufficient development of coastal maritime traffic	- Good position of islands and ADRION regions as hubs for tourists and trade - Development of multimodal transport systems - Reinforcement of existing railway network - ICT tools for sustainable and efficient “real-time” multimodal transport	- Lack of European coordination of the communication system -Fragmentation of the transport landscape depending on the EU accession process of the non MS - Dominance of the road-bound transport

Inclusive growth

	Strengths	Weaknesses	Opportunities	Threats
Employment and labour mobility	- High level mobility of students -High number of self-employed -Culture of labour mobility	- Low employment level, especially for youth and women - High territorial disparities for unemployment levels - High long term unemployment rate-	- simplified labour mobility within and between ADRION States - opportunities offered by Blue Growth and tourism for local employment	- Consequences of the financial crisis - Strong increase of the unemployment rate with the economic crisis - Drain of human resources, notably young people towards other EU countries
Social inclusion and fight against poverty	- Traditional intergenerational solidarity - Important role played by the social and solidarity economy	- A large percentage of the population at risk of poverty and social exclusion -Retreat of state social security systems either due to the crisis (GR, IT) or due to a paradigm shift (especially Non Member states)	- increasing importance of emerging non-formal social networks, - emerging paradigm of social innovation and social society activation -opportunities for endogenous development (Blue and Green Growth and tourism)	- Alarming human and social effects of the crisis and disintegration of the social fabric - Weakened social and family ties - erecting of obstacles and barriers to the just participation to the exploitation of the opportunities (legal barriers, financial obstacles) which can lead to the accentuation of the disparities in the society
Skills and education	- Higher education culturally praised - Full range of high quality and free training	- High level of early school leavers compared to the EU average - Higher education institutes	- Progressive decrease in the rate of early school leavers -Increasing recognition of the importance of skills	-Brain drain -Poor disposition of SMEs to invest in vocational and dual training

	- Good choice of professional training - Rich traditional knowledge and skills	ranking rather low globally with a few exceptions (e.g. Athens, Milano etc.) -Mismatch between education supply and SMEs demand	assessment systems Skill training in traditional arts, crafts, music, and other specific/traditional products and services (intangible cultural heritage)	

SUMMARY OF THE MAIN CHALLENGES AND NEEDS OF THE ADRION AREA

	Main challenges	Main needs
Smart growth	- Catch-up with the EU average and achieve the EU 2020 Objectives - Pooling existing and planned research infrastructures into distributed partner facilities - Provide the transnational setting and facilitate the implementation of the EUSAIR action plan (innovation and research dimension is mainly related to Pillar 1 and 3) - Sustainably exploit the opportunities derived by the blue and green growth approaches related to the comparative advantages of the area - Development of ADRION innovation communities and chains in relation to the innovation status of each region (from "low tech" to "market leader especially in the context of new innovation areas and approaches; - Exploitation of the baseline provided by the RIS3 developed in the MS and identification of smart specialisation topics and synergies with the IPA countries	- Increased adoption of innovation and technologies by SMEs: tackling this need is in line with ADRION's objective of promoting business investment in R&I - Increased cooperation between research and industry; in line with ADRION's objective of developing links and synergies between enterprises, research institutions and higher education; and supporting networking, science & technology parks and incubators, clusters and open innovationNeed to focus on food security issues - Commercialisation/Utilisation of research (innovation); in line with ADRION's objective of supporting product and service development as well as in line with RIS3; technological and applied research, pilot lines, early product validation actions - Development of smart specialisation strategies and examination of synergies among the various countries and regions; in line with ADRION's objective on the use of RIS3 results - More emphasis on new innovation areas and approaches (Eco Innovation; Public Procurement for Innovation; Creative Industry; Service Industry and Social and Open Innovation, Procurement and Social Innovation); in line with ADRION's objective to exploit social innovation, eco-innovation, public service applications and other new innovation support measures - Exchange of best practice of public administration technologies, in e-governance - Innovation management support (IP advise, tech- transfer, prototyping, demonstrators, etc.); in line with ADRION's objective of supporting product and service development; technological and applied research, pilot lines, early product validation actions - Development of technology transfer activities in some countries of ADRON area as well as increasing the investment readiness of entrepreneurs

Sustainable growth	- Bringing new topics in the agenda of the participating regions acting as a foresight and demonstration platform, thus increasing awareness, e.g. on the non-technical framework conditions for RES or the sustainable valorisation of the heritage - Identifying a common denominator for the exchange of experience in the first place e.g. related to the need to address human pressures on the environment in relation to the maritime ecosystems - Developing transnational tools in tackling concrete aspects at the programme area level where transnational cooperation is a multuplicator of force e.g. related to environmental vulnerability, fragmentation of habitats and landscapes, risk management, land uses and resources consumption, etc - Introducing, testing and evaluating innovative concepts, e.g. on ecosystem services, blue and green growth in the praxis of development and cohesion policy, thus facilitating the achievement of EU standards and in general increasing good governance potentials also in the context of the EUSAIR - Supporting to diversify and to specialize territorial and accommodation offer - Raising the market trends knowledge and marketing ability of the local tourism SME's - Exploiting the potentials of natural and cultural heritage as a development asset - Better integration among tourism development planning and environmental management system - Optimizing the multimodal transport chain towards greener and safer transport dynamics and the efficiency of transport Infrastructures by the use of information systems and market-based incentives - Promoting the creation of logistic systems through the implementation of integrated, interconnected and homogeneous	- Need to turn towards a post fossil (biopolymer) and low carbon economy allowing the four member states to further focus on the decoupling of their economies, while assisting the IPA countries to master the transition of their economies in that direction - Need to diversify the renewable energy resources potential and to enhance local approaches - Need to conciliate energy production with aims of protecting nature, landscape and biodiversity, with touristic interests and the various interests of local residents - Need to mobilise the cultural landscape and the richness of biodiversity as key assets of the area providing high quality of life and global attractiveness - Need to manage the high environmental vulnerability - Need to manage increased land and resources consumption - Need to integrate ecosystem services, blue and green growth principles in regional development planning and establish sustainable valorisation of natural and cultural assets as growth assets - Need to elaborate common indicators and statistics to measure tourism demand and offer - Need to share commons tools to measure environmental impact of tourism activities (water, soil, waste) - Need to strengthen administrative capacity especially in the areas of maritime, inland-water transport and logistics - Need to share methodologies for collecting data and common indicators to monitor transport and accessibility conditions - Need to simplify maritime transport procedures and to harmonize inland national transport legislations (border cross improvement) - Need to improve the port greening (monitoring system for the quality of emissions by shipping activities, adoption of common quality standards

	terminal networks for logistics - Tackling the weak interconnection between ports and inland intermodal and logistics nodes (intermodal: water-rail, rail-road) - Managing the Tourists seasonal peaks to avoid congestion by providing a more integrated mobility supply thanks to ICT – ITS innovative tools extended to the Adriatic region - Reinforcing the interconnection among the ADRION airports	etc)
Inclusive growth	- Anticipate consequences of demographic change on economy, employment and quality of life (aging population) - Acknowledge increasing difficulties for the socioeconomic inclusion of young people, in particular in time of crisis - Allowing all parts of society to participate in the exploitation of the opportunities and the allocation of the rewards	- Need to better promote social innovation in connection with key socioeconomic sectors (agro-food, tourism, energy, transports, culture, …) - Need to better take into account socioeconomic issues and the needs of end users in the conception and implementation of sustainable development policies (environment, energy, transports)