



IPA III

Cross Border Cooperation Programme

2021-2027

*Serbia - Montenegro*

*ADOPTED ON 26/11/2020*

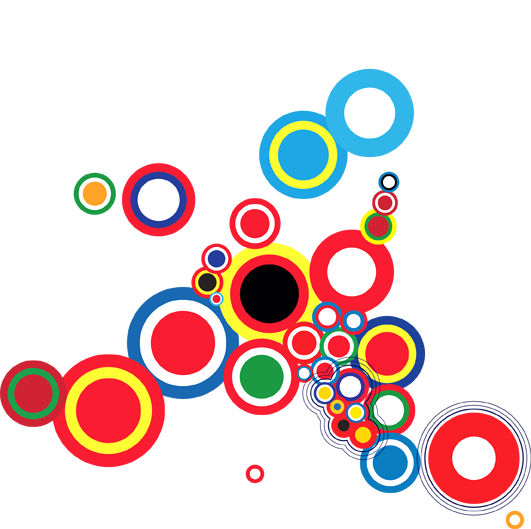


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# Programme synopsis

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| --- | --- |
| Programme title | 2021-2027 IPA III cross-border cooperation programme between Serbia and Montenegro |
| Programme area | Serbia:  Municipalities of Nova Varoš, Priboj, Prijepolje and Sjenica in Zlatiborski district, municipalities of Kraljevo, Vrnjačka Banja, Novi Pazar, Raška and Tutin in Raški district and municipality of Ivanjica in Moravički district  Montenegro:  Municipalities of Andrijevica, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Nikšić, Petnjica, Plav, Plužine, Pljevlja, Rožaje, Šavnik and Žabljak |
| Programme overall objective | To strengthen the social, economic and territorial development of the programme area by improving health and social care services and developing sustainable tourism |
| Programme thematic clusters, thematic priorities and specific objectives per thematic priority | |  | | --- | | TP 0: Technical Assistance  TC 1: Improved employment opportunities and social rights  TP 1: Employment, labour mobility and social and cultural inclusion across borders  TC 4: Improved business environment and competitiveness  TP 5: Encouraging tourism and cultural and natural heritage  **NB**: The thematic cluster TC 5: *Improved capacity of local and regional authorities to tackle local challenges* will be mainstreamed. Beneficiaries’ proposal for the mainstreaming of this thematic cluster will be presented in Section 3.3 of the final draft of this document. | |
| Total EU financial allocation 2021-2027 | € <…> |
| Management implementation mode | Indirect management |
| Contracting authority | Government of the Republic of Serbia, Ministry of Finance, Central Financing and Contracting Unit (CFCU) |
| Relevant authorities in the participating beneficiaries | Government of the Republic of Serbia, Ministry of European Integration  Government of Montenegro, European Integration Office |
| Offices of the joint technical secretariat (JTS) | Main office: Prijepolje (Serbia)  Antenna office: Bijelo Polje (Montenegro) |

# List of acronyms

|  |  |
| --- | --- |
| CA | Contracting Authority |
| CBC | Cross-border cooperation |
| CBC-Forum | CBC regional consultative forum |
| CBIB+3 | Cross-border Institution Building Plus Phase III |
| CFCU | Central Finance and Contracting Unit |
| CfP | Call for Proposals |
| CSO | Civil Society Organisation |
| EC | European Commission |
| EU | European Union |
| DEU | Delegation of European Union |
| GDP | Gross Domestic Product |
| IPA | Instrument for Pre-accession Assistance |
| JMC | Joint Monitoring Committee |
| JTF | Joint Task Force |
| JTS | Joint Technical Secretariat |
| MEI | Ministry of European Integration, Serbia |
| ME | Montenegro |
| NGO | Non-Governmental Organisation |
| OS | Operating Structure |
| RS | Republic of Serbia |
| SME | Small and Medium Size Enterprise |
| SO | Specific Objective |
| SWOT | Strengths, Weaknesses, Opportunities, Threats |
| TA | Technical Assistance |
| TC | Thematic Cluster |
| TP | Thematic Priority |

# Section 1: Programme summary

The cross-border cooperation programme between Serbia (RS) and Montenegro (ME) will be implemented under the framework of the 2021-2027 Instrument for Pre-accession Assistance (IPA III) with a view to promoting good neighbourly relations, fostering Union integration and promoting socio-economic development through joint local and regional initiatives.

The legal basis for drafting of the cross-border programme is TBD

## 1.1 Summary of the programme

The 2021-2027 cross-border cooperation programme Serbia – Montenegro is the third generation of the cross-border cooperation programmes between the two countries and is supported by the Instrument for Pre-accession Assistance of the European Union. It will incorporate the lessons learnt under the implementation of the 2014-2020 cross-border cooperation programme with the same participating countries to further strengthen and extend the scope of cooperation between beneficiaries.

Taking into account that both Serbia and Montenegro are geographically covered by the EU Strategy for the Danube Region as well as in the EU Strategy for the Adriatic and Ionian Region, this programme will seek to contribute to the relevant strategies’ priorities thus creating synergies between programme actions and their interventions.

The programme was designed on the major findings of the situation and SWOT analyses presented in the Annex I of this document.

The programme area stretches across South-Western Serbia and the North and Central parts of Montenegro. It covers 17 402 km² and has a population of 664 522 inhabitants living in twenty-four municipalities. The programme area is mainly rural with a number of small and medium towns. The largest urban centres are Kraljevo and Novi Pazar in Serbia and Nikšić and Bijelo Polje in Montenegro. The area is remote and is among the least developed compared to country averages (seven municipalities are considered as highly under-developed). The territory reflects urban-rural disparities in terms of employment, accessibility of services and population density. High unemployment coupled with low level of economic activity also poses additional challenges of social exclusion for several disadvantaged groups. Economic activities are based on natural resources and concentrated on forestry, industry, agriculture, energy production and tourism. The programme area is predominantly mountainous with a well-preserved nature, including four national parks and other protected areas. The most acute environmental issues relate to wastewater treatment, solid waste management and risk management.

Needs and challenges identified in the programme area are numerous:

* Reducing poverty and promoting social inclusion
* Increasing employability
* Improving quality of social and health care services (especially in rural areas)
* Activation of resources for socio- economic development (tourism)
* Protection of nature and environment and strengthening of risk preparedness
* Stimulating the innovation potential

The area’s key potentials are its people, long tradition of cooperation, respect and co-existence in a multicultural society, natural and cultural heritage and natural resources.

The programme **overall objective** is to strengthen the social, economic and territorial development of the programme area by improving health and social care services and developing sustainable tourism.

The programme builds on identified potentials and strengths and works towards reducing its structural weaknesses. The creation of opportunities to establish sound foundations for cross-border cooperation shall be integrated as a general approach in the implementation.

Considering the identified needs and challenges of the programme area, the lessons learned from the previous period as well as the available financial envelope, the programme shall address two thematic priorities:

**TP1: Employment, labour mobility and social and cultural inclusion across borders**

An intensive process of structural transformation of the social and demographic structure of the programme area is ongoing. The younger population and the young families are moving toward the urban poles (both inside countries and abroad). The population is ageing and thus the decline of the number of active persons in the rural and remote areas is changing the needs and the socio-economic potential of these areas. This thematic priority is highly relevant since it combines important conditions for the improvement of the quality of life of people in the programme area by provision of upgraded health and social services in accordance with an inclusive society. Cross-border activity in these fields has been increasing in the last years and with this programme such a trend is expected to accelerate.

**TP2: Encouraging tourism and cultural and natural heritage**

The programme area, as one of the most culturally diverse, and its exceptional nature values provide good potential for the development of sustainable tourism. Activation of the natural and cultural potentials of the programme area for sustainable tourism was recognised as one of the key areas of cooperation where significant improvements and increase in the gross value added are meant to be made in the long term perspective, and where a variety of different stakeholders are actively called to participate.

## 1.2 Preparation of the programme and involvement of the partners

A Joint task force (hereinafter: JTF) consisting of the representatives of the participating countries was established during the 1st JTF meeting that took place on 26 October 2020 with the main goal to prepare this programme document. The members of the JTF, who represent competent authorities of both participating countries, were appointed to be part of their national delegations during the period July-August 2020.

The programming exercise was supported by the EU-funded multi-beneficiary project ‘Cross-border Institution Building – CBIB Plus Phase III’ and the following steps were taken: i) preparation of the programming advice with details on the steps and activities to be undertaken and a detailed plan for the preparation of the programming document, ii) preparation of the draft situation analysis and SWOT (strength, weaknesses, opportunities, threats) on the basis of inputs from beneficiaries, secondary sources and lessons learned, iii) identification of key needs and challenges of the programme area, iv) selection of thematic priorities and elaboration of a draft strategy including specific objectives, results, activities and indicators, v) amendments of the programme according to the comments of the JTF. CBIB+3 did also provided training for the JTF members on programme formulation on 12 October 2020.

In August 2020, the operating structures sent out questionnaires to potential beneficiaries to collect their views on the needs and priorities for cooperation. Twenty-one out of twenty-four municipalities responded (eight from Serbia and thirteen from Montenegro). Additionally, twenty-one legal entities other than local authorities completed questionnaires (nine from Serbia and twelve from Montenegro).

The draft situation and SWOT analyses were discussed and adopted at the 2nd JTF meeting held on 10 November 2020. The selection of thematic priorities and specific objectives was carried out at the 3rd JTF meeting held on 17 November 2020. The 4th JTF meeting was organized on 25 November 2020 when the 1st draft of the programme strategy was discussed and adopted.

The 1st draft of programme document was sent for comments to the European Commission on 30 November 2020

Table1.1: **Summary of the programme milestones**

|  |  |
| --- | --- |
| Date and place | Event/purpose |
| 22 April 2020 | A letter from the European Commission (EC) regarding IPA III and starting of programming process received by the NIPAC Office |
| 4 May 2020 | Kick off meeting between RS OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan) |
| 5 May 2020 | Kick off meeting between ME OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan) |
| 13 May 2020 | The first coordination meeting between Serbia and Montenegro on IPA III CBC programming. Discussion on the required steps and on the working plan |
| 28 July 2020 | The second coordination meeting between Serbia and Montenegro on IPA III CBC programming. Discussion on JTF nominations, JTF RoP and future steps |
| End July to mid-September 2020 | The process of appointing JTF members |
| 3-4 August 2020 | JTS RS-ME-BA dispatched the questionnaires to the relevant CBC stakeholders |
| 1 September 2020 | Mobilisation of the programming expert for this programme |
| 16 September 2020 | 2nd deadline for the collection of the completed questionnaires |
| 28 September 2020 | The aggregated answers from the collected questionnaires were delivered to the programming expert for further elaboration and analysis |
| 12 October 2020 | Training for JTF members, OSs and JTS staff, programming expert on programme formulation and development |
| 16 October 2020 | The third coordination meeting between Serbia and Montenegro on IPA III CBC programming. |
| 26 October 2020 | 1st JTF meeting: Adoption of Rules of Procedures of the Joint Task Force and JTF Programming work plan; Presentation of the IPA II CBCP RS-ME 2014-2020; Analysis of the questionnaires; Strategic direction of the future programme |
| 6 November 2020 | 1st preparatory meeting with the Serbian JTF members |
| 10 November 2020 | 2nd JTF meeting: Presentation, discussion, and adoption of the first draft of the Situation and SWOT analysis; Agreement on the next steps and upcoming meetings |
| 17 November 2020 | 2nd preparatory meeting with the Serbian JTF members |
| 17 November 2020 | 3rd JTF meeting: Presentation of the Summary of the comments of JTF members on Selection of Thematic priorities (TPs)/Specific objectives (SOs); Discussion and adoption of the of final TPs/SOs |
| 25 November 2020 | 3rd preparatory meeting with the Serbian JTF members |
| 25 November 2020 | 4th JTF meeting: Presentation, discussion, and adoption of the first draft of the Programme document |
| 30 November 2020 | Submission of the 1st draft Programme document to the European Commission |
| December 2020 | Public consultations |

# Section 2: Programme area

## 2.1 Situation Analysis

The programme area stretches across South-Western Serbia and the North and Central parts of Montenegro. It encompasses 10 municipalities in the Republic of Serbia and 14 in Montenegro.

In Serbia,theeligible area includes the municipalities located in three districts: the entire Raški district with 5 municipalities - Kraljevo, Vrnjačka Banja, Raška, Novi Pazar and Tutin; four out of the ten municipalities of the Zlatiborski district - Nova Varoš, Priboj, Prijepolje and Sjenica; and the municipality of Ivanjica, one out of the four that the Moravički district has.

In Montenegro, the eligible territory includes the municipalities located in the northern and central part of the country, namely: Andrijevica, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Nikšić, Petnjica, Plav, Pljevlja, Plužine, Rožaje, Šavnik and Žabljak.

*Map 1: Programme area*

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The total programme area covers 17 402 km2, of which 46 % belong to the Serbian territory (8 033 km2) and 54 % to the Montenegrin one (9 369 km2). Compared with the national territories, the eligible area on the Serbian side represents 9 % of the total country’s territory, while in Montenegro it includes 68 % of the country’s territory.

The length of Serbian-Montenegrin border is 249.5 km, with six border crossings. It mainly stretches along a mountainous territory with 10 km of a river border. The programme area is predominantly mountainous with a well-preserved nature. The most important natural resources include water, forests and mineral resources.

**Demography**

The total population of the programme area, according to 2019 statistical projections, was 664 522 of which 65 % (432 289 inhabitants) lived in Serbia and 35 % (232 233 inhabitants) lived in Montenegro. In the country context, inhabitants on the Serbian part of the programme area account for about 6 % of the total population of Serbia, whereas the people in the Montenegrin part account for about 37 % of the country’s population. In the programme territory, most municipalities recorded a population decline, except for the population in Novi Pazar in Serbia and Rožaje in Montenegro that are growing. Compared to the previous period and the 2011 census, when the total population of the programme was 693 412, current data show a population decline of almost 29 000 inhabitants in the whole programme area (a decline of 18 047 inhabitants in Montenegro and 10 843 in Serbia).The population of the whole area has been decreasing dramatically, more than 4 % in just 8 years (2011 census 2011 – 2019 projections).The population density is much lower than the countries’ average. On the Serbian side only Novi Pazar (144 inhabitants/km2) and Vrnjačka Banja (109/km2) have a population density above the national average (78/km2). The population on the Montenegrin side is settled even more sparsely. Its density in mountainous municipalities is extremely low, namely: 3/km2 in Šavnik, 7/km2 in Žabljak and 8/km2 in Kolašin. Overall, the population density in 15 municipalities out of 24 is lower than the programme territory average (38/km2).

Unfavourable demographic trends on both sides of the border are emigration and aging. The consequences of this are numerous and far-reaching, and they lead to depopulation and the demographic extinction of certain (rural) zones.

A comparison of the average age of the population in the programme area with the national average shows that the programme area population is older on both sides of the border. The exception would be the Raški district with communities in Tutin with an average age of 33.12 years and Novi Pazar (34.94 years), which is significantly lower than the Serbian average (43.16 years). On the Montenegrin side, the municipality of Rožaje has the youngest population in the whole programme eligible territory with an average of 31.7 years (according to the 2011 Montenegrin census).

According to the 2011 census, in terms of ethnic groups, most of the population in the programme area are Serbs (45 %), followed by Montenegrins (24 %) and Bosniacs (21 %). Minorities on both sides enjoy equal treatment granted by the constitution.

**Level of development**

The economy in the programme eligible area is among the least developed when compared to the national levels of development for the participating countries as a whole.

The Government of Serbia tracks disparities within local economies and communities each year through a composite index called ‘Economic Development of Local Self-government Unit’ (EDLSU). It is defined according to an approved methodology that takes account of economic and social factors and which assigns every local self-government unit (LSU) to one of four groups[[1]](#footnote-1). Out of the ten Serbian municipalities situated in the programme area, six municipalities (Nova Varoš, Priboj, Prijepolje, Raška, Sjenica and Tutin) are considered as highly underdeveloped and three of them (Prijepolje, Sjenica and Tutin) are devastated.

The Government of Montenegro uses a development index to measure the level of development of local self-governments. This composite indicator is calculated by the following ones: the unemployment rate, income per capita, income budget of local governments per capita, general movement of population and level of education. According to this index, four municipalities (Plav, Gusinje, Andrijevica and Petnjica) belong to the second group (below 50 % of national average)[[2]](#footnote-2), six municipalities (Kolašin, Mojkovac, Šavnik, Bijelo Polje, Berane and Rožaje) belong to the third group (between 50 % and 75 %), while four municipalities (Nikšić, Žabljak, Plužine and Pljevlja) belong to the fourth group (between 75 % and 100 %).

In the programme area, 7 municipalities out of 24 are considered as severely underdeveloped (devasted), with a development index below 50 % of national average.

**Economy**

The economic development in the programme area was weak and additionally affected by the COVID-19 pandemic in 2020. The gross domestic product of Montenegro in 2018 was € 4 663 mil while in Serbia in 2018 at current prices amounted to RSD 5 068 588.5 mil.

There were 26 741 businesses in the programme area in 2019. Most of them were micro-enterprises[[3]](#footnote-3) and sole traders, with small practical accumulative power and formed in order to provide economic means for the founders/owners and employees. In comparison to year 2012 when 17 328 businesses were registered in the programme area, the number of businesses in 2019 increased by 9 413. As for the Montenegrin businesses, only 0.10 % of all business are large sized enterprises. Thus, it can be considered that the 99.9 % of all business on the Montenegrin side of the territory were either micro-enterprises or small- and medium-sized enterprises (SME). According to data from 2019, the area is characterised by several small businesses that could have an employment creation potential. In the Serbian eligible area, registered businesses represent 5.4 % of all businesses in the country, while on the Montenegrin side the registered businesses represent 19.6 % of all businesses in Montenegro. The total of newly established businesses within the programme area in 2019 was 3 145. The largest number of businesses on the Serbian territory are located in Kraljevo (6 153), Novi Pazar (4 848) and Ivanjica (2 321), while on the Montenegrin side they are in Nikšić (1 878), Bijelo Polje (1 190), Rožaje (610) and Pljevlja (605).

The number of active businesses per 1 000 inhabitants in the programme area (40) is lower than the national average of each of the participating countries.

Industry and energy production have an important role in the overall economic structure of the programme territory. Larger-scale industry is found mainly in the urban centres - textile production, copper and aluminium production, wood processing, construction, food industry (milk, meat and fruit processing), electric power supply and mining. Light industrial production in sectors such as forestry and timber (wood processing, furniture), textile (fur and leather), food processing (milk, meat, grain mills, bakeries, beer and fruit production) is also present. Energy production is well represented in the programme area. The hydro potential of the programme area contributes to its development and plays an important role in economic results. Furthermore, the programme area has significant capacities for production of energy from renewable energy resources (RES). The energy sector is characterised by a large natural potential (coal, hydropower, biomass potential, wind and solar potentials), which is insufficiently exploited.

**Agriculture** is a traditional economic activity of the area. The programme area is characterised by its rural landscape, mainly pastures and meadows. Small average size of agricultural holdings, ageing of the farm holders, low level of education and lack of interest of the young people to remain in rural areas are inhibiting factors of development. The small size farm holdings cannot secure sufficient income and must complement agriculture with other activities. The main characteristics of this production are fragmentation of farms, age structure (old households), outdated mechanization, insufficient practice of new agricultural techniques, lack of funds and disorganized production. A predominant agricultural activity is animal breeding (cattle, sheep, goats). Fruit and vegetable production are mainly characteristic of the Raški district. In the programme area, several products have been protected by geographical indications. In Serbia, these products are water “Vrnjci”, Zlatar cheese, Sjenica lamb and Sjenica cheese. In Montenegro, products protected by the designation of origin at national level are Kolašin cheese, Durmitor clotted cream and Pljevlja cheese. Compared with other European countries, the share of organic agriculture in the Balkan countries is very low, however increasing. Organic farming holds good potential for Montenegrin and Serbian agriculture, considering favourable natural conditions and the continuity of family farms.

**Tourism** was recognised by most municipalities in the programme area as one of the key potentials and driving forces for development, what is also reflected in local and regional strategic documents. Comparing data from 2011 and 2018/2019 (for Serbia 2018 and for Montenegro 2019) related to tourism in the eligible programme territory, positive trends are observed. There were 610 685 tourist arrivals recorded in the programme area (357 432 in 2011). In the programme territory in Serbia 454 021 tourist arrivals were recorded in 2018. These arrivals account for 13 % of all tourist arrivals in Serbia. As reported by the Statistical Office of the Republic of Serbia most tourist arrivals as well as overnight stays were recorded in the municipalities of Vrnjačka Banja and Raška. Regarding all overnights stays in Serbia, 17 % of them were realised in the programme area. The contribution of tourism on the Montenegrin side of the eligible area to overall tourist figures is smaller; however, a slight increase in percentages regarding all categories being compared (tourist arrivals total and foreign, overnights total and foreign) is noticed. Tourist arrivals account 6 % of all arrivals to Montenegro in 2019 and 2 % to total overnight stays. In Montenegro, most tourist arrivals as well as overnight stays were recorded in Žabljak and Kolašin. As in the previous period, the Serbian side mainly attracts domestic tourists (80 % arrivals, 87 % overnight stays in 2018) while foreign tourists dominate on the Montenegrin side (83 % of arrivals, 85 % of overnights in 2019). Even though considerable potential exists for the development of sustainable tourism, there are severe obstacles to more dynamic development of the tourism sector. The main obstacles are better access to and through the programme area, modernisation of the tourist infrastructure, improvement of the quality of accommodation and other services, generally not adequately trained personnel in tourist sector, lack of human resources, seasonal pattern of tourism offer, etc.

The programme area is widely recognized as one of the most culturally diverse areas in the Balkan region. It is known for its nationally and internationally important cultural heritage.

**Labour market**

Employment trends in both countries are positive, comparing official statistical data for 2015 and 2018. In this period, the employment rate in the Republic of Serbia raised from 42.5 % to 46.6 %, while in Montenegro the increase recorded was from 44.3 % to 47.5 %.

A total of 144 206 were employed in the programme area in 2018/2019 (available data for Serbia refer to year 2018 and for Montenegro 2019). Out of total number of employed, on the Serbian side there were 101 331 employed and 42 875 on the Montenegrin side. The employed on the Montenegrin side of the programme represent 21 % of the country’s total employment, while on the Serbian side this share is about 5 %. The average percentage of employed women (of total employed) in Serbia is 46 % and in Montenegro 45 %. Observing this percentage in the programme area, only three municipalities on the Montenegrin side (Kolašin 50 %, Mojkovac 45 % and Žabljak) have the same or higher percentage as the national average, while on the Serbian side there is only one municipality (Vrnjačka Banja). In Montenegro in 2019 the structure of persons in employment by sectors of activity shows that the highest share of them works in the service sector, 73.4 %; then in industry and construction, 19.4 % and 7.1 % in agriculture, forestry and fishing[[4]](#footnote-4). On the Serbian part of the programme area, most people are employed in the manufacturing sector (21 573 or 22.3 %), wholesale and retail trade (14 557 or 15 %), while an important share of jobs (23.6 %) is provided by the public sector - public administration (6 950), education (8 160), and health and social services (7 742). Additionally, about 6 % of the employment was created in transport and storage and construction, and about 5 % in accommodation and food service activities.

One of the biggest challenges in both countries is unemployment. There were 552 513 unemployed in 2018 in the Republic of Serbia, what represented 20.6 % of the total active population. The unemployment rate in Montenegro was 15.1 % in 2019[[5]](#footnote-5). Regarding the programme area, unemployment is more critical than at national level. The unemployment rate in the programme area in Serbia is 37.8 % which is much higher than the country’s average rate. Unemployment remains one of the greatest challenges of the programme area, what leads to decreased standard of living and depopulation of border regions. It is characterised by structural unemployment, unemployment of the young, unemployment of people aged 50+, long-term unemployment, unemployment of vulnerable groups (Roma, persons with disabilities, etc.). A total of 83 773 persons were unemployed in the programme area in 2018/2019 (available data for Serbia refer to year 2018 and for Montenegro 2019). Out of the total number of unemployed, on the Serbian side there were 61 610 unemployed and 22 163 on the Montenegrin side. It is striking that unemployed on the Montenegrin side of the programme represent 62,7 % of the country’s total unemployed, and on the Serbian side this share is 11.1 %.

Unemployment is also a characteristic of vulnerable groups. They are generally poorly educated and without competencies for certain types of jobs. At the same time, they are in a poor financial situation in the long run and have little chance of finding a job due to unsuitable skills and are more often dependent on social assistance.

**Informal economy:** An important feature of the labour market in Serbia and Montenegro is a large share of employment provided by the informal economy. In Montenegro, the large informal sector persists as an important structural challenge. The proportion of the informal economy to total GDP is estimated at around 28 % to 33 %, while over 20 % of work is informal[[6]](#footnote-6). In Serbia, around 463 000 working-age people were non-formallyemployed in 2018. According to 2018 data, nearly one in six working persons are employed non-formally (the non-formal employment rate is 17.2 %)[[7]](#footnote-7).

**Nature, environment and climate change**

The programme area has relatively well-preserved environment and significant area under protection. Landscape diversity including geodiversity are the bases for the rich biodiversity of the area, including numerous endemic species. The main threats to natural biodiversity and landscape diversity loss in the programme area are human activities (agriculture, mining, uncontrolled use of natural resources), but also climate change. Biodiversity as a concept is poorly understood among the public. The involvement of the local population in protected areas as well as in planning and management is becoming more important, regarding sustainable tourism development and maintaining a good conservation status of the area.

**Communal infrastructure**

**Wastewater/sewerage systems:** According to available data for 2018, the number of households connected to sewage system in the 10 municipalities on the Serbian part of the programme area represents 5 % (77 812) of the total number of connected households in Serbia (1 528 161).

In Serbia, the percentage of population covered by wastewater treatment depending on the type of treatment also grew in the 2008-2017 period for all three types of treatment (primary, secondary and tertiary). In 2016 and 2017, the tertiary treatment significantly increased as the most advanced purification treatment and 3.42 % of the population was covered by this treatment in 2017[[8]](#footnote-8). In the region of Western Serbia, 44.5 % of wastewater discharged into the public sewer is processed (cleaned) before discharge to recipients[[9]](#footnote-9). There is also a certain level of households in the Moravički and Raški districts (20-50 %) that use wastewater treatment systems, while in the Zlatiborski district that number is insignificant, and therefore the biggest percentage of polluted waters is measured in this district. In Montenegro, the current coverage of the population with wastewater collection services is very different by municipality, while it is estimated that this coverage at the national level is about 47.5 % of the total population. Rates of connection to the wastewater collection system also vary from region to region, and they are quite low in the northern region - about 38 % while significantly more in the coastal region - about 52 % of the population[[10]](#footnote-10). At the moment, there are eight wastewater treatment facilities plants in the programme territory (on Montenegrin side of the programme these are located in Nikšić, Mojkovac, Žabljak, Šavnik, Berane and Pljevlja and on Serbian side in Raška and Kraljevo). The programme area in general has insufficient wastewater treatment facilities and plans for construction of new wastewater treatment facilities are under progress.

**Solid waste management:** In spite of the fact that national legislation and strategic directions for proper waste management have been developed and defined in Serbia and Montenegro, the provision of well-developed and properly equipped waste collection systems remains as one of the main challenges facing this sub-sector. According to the data obtained from the 93 local self-governments, public utility companies dispose waste at 82 unsanitary landfills located in 72 municipalities. These are mostly landfills that are envisaged for closure or remediation as stated in the Serbian Waste Management Strategy. By the end of 2018, 11 regional sanitary landfills had been built on the territory of the Republic of Serbia. In the Zlatborski district, there is one sanitary landfill Duboko, that serve nine municipalities (Čačak, Užice, Bajina Bašta, Požega, Arilje, Čajetina, Kosjerić, Lučani and Ivanjica). Presently, another regional sanitary landfill is under construction in Nova Varoš. On the Montenegrin side of the programme area there are plans to build a regional sanitary landfill at Čelinska Kosa, 20 km south-eastern of Bijelo Polje, that will serve eleven municipalities (Bijelo Polje, Berane, Pljevlja, Rožaje, Plav, Andrijevica, Petnjica, Gusinje, Mojkovac, Kolašin and Žabljak). According to the data published by MONSTAT on communal waste in 2018, 330 839 tons of municipal waste were generated, which is 2.1 % more than the previous year (2017). According to the statistics, each inhabitant of Montenegro produced an average of 531.7 kg per year, or 1.46 kg of waste per day. In the programme area, most municipal waste landfills are full - the legal landfills are overburdened and should be closed. In the rural areas, there are many illegal, uncontrolled garbage dumps (hot spots). They are a source of soil and underground water pollution, but also of wildfires, due to the accumulation of methane gas.

**Climate change:** Due to the ongoing climate change, the incidence of natural risks like floods, forest fires, landslides, or extreme weather events, such as strong winds or snowdrifts, has increased over the last decades. Both mountain areas and valleys are vulnerable. The importance of cross-border cooperation in response to emergency event rises in mountain areas, zones under forestation, desolate and remote areas, and areas with lower level of accessibility of social or emergency services. The programme territory’s potential for renewable energy sources (RES) has not been properly assessed. In the programme area climate change is especially affecting the most climate vulnerable sector - agriculture. Increased severity and irregularity of rainfalls is being observed and is expected to increase as temperature rises. This will put pressure on both livestock (heat stress) and crop production (water scarcity and flooding), with numerous small farm holders being particularly exposed. Moreover, extreme weather events can also have negative effects on the programme region’s infrastructure, with many gravel roads being eroded by flooding and heavy rainfalls.

**Social cohesion**

The Republic of Serbia and Montenegro belong to the group of countries with high human development indexes (HDI). According to the 2019 Human Development Index Ranking, Serbia with a HDI of 0.799 occupies the rank 63, while Montenegro with a HDI of 0.816 is at the rank 52 in year 2018[[11]](#footnote-11). Life expectancy at birth is 75.8 in Serbia and 76.8 in Montenegro. In Serbia, the expected years of schooling amount to 14.8 but the mean years of schooling are 11.2, while these numbers are higher in Montenegro with 15 expected years of schooling and 11.4 mean years of schooling. Gross national income per capita in 2018 was $ 15 218 in Serbia and $ 17 511 in Montenegro.

According to the Statistical Office of the Republic of Serbia, the at-risk-of-poverty rate was 24.3 % in 2018 (these persons are not necessarily poor, but are at a higher risk of poverty than others), and compared to 2017, it was lower by 1.4 %. The at-risk-of-poverty or social exclusion rate amounted to 34.3 % (these persons are at risk of poverty, or are severely materially deprived, or live in households with low work intensity), which was lower by 2.4 % relative to 2017’s. According to MONSTAT, the at-risk-of-poverty rate was 23.8 % in 2018, which represents a share of persons whose equivalised income is below the relative poverty line - it does not mean that they are necessarily poor, but that they are at higher risk to be poor. The at-risk-of-poverty rate compared to 2017 increased by 0.2 %. The at-risk-of-poverty or social exclusion rate in 2018 was 31.4 % and compared to 2017 it decreased by 2.3 %.

One of the most vulnerable and often invisible groups in the programme area are the elderly living in rural parts without any income or pensions. Due to criteria involving property of real state in Serbia, they are not entitled to social welfare assistance and have no health insurance.

The programme area is a part of the Western Balkan route, which became a passageway into the EU in 2012 when Schengen visa restrictions were relaxed for five Balkan countries, including Serbia and Montenegro. In the programme area, there are two Centres for Asylum: in Sjenica and Tutin.

**Social services**

A network of social service centres is well spread across the programme area. On the Serbian part of the programme territory it consists of 10 centres for social welfare in each municipality. On the Montenegrin side, there are 6 centres for social welfare - Bijelo Polje, Rožaje, and 5 inter-municipal as follows: for the municipalities of Plav and Gusinje, for the municipalities of Pljevlja and Žabljak, for the municipalities of Nikšić, Šavnik and Plužine, for the municipalities of Berane, Andrijevica and Petnjica and for the municipalities of Mojkovac and Kolašin. In Serbia CSOs as well as the private sector are fully involved in the system of social welfare services through standardization of services and the licensing procedures. The geographical coverage of the social welfare centres is relatively good, but there are still needs for improving the quality, accessibility and efficiency of the service, especially those targeting vulnerable groups. According to the data from the Ministry of Labour, Employment, Veterans and Social Affairs of the Republic of Serbia, on the Serbian side of the programme territory, the total number of social workers was 90, that is 1 social worker per 4 803 inhabitants.

The population in the programme area in both countries is ageing faster than the national average. At present the level of services for the elderly is not yet well developed. There is potential for cooperation between the local governments, public sector and civil society for the establishment of intergenerational centres, home care, etc. This type of services is important for both urban and rural areas each with their specificities.

**Health services**

The widespread network of health care centres in both countries is relatively easily accessible for the population. However, significant differences exist between urban centres and remote areas. Health services are mainly well accessible in urban centres which is not the situation in peripheral rural parts. Needs in the long run may become even more critical. Rural areas in the programme territory face increased ageing and the demand for social care and health care services is expected to increase. Low access to services is also seen as one of the factors decreasing the quality of life and thus contributing to emigration of the young. In total, there are 19 primary health centres in the programme area. On the Serbian part of the programme area, all municipalities provide primary health care services through a network of primary institutions (healthcare centers). On the Montenegrin side, primary health centres are in Andrijevica, Berane, Bijelo Polje, Kolašin, Mojkovac, Nikšić, Plav, Pljevlja and Rožaje. The programme area has a total of 15 hospitals, including specialized hospitals. On the Montenegrin side, the hospitals are in Berane, Bijelo Polje, Pljevlja and two in Nikšić. On the Serbian side, the hospitals are in Ivanjica, Tutin, Kraljevo, Novi Pazar (two), Vrnjačka Banja (two), Mataruška Banja, Priboj and Prijepolje.

There are 1 046 doctors (physicians, specialists and doctors on specialisation) working in hospitals in the Serbian part of the programme area for a population of more than 430 000. According to the Statistical Office in Serbia for 2018, the number of inhabitants per doctor is 349, while the situation is worse on the Serbian part of the programme area, with 413 inhabitants per doctor. Access to service for specialist treatment is problematic. There are 499 doctors ((physicians, specialists and doctors on specialisation) working in hospitals in the Montenegrin part of the programme area for a population of more than 230 000. According to the data from the Institute of Public Health of Montenegro for 2018, the number of inhabitants per doctor is 465 on the Montenegrin side of the programme area.

**Education**

Education in the regions of the programme area is provided at three levels: primary, secondary and university. Primary level of education is obligatory in Serbia and Montenegro. The total number of schools in the primary education for the programme area is 396 (302 in Serbia and 94 in Montenegro) attended by 65 677 pupils (40 994 in Serbia and 24 683 in Montenegro). In the programme area there is enough primary education institutions. Overall, there were 57 secondary education institutions in the programme area (33 in Serbia and 24 in Montenegro) attended by 35 166 pupils (16 802 in Serbia and 18 364 in Montenegro). Gusinje is the only municipality without any secondary school.

In general, both countries are dedicated to improving the quality of higher education by increasing the compatibility with market demands. During the academic year 2017/2018 there were 3 540 students enrolled in 4 faculties in Serbia (598 in Kraljevo, 498 in Vrnjačka Banja and 2 444 in Novi Pazar) which is 1.38 % of total number of students in Serbia and 2.21 % of total number of higher education institutions. During the academic year 2018/2019 there were 2 787 students on Montenegrin side of the programme area enrolled in 3 faculties, all located in Nikšić. This number represents 12.27 % of total number of enrolled students in Montenegro and 6.38 % of total number of higher education institutions. According to these data, higher education is not easily accessible to students in the programme area, which is why they often move in order to be able to continue education, leading further to emigration and “brain drain”.

**Civil society organisations** in the programme area should be further developed, especially outside urban centres. Their operational capacities are weak, faced with financial constraints. Possible alternatives on how to strengthen their role in society are not fully explored (e.g. social innovation and cooperation with the public sector). Employment in the CSO sector is minor, mainly focused on project basis. In the programme territory there were registered 3 900 CSOs in 2019. The number of CSOs is increasing in the programme territory comparing to the previous period, particularly on the Montenegrin side (in 2014, 1 843 CSOs were registered, out of that number 915 CSOs were on the Montenegrin side).

**Connectivity of the programme area**

The road network in the programme area consists of national, regional and local roads, but the extent of the network on both sides of the border is insufficient and the quality of roads is to a large extent poor. There is no highway which passes through the eligible area. However, highway construction is in progress on both sides (corridor 11). Both countries are participating in the work of Transport Community Treaty (TCT) which coordinates the development of core regional infrastructure network including roads, rails and ports. Regarding the smart and sustainable mobility, the top priority in this respect remains the revitalisation of the rail network. The Regional Rail Strategy and its action plan aim at making rail a credible and sustainable alternative to road transport. Public transport in the programme area is not well developed, apart from the transport in big city centres. Other municipalities mostly have only a couple of local bus lines to remote areas of the municipality, but this is far from sufficient for the inhabitants of these municipalities. Also, public transportation bus lines between the municipalities exist, but their frequency is not satisfactory. Airport “Morava” Kraljevo - the third international airport in Serbia was opened in 2019.

Access to internet and use of computers in rural parts of the programme area is below national averages.

The following table provides an overview of the strengths, weaknesses, opportunities and threats based on the responses to the questionnaires filled out by local self-governments and other legal entities in Serbia and Montenegro.

***Table 2.1: SWOT analysis based on the responses to the questionnaires filled out by local self-governments and other legal entities***

|  |  |
| --- | --- |
| **Strengths** | |
| **Serbia** | **Montenegro** |
| **General aspects** | |
| Tourism, cultural and natural heritage  Quality of the environment, including green economy initiatives, disaster resilience and disaster prevention, preparedness and response  Educational, sports and youth services  Labour market  Governance, planning and administrative capacity | Quality of the environment, including green economy initiatives, disaster resilience and disaster prevention, preparedness and response  Tourism, cultural and natural heritage  Governance, planning and administrative capacity  Social care services  Entrepreneurial support, including access to financing |
| **Infrastructure** | |
| Leisure / sports / culture (facilities) | Availability of business sites / premises (industrial zones, incubators)  Leisure / sports / culture (facilities) |
| **Weaknesses** | |
| **Serbia** | **Montenegro** |
| **General aspects** | |
| Health care services  Entrepreneurial support, including access to financing  Governance, planning and administrative capacity | Research and technological development  Development of digital economy and society  Labour market  Entrepreneurial support, including access to financing |
| **Infrastructure** | |
| Waste management (dumps/landfills, separation, recycling)  Wastewater treatment  Roads | Waste management (dumps/landfills, separation, recycling)  Availability of business sites / premises (industrial zones, incubators)  Roads |
| **Opportunities** | |
| **Serbia** | **Montenegro** |
| Efficient and sustainable use of natural resources  Development of tourism offer connected with the promotion of culture/natural heritage  Development of agricultural production and food processing  Specific new tourism trends | Development of agricultural production and food processing  Development of tourism offer connected with the promotion of culture/natural heritage  Efficient and sustainable use of natural resources  Increased maintenance / development of the existing infrastructure  Specific new tourism trends |
| **Threats** | |
| **Serbia** | **Montenegro** |
| Unresolved property issues  Immigration  Lack of qualified human resources  Slow decentralisation  Insufficient financial resources from the public budget for addressing the infrastructure shortages (transport, water, energy and other environmental issues)  Permanent danger of various natural disasters | Immigration  Grey economy  Insufficient financial resources from the public budget for addressing the infrastructure shortages (transport, water, energy and other environmental issues)  Lack of qualified human resources  Degradation of the environment  Slow decentralisation |

## 2.2 Main findings

The situation analysis and SWOT analysis have identified a number of potential intervention areas that are regarded as instrumental for the development of the border region (see details in Annex I). The main needs and challenges are summarised as:

* **Reducing poverty and promoting social inclusion**

A number of disadvantaged groups were identified in the programme area. Poverty in both countries has become critical in rural parts. Poverty and threat of social exclusion of the people at disadvantage is high.

There is a need to strengthen cross-border initiatives addressing new approaches and cooperation between the public and private sectors, as well as public and civil sectors, aiming at new solutions, services and programmes improving the situation of disadvantaged groups.

* **Increasing employability**

Most of the programme area belongs to the least developed in both participating countries. Low economic activity, above average unemployment rates combined with relatively high share of inactive population especially in rural areas severely affect the living standard and quality of life in general. Young generations lack practical experience to advance their employability. Better cooperation of education and businesses is necessary to seize opportunities for creation of jobs in perspective sectors, including social economy. Lack of attractive job opportunities is among the main reasons for the emigration of the workforce.

* **Improving quality of social and health care services (especially in rural areas)**

Availability of social and health services varies, and their quality and accessibility are weak outside urban and municipal centres. Social and health care systems are in a need for modernisation whereas the services in the sector should become more accessible. Furthermore, skills of health and social care workers should be better adapted to the real needs of the beneficiaries, especially in the rural areas. Quality, scope, and delivery mechanism of social services provided to users in vulnerable positions are not well adapted to their diversified needs and the changing environment, such as ageing of population, increased number of users, and different user profiles.

* **Activation of resources for socio-economic development (tourism)**

Most of the programme area belongs to the least developed in both participating countries. Low economic activity, above average unemployment rates combined with relatively high share of inactive population especially in rural areas severely affect the living standard and quality of life in general. Young generations lack practical experience to advance their employability. Better cooperation of education and businesses is necessary to seize opportunities for creation of jobs in perspective sectors, including social economy. Lack of attractive job opportunities is among the main reasons for the emigration of the workforce.

Tourism was identified as a main opportunity to balance regional disparities and job creation. It combines internal strengths such as the richness and diversity of landscape as well as the natural, cultural and historical heritage with opportunities such as the promotion of niche tourism development (e.g. eco-, ethno- health- tourism…) thus valorising the favourable conditions for diversified tourism in the border area.

* **Protection of nature and environment and strengthening of risk preparedness**

The area is rich in biodiversity, landscape, and geodiversity. Common approaches to nature conservation and to improved awareness of the population regarding the nature conservation and influence of human activities on biodiversity is needed. Conservation is needed due to vulnerability of the environment. However, carefully planned activation of these resources for sustainable tourism and arrangement of site and visitor management can contribute to the development of the area and local economy.

Nature values and environment are often put at risk because of human activities (low level of awareness of the population, agriculture and mining activities, uncontrolled use of natural resources, lack of public utility services). Protection of waters and soil are the areas main challenges due to underdeveloped wastewater treatment and waste management. Monitoring of the waters, soil and air is insufficient.

The programme territory includes areas exposed to the risk of floods, fires, earthquakes, and landslides. The risk of fires is particularly acute along the border. Joint risk prevention as well as adaptation and mitigations measures are of strategic importance. Efforts should be made in ensuring the sustainable supply of hydro resources and biomass, given the programme territory's importance in energy supply and its potential for use energy production by of renewable energy sources.

* **Stimulating the innovation potential**

Cooperation between universities and business sector is low. The innovation potential of SMEs is not encouraged. Situation analysis has identified that participating countries are facing problems with revitalizing production and trade sectors but also economy in general, reflected in poor economic performance, lack of entrepreneurial capacities and inadequate business support. There is also a need to implement innovation in the business sector to diversify and upgrade the services provided by the entrepreneurs.

**Key potentials of the programme area:**

**-** People, long tradition of cooperation, respect, and co-existence in a multicultural society

- Natural and cultural heritage

- Natural resources

# Section 3: Programme strategy

## 3.1 Rationale - Justification for the selected intervention strategy

The intervention strategy was defined upon the outcomes of the situation and SWOT analyses carried out for each thematic cluster, identification of key needs and challenges of the programme area and identified cooperation potentials. Feedback provided by stakeholders was carefully examined and integrated in the strategy. Lessons learned from the previous financial perspectives were also taken into consideration (evaluation results and recommendations, hands-on experience with implementation of CBC projects in the programme area etc.)

The following approaches were considered when selecting the thematic clusters and priorities and designing the intervention strategy:

* Promoting the integration of the programme area
* Building on strengths and potentials to seize the most relevant opportunities
* Mitigating the most relevant weaknesses and minimising threats
* Creating synergies and value added in addressing common needs and challenges by cross-border cooperation
* Respecting specific features within the programme area
* Promoting sustainable, innovative, and inclusive development of the regions aiming at better quality of life for the people
* Building on the experience and aiming at improving the effectiveness of partnerships, feasibility of implementation and the quality and sustainability of results (best practice projects implemented under IPA I and IPA II)
* Complementing national, EU and other donors’ programmes
* Focusing on a limited number of thematic priorities.

**Overall objective of the programme**

The programme **overall objective** is to strengthen the social, economic and territorial development of the programme area by improving health and social care services and developing sustainable tourism.

During the intensive process of making strategic choices on the selection of thematic priorities, programme stakeholders also considered that the selected TPs should

* provide opportunities to connect a wider range of stakeholders and contribute to the territorial cohesion of the cross-border area.
* enable a pro-active approach in addressing the areas challenges and potentials.
* allow the achievement of tangible results within the programme duration and be able to have a multiplier effect on other sectors/themes of cooperation.
* provide space for relevant integration of topics that are primarily addressed in other thematic priorities.

Against the foregoing background, the JTF selected two thematic priorities, the following table is providing an overview of the justification for the selection of the thematic priorities.

***Table 3.1: Synthetic overview of the justification for selection of thematic priorities***

| **Selected thematic priorities** | **Justification for selection** |
| --- | --- |
| TP1: Employment, labour mobility and social and cultural inclusion across borders (to become programme’s TP 1) | (-) Most underdeveloped areas in both countries (7 municipalities out of 24 are considered as highly underdeveloped)  (-) Population in the programme area dramatically decreasing – 22 out of 24 municipalities recorded a population decline (ageing, emigration of young people to urban centres)  (-) High unemployment rates: long-term, youth and structural unemployment  (-) Further increase of the share of population at risk of poverty and social exclusion, vulnerable groups with multiple socio-economic problems, such as elderly, rural population, Roma, women.  (-) Disparities between rural areas and urban centres, poor accessibility of social, health and cultural services as well as poor internal connectivity  (+) Existing network of basic educational, social and health care institutions  (+) Active CSOs in the programme area which could carry out joint CBC initiatives  (+) Large interest and experience from the previous period as a potential for capitalisation    This thematic priority is highly relevant since it combines important conditions for the improvement of the quality of life of people in the programme area by provision of health and social services in an inclusive society. Cross-border activity in these fields has been increasing in the last years and this trend is expected to accelerate. |
| TP5: Encouraging tourism and cultural and natural heritage (to become programme’s TP 2) | (+) Potentials for sustainable tourism development exist in mobilisation and valorisation of the area’s extraordinary natural, cultural, and historical heritage, as well as intangible cultural heritage (favourable conditions for diversified form of tourism)  (+) Local and regional strategies address tourism, the sector can connect a variety of local and regional actors across the border and create synergies with other sectors (local organic food, crafts, transport, IT services, etc.)  (+) Some established tourist destinations as brands Vrnjačka Banja, the Durmitor and Kopaonik mountains, new tourist destinations emerging, considerable growth of tourist arrivals  (+) Large interest and experience from the previous period as a potential for capitalisation  (+) Favourable ground for achieving strong cross-border cooperation effect  (-) Lack of common touristic identity and image, tourist infrastructure and services underdeveloped  (-) Low level of knowledge and skills for development of sustainable tourist products and destinations, their promotion and marketing. Poor knowledge of the population on economic opportunities in the sector.  (-) Lack of management of the most important nature protected areas, which are potentially interested in the development of green tourism products  (-) Low awareness on the importance of preserving bio and geo diversity, healthy and clean environment as preconditions for development of sustainable tourism  This thematic priority is highly relevant and has been chosen to encourage the existing potential of the region since its natural and cultural heritage represents a significant comparative advantage and an important development asset stretching across the border. |

Technical Assistance will ensure sound programme management throughout its entire lifecycle and capacity development of relevant programme stakeholders. The financial allocation towards this priority is 10% of the programme budget.

The financial allocation by thematic priority reflects the following criteria: the needs and opportunities as described in the situation and SWOT analyses, the estimated financial size of the actions envisaged in each thematic priority, the analysis of the 2014-2020 programme period and the relevant inputs provided by the operating structures.

The financial allocations per priority would be as follows:

* Approximately **30%** shall be allocated to thematic priority 1 - It is expected that a number of initiatives shall be supported focusing on improving the quality of public health and social care services, their facilities (small-scale investments) and the personnel’s skills.
* Approximately **60%** shall be allocated to thematic priority 5 - It is expected that the operations under this priority will address the need and potential to improve and diversify the tourist offer and to preserve cultural and natural heritage in a sustainable way. This will also enable the region to develop itself stronger and to consequently contribute to the creation of employment. The needs for mobilisation of natural and cultural potentials are substantial, both in terms of activation of the area knowledge base and skills, as well as arrangement of small-scale public infrastructure, and purchase of the necessary equipment related to product development. Investments are also necessary in the field of risk management and emergency preparedness in the areas of important cultural and natural heritage.
* A maximum of **10%** of the programme allocation shall be used for technical assistance.

## 3.2 Description of programme priorities

### Thematic priority 1: Employment, labour mobility and social and cultural inclusion across borders (TP1)

In the programme area there is a high number of social care beneficiaries, elderly people and other vulnerable groups (young, women, single parents, people with disabilities, Roma, people with mental health problems, refugees/migrants). The number of beneficiaries of permanent social care in the programme area illustrates the difficult social picture of poverty. High unemployment and low labour market participation have increased the share of population living at risk of poverty or social exclusion in the programme area. Presently, the quality of the services provided by the public health and social care institutions and other organisations do not match fully the needs of the beneficiaries. In this respect, the programme will seek to address this quality gap in the delivery of the services as well as in the technical and administrative capacity of the related institutions and organisations in providing the services and the state of the premises where these services are provided (small-scale investments), thus making them more accessible and effective.

**Specific objective 1.1: To improve the quality of public health and social services for inclusion of marginalized groups in the programme area**

The focus of specific objective under this thematic priority will be on addressing the challenges identified in the areas of public health and social care by enhancing accessibility to and effectiveness of the related services, developing and implementing programmes for increasing skills of health and social care workers to better adapt to the real needs of the beneficiaries, implementing actions for improving quality, scope and delivery mechanism of social services provided to users in vulnerable positions as well as support to networking activities with the aim of enhancing health and social care services and facilities.

**Main beneficiaries[[12]](#footnote-12):**

* Health care and social welfare institutions
* Civil society organisations
* Organisations responsible for providing social and health services
* Formal and informal educational institutions and organisations
* Public elderly homes
* Local self-governments
* Local and regional development organisations/agencies
* Organisations representing national or ethnic minorities
* Youth organisations
* Educational, science and research institutions and organisations
* National authorities and institutions overseeing health and social welfare policies

|  |
| --- |
| Thematic priority 2: Encouraging tourism and cultural and natural heritage (TP5) |

The programme area is one of the most culturally diverse and has exceptional nature values that provide good potential for the development of sustainable tourism. There are already specific products, and the tourism industry has a well-established tradition in some parts of the area, but its potential is not yet sufficiently exploited. Various types of tourism (ecotourism in the protected areas, cultural tourism attracted by historical heritage, business tourism, health tourism, adrenaline tourism…) could be fostered. Most of the tourism potential is shared on the two sides of the borders, and its development could benefit from a stronger cross-border cooperation. The quality and quantity of resources available and their distribution in the eligible area reveal that the main challenge is the creation of a common image of the area, a territorial brand capable to attract a significant flow of demand, and to exploit the synergy between single tourism attractions. Tourism is a trigger for the development of other sectors and services in the programme area (e.g. organic agriculture and processing of traditional food products, handicrafts, transport services, etc.).

However, there are problems as poor infrastructure, lack of joint touristic offer, low level of marketing of cultural heritage, lack of trained personnel and lifelong training programs, low level of organized tourist offer in the form of products and itineraries visible on the market, lack of integrated destination management, low awareness on the importance of preserving bio and geo diversity and healthy and clean environment as preconditions for development of sustainable tourism.

**Specific objective 2.1.:** **To enhance and promote commonly coordinated cross-border tourism offer based on a protected cultural and natural heritage**

The focus of this specific objective will be to use the potential of the programme area’s rich ethnic, natural and cultural diversity in order to develop or further strengthen various types/niches of tourism and to provide a platform for strengthening joint cross-border tourism management in order to increase the attractiveness of sites and joint cross-border tourist offer. Sustainable approaches to mobilise natural and cultural heritage will be used, together with activating resources among the local population for creation of complementary offers, increasing visibility and management of tourist products and destinations, improvement of professional capacities and establishing a knowledge-based and common approach to protection and valorisation of natural and cultural heritage. Moreover, the intended changes consist of increasing cooperation among tourist operators, service providers and organic agricultural producers to jointly contribute to further tourism development.

**Main beneficiaries[[13]](#footnote-13):**

* Tourism organisations at national/regional/local level
* Local and regional development organisations/agencies
* National authorities and institutes overseeing tourism and agriculture policies
* Local self-governments
* Chamber of commerce, crafts, business associations, clusters, cooperatives
* Association of farmers
* Nature/environment protection institutions
* Institutions in the field of cultural heritage
* CSOs active in tourism, nature, environment, cultural heritage, culture and other relevant fields
* Educational, science and research institutions and organisations
* Other formal and non-formal education and training organisations
* Youth organisations

### Thematic priority 0: Technical assistance

The specific objective of the technical assistance is to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.

It also supports awareness-raising activities at country level to inform citizens in both IPA III beneficiary countries (Serbia and Montenegro). This priority will also reinforce the administrative capacity of the authorities and beneficiaries implementing the programme with a view to improve ownership and sustainability of the programme and projects’ results.

The technical assistance allocation will be used to support the work of the national operating structures (OS) and of the joint monitoring committee (JMC) in ensuring the efficient set-up, implementation, monitoring and evaluation of the programmes as well as an optimal use of resources. This will be achieved through the operation of a joint technical secretariat (JTS) with its main office based on the territory of the Republic of Serbia (Prijepolje) and an antenna office in Montenegro (Bijelo Polje). The JTS will oversee the day-to-day management of the programme and will report to the OSs and JMC.

**Expected results:**

* 1. Enhanced administrative support to the operating structures and the joint monitoring committee
  2. Increased technical and administrative capacity for programme management and implementation
  3. Guaranteed visibility and publicity of the CBC programmes and their outcomes

**Target groups and final beneficiaries**

* Programme management structures
* Potential applicants
* Grant beneficiaries
* Final project beneficiaries
* General audience

**Main beneficiaries:**

* Operating Structures
* Joint Monitoring Committee
* Joint Technical Secretariat/Antenna office

**Disclaimer**

* The OSs allow possibility that due to the COVID-19 crisis some of the specific objectives, results and indicators might be altered in mid-implementation period. This could be the case if the epidemiological crisis extends into the implementation period and a broader impact is higher than expected. Eventual amendments would be done on the basis of mid-term evaluation.
* The OSs would also like to note that minor amendments to the specific objectives, results and indicators might be introduced, based on the results of the public consultations. If this is the case, a justification will be provided together with the final version of the Programme.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Table 5: Overview of the intervention logic  **Thematic cluster: Improved employment opportunities and social rights (TC1)** | | | | | | |
| **Thematic priority 1: Employment, labour mobility and social and cultural inclusion across borders (TP1)** | | | **Indicators** | **Baseline**  **value (year)** | **Target value (2027)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities**  (examples) | Impact | | | |
| Number of beneficiaries of the upgraded social and health services[[14]](#footnote-14) | 0 | 3 300 | Reports of the bodies responsible for providing health and social services |
| **1. 1. To improve the quality of public health and social services for the inclusion of marginalized groups in the programme area** | **1.1.1. Enhanced quality of and access to health services for marginalised groups** | - Activities aiming at improvement of existing health services and their accessibility  - Small scale investments in equipment and/or renovation of facilities for provision of services  - Joint capacity building of public service providers  - Pilot initiatives focusing on the joint development of new solutions (services, tools, programmes, e.g. joint services delivery, strengthening of health care for vulnerable groups, intermunicipal approach, development and implementing ICT solutions beneficial to improve public health services)  (the list is non-exhaustive) | Outcome | | | |
| Number of existing health services improved | 0 | 2 | Project reports, Monitoring system |
| Number of new solutions (services, tools, programmes) developed in health care sector[[15]](#footnote-15) | 0 | 2 | Project reports, Monitoring system |
| Output | | | |
| Number of people with increased capacities (by gender) | 0 | 20 | Project reports, Monitoring system |
| Number of investments in existing public health services made | 0 | 3 | Project reports, Monitoring system |
| Number of pilot initiatives implemented in health sector | 0 | 3 | Project reports, Monitoring system |
| **1.1.2. Upgraded quality of social services for marginalised groups** | - Activities aiming at improvement of existing or introducing new social services and their accessibility  - Youth-driven activities promoting social innovation related to social inclusion  - Pilot initiatives focusing on the joint development of new solutions for social inclusion (services, tools, programmes, e.g. joint services delivery, strengthening of social care for vulnerable groups, intermunicipal approach, development and implementing ICT solutions beneficial to improve social care services)  - Joint capacity building of service providers for delivering quality services for marginalised groups  - Small scale investments in equipment and/or renovation of facilities for provision of services  - Cross-border identification and exchange of good practices in the field of social/active inclusion  - Exchanging knowledge, best practices, and information between participating institutions, CSOs and volunteers  (the list is non-exhaustive) | Outcome | | | |
| Number of existing social services improved | 0 | 3 | Project reports, Monitoring system |
| Number of new solutions (services, tools, programmes) developed in social care sector[[16]](#footnote-16) | 0 | 2 | Project reports, Monitoring system |
| Output | | | |
| Number of investments in existing social services made | 0 | 3 | Project reports, Monitoring system |
| Number of joint training curricula/courses developed | 0 | 3 | Project reports, Monitoring system |
| Number of people with increased capacities | 0 | 60 | Project reports, Monitoring system |
| Number of pilot initiatives implemented in social sector | 0 | 4 | Project reports, Monitoring system |
| Number of local actors that exchange their experience in the field of social inclusion | 0 | 15 | Project reports, Monitoring system |

| **Thematic cluster: Improved business environment and competitiveness (TC4)** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Thematic priority 2: Encouraging tourism and cultural and natural heritage (TP5)** | | | **Indicators** | **Baseline**  **value (year)** | **Target value[[17]](#footnote-17) (2027)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities**  (examples) | Impact | | | |
| Number of tourist arrivals to cross-border area | 610 685  (year 2018-2019) | Increase of 20% | State statistical offices |
| **2.1.** **To enhance and promote commonly coordinated cross-border tourism offer based on protected cultural and natural heritage** | **2.1.1. Commonly developed touristic offers commercialized [[18]](#footnote-18)** | * Small scale investments in conservation of natural and cultural heritage sites, related to infrastructure for visitors and its accessibility (e.g. walking paths, equipping visitor centres, cycle routes, signing and lighting, health paths..), development of tourist attractions accessible to persons with disabilities (e.g. stairs, restrooms, access points…) * Investments in new exhibition and interpretation methods, including digital solutions and interpretation * Creation, improvement and connection of local offers (food, crafts, accommodation and other services) * Complementing specific thematic products (e.g. hiking, biking, culture, nature) * Integration of local offers itineraries, packages * Skills development for raising quality of services * Activities for developing curricula for matching the needs of laborur market demand in the tourism sector * Introduction of quality standards * Destination management and promotion * Establishment of common structures to coordinate and promote CB tourist products * Joint branding strategy, marketing actions, digital marketing * Support to innovative solutions in tourism and related sectors (e.g. introduction of a holistic approach for the development of rural areas, connecting everything that the area has to offer into one consolidated offer, green energy, ICT...)   - Capacity building of employees  (the list is non-exhaustive) | Outcome | | | |
| Number of new/improved CB tourism products[[19]](#footnote-19) commercialized | 0 | 5 | Project reports, Monitoring system |
| Number of tourist providers with improved competences | 0 | 15 | Project reports, Monitoring system |
| Number of training curricula matching the needs of the labour market demand in the tourism sector implemented in (vocational) education institutions | 0 | 1 | Project reports, Monitoring system |
| Number of new businesses established as a result of the operation | 0 | 3 | Project reports, Monitoring system |
| Output | | | |
| Number of new/improved sites | 0 | 5 | Project reports, Monitoring system |
| Number of investments in new exhibition and interpretation methods, including digital solutions and interpretation | 0 | 3 | Project reports, Monitoring system |
| Number of new itineraries developed | 0 | 3 | Project reports, Monitoring system |
| Number of new/improved thematic products | 0 | 6 | Project reports, Monitoring system |
| Number of new/improved services | 0 | 4 | Project reports, Monitoring system |
| Number of training curricula matching the needs of the labour market demand developed | 0 | 3 | Project reports, Monitoring system |
| Number of people with increased capacity for provision of complementary services | 0 | 40 | Project reports, Monitoring system |
| Number of people with increased capacities related to the management and provision of tourism services and products | 0 | 30 | Project reports, Monitoring system |
| Number of participants in visibility and communication events organized to promote the new tourism products developed | 0 | 200 | Project reports, Monitoring system |
| Number of enterprises/service providers in tourism that received support | 0 | 4 | Project reports, Monitoring system |
| Number of people with increased capacities interested in creating/enhancing tourism business or developing a tourism product | 0 | 40 | Project reports, Monitoring system |
| **2.1.2. Improved common protection and promotion of cultural and natural heritage** | * Activities related to set up of cross-border platforms and networks, such as: cross-border mapping of common cultural heritage, identification of good practices in the conservation, protection and valorisation * Provision of capacity building on preservation, promotion and management of cultural and natural heritage * Preparation of joint programmes leading to qualifications in tourism and cultural and natural heritage * Investments in restoration, accessibility and revitalisation of cultural heritage * Investments in protection of natural heritage and value * Common management of cultural and natural heritage * Promotion of cultural and natural heritage * Developing and organising cultural co-operation activities in the border region - people to people actions (e.g. festivals, artistic manifestations and events/mobile exhibitions, sport programmes, knowledge transfer...)   - Joint planning, awareness campaigns and other activities of risk management on cultural and natural sites of touristic relevance  - Pilot small scale interventions (e.g. building flood defence canals, sanitation of riverbanks, afforestation) on cultural and natural sites of touristic relevance  (the list is non-exhaustive) | Outcome | | | |
| Number of newly established thematic routes | 0 | 3 | Project reports, Monitoring system |
| Number of people living in the eligible area participating in cultural exchange activities | 0 | 350 | Project reports, Monitoring system |
| Number of cultural and natural heritage sites covered by joint risk measures/management plans for prevention of risks and manmade hazards | 0 | 2 | Project reports, Monitoring system |
| Output | | | |
| Number of knowledge bases established | 0 | 2 | Project reports, Monitoring system |
| Number of cultural heritage places received support | 0 | 2 | Project reports, Monitoring system |
| Number of natural heritage places received support | 0 | 2 | Project reports, Monitoring system |
| Number of people with increased capacity for common cultural heritage preservation and management | 0 | 10 | Project reports, Monitoring system |
| Number of cross-border intangible cultural/natural heritage coordination bodies established | 0 | 4 | Project reports, Monitoring system |
| Number of new cultural and sport events (tournaments, concerts, festivals, exhibitions, etc.-to be disaggregated) to connect people of the programme area organised | 0 | 7 | Project reports, Monitoring system |
| Number of joint risk management plans developed | 0 | 2 | Project reports, Monitoring system |
| Number of small-scale investments | 0 | 2 | Project reports, Monitoring system |
|  | **2.1.3 Increased cooperation among tourist operators, service providers and organic agricultural producers to jointly contribute to further tourism development** | * Activities related to support for organic food producers/farms * Integration of businesses in existing/new networks related to organic agriculture * Developing clusters of agricultural (organic) producers * Developing tourism supply chains for organic products   (the list is non-exhaustive) | Outcome | | | |
| Number of organic farms included in CB tourist products | 0 | 3 | Project reports, Monitoring system |
| Number of CB networks (including clusters) related to organic agriculture formalised | 0 | 2 | Project reports, Monitoring system |
| Output | | | |
| Number of organic food producers/farms supported | 0 | 3 | Project reports, Monitoring system |
| Number of representatives of rural households benefiting from strengthening capacities for networking related to organic agriculture | 0 | 2 | Project reports, Monitoring system |
| Number of businesses that produce organic products included in tourism supply chains | 0 | 10 | Project reports, Monitoring system |

|  | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Thematic Priority 0: Technical assistance** | | | **Indicators** | **Baseline**  **value (year)** | **Target value (year)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities**  (examples) | Impact | | | |
| Percentage of funds available under the programme that are contracted | 0 | 100 | AIR, Monitoring system |
| 0.1**.** To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area | 0.1.1The administrative capacity for CBC reinforced | * Establishment and functioning of the Joint Technical Secretariat and its Antenna * Organisation of JMS and OS meetings * Support to the work of the Joint Task Force in charge of preparing the programme cycle 2028-2034 * Monitoring of project and programme implementation, including the establishment of a monitoring system and related reporting * Organisation of evaluation activities, analyses, surveys and/or background studies | Outcome | | | |
| Percentage of JMC and OSs decisions implemented in a timely manner (as prescribed in the minutes of meetings) | 0 | 90 | AIR, MoM, Monitoring system |
| Percentage of projects covered by monitoring visits |  |  | AIR, project reports, Monitoring system |
| Output | | | |
| Number of JTS/antenna offices newly equipped and functional | 0 | 2 | AIR |
| Number of events organized in relation to programme management | 0 | …. | AIR, Monitoring system |
| Number of project monitoring missions implemented |  |  | AIR, project reports, Monitoring system |
| 0.1.2. Potential applicants and grant beneficiaries supported | * Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives * Preparation of internal and/or external manuals/handbooks * Assistance to potential applicants in partnership and project development (partners search forums etc.) * Advice to grant beneficiaries on project implementation issues | Outcome | | | |
| Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support | 0 | 60% | AIR, project reports, Monitoring system |
| Output | | | |
| Number of capacity building events for potential applicants, grant beneficiaries and programme structures’ employees | 0 | …. | AIR, project reports, Monitoring system |
| Number of internal/external manuals or handbooks prepared | 0 | … | AIR and other reports |
| Number of queries of grant beneficiaries resolved | 0 | … | AIR and other reports |
| 0.1.3 The visibility of the programme and its outcomes is guaranteed | * Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc. | Outcome | | | |
| Number of people reached by information/promotion campaigns | 0 | … | AIR and other reports |
| Output |  |  |  |
| Number of information/promotion campaigns implemented | 0 | …. | AIR and other reports |
| Number of promotional and visibility events organized | 0 | …. | AIR and other reports |
| Number of publications produced and disseminated | 0 | … | AIR and other reports |

## 

## 3.3 Horizontal and cross-cutting issues

### Sustainable development

The programme area is characterised by great geographical diversity and a relatively well-preserved nature. At the same time the nature and environment are exposed to many risks which result from climate change as well as human activities. Sustainable development has been a key principle throughout the programming process – reflected in the findings of the situation analysis and in the definition of specific objectives, as well as in the type of activities envisaged.

With regard to the thematic priority 2 “Encouraging tourism and cultural and natural heritage’, all activities under this TP will pay special attention to promoting sustainable utilisation and development of natural and cultural heritage, while protecting and maintaining the functionality of the ecological network. Respect for environmental standards in product development will be specifically observed, especially regarding organic agriculture. Various interpretation programmes and services shall bring forward awareness raising of the visitors regarding the importance of nature conservation and heritage protection. Special attention shall be given to appropriate arrangements in sites of high natural value as to manage the increase in visits, prevent any degradation and damage caused human pressure or natural disasters. When improving the accessibility of tourist attractions, environmentally friendly transport solutions will be preferred.

The programme authorities shall, throughout the programme implementation, ensure that approved projects will not have any environmentally harmful effects. Moreover, environmental aspects shall be specifically assessed in the assessment of the projects. Positive contribution to the environment shall be promoted in the design and implementation of cross-border projects.

### Equal opportunities

Throughout the programme design and its implementation equal opportunities shall be promoted and any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation shall be prevented.

Promotion of equal opportunities is strongly addressed in the cooperation programme. Findings from the situation analysis show that the programme area is diverse in many socio-economic aspects, such as economic development, access to public services, emigration, territorial connectivity and poverty issues. Equal opportunities should be strengthened in particular in relation to rural-urban disparities and in relation to specific disadvantaged groups that are at higher risk of social exclusion (e.g. elderly in peripheral areas with poor access to social and health services, young unemployed, Roma, single parents, women in rural areas, inactive working age population and others). The programme supports social inclusion, along with equal opportunities and non-discrimination. It will consider the needs of the various target groups at risk of discrimination and in particular the requirements of ensuring accessibility for people with disabilities. Generally, all projects will be obliged to avoid discrimination of any kind and to ensure that their activities comply with the principles of equal opportunities.

The thematic priority 1 ‘Employment, labour mobility and social and cultural inclusion across borders’ will to a great extent contribute to the promotion of equal opportunities, in particular under the specific objective 1.1: To improve the quality of public health and social services for inclusion of marginalized groups in the programme area. Cross-border partnerships will be established to upgrade or develop new opportunities for inclusion of different disadvantaged groups. Equal opportunities are also promoted in the sense of addressing the specific needs of the population in the mountainous rural parts of the programme area where access to different public services is limited.

The thematic priority 2 ‘Encouraging tourism and cultural and natural heritage’ shall tackle sustainable tourism development of the border area, providing opportunities especially for the rural population to improve the generation of additional income through tourism and tourism related activities.

### Contribution to the promotion of equality between men and women

The aim of equality between women and men belongs to the fundamental values of the European Union. The principle of gender equality will be applied throughout the implementation of the programme, and generally, all projects will be obliged to avoid discrimination of any kind, and to ensure that their activities comply with the principles of equality between men and women. The programme will measure the involvement of men and women in its monitoring and evaluation processes, when relevant. For this reason, call for proposals and guidelines for applicants may require that some indicators are disaggregated by gender for measuring and monitoring the contribution of the implemented projects to equality between men and women.

Differences between men and women in the programme area were explored primarily with a view to employment. It is estimated that a large share of working age women in rural areas belong to the inactive population.

The thematic priority 1 ‘Employment, labour mobility and social and cultural inclusion across borders’ will address issues regarding social and cultural inclusion, for both men and women.

The thematic priority 2 ‘Encouraging tourism and cultural and natural heritage’ shall give opportunities to men and women to develop their competences and valorise them through tourism products (intangible cultural heritage, crafts, local products, etc.).

The application of the **horizontal principles and cross-cutting issues** (sustainable development, equal opportunities and promotion of equality between men and women) at project and programme level will be monitored, assessed, and reported in the annual implementation reports as well as in the evaluations done during and after the 2021-2027 financial perspective.

## 3.4 Coherence with other programmes and macro-regional strategies

Macro-regional strategies as the EU Strategy for the Danube Region (EUSDR) and EU Strategy for the Adriatic and Ionian Region (EUSAIR) present a great opportunity for harmonizing the development of geographical areas, where countries work together on the areas of common interest for the benefit of each country and the whole region.

The EUSAIR covers nine countries: Italy, Greece, Croatia, Slovenia, Serbia, North Macedonia, Albania, Bosnia and Herzegovina, and Montenegro. The European Council endorsed the EUSAIR in October 2014. The EUSAIR is built on four pillars: “blue growth”, “connecting the region”, “environmental quality” and “sustainable tourism”. "Capacity building, “research and innovation”, “small and medium size business”, “climate change mitigation and adaptation” and “disaster risk management” represent cross-cutting aspects relevant to those four pillars. The EUSAIR will mobilise and align the existing EU funding instruments for each of the topics identified under the four pillars.

Challenges that will be tackled jointly by the EUSAIR and by the IPA III CBC programme Serbia – Montenegro relate to the strategy pillar that deals with increasing regional attractiveness by supporting sustainable development of inland, coastal and maritime tourism and preservation and promotion of culture heritage (under pillar 4 ‘sustainable tourism’) that is in line with the thematic priority ‘Encouraging of tourism and cultural and natural heritage’ of the programme. Moreover, the strategy pillar dealing with preserving, protecting and improving the quality of the environment relates to the specific objective 2.1. of the programme (‘to enhance and promote a commonly coordinated cross-border tourism offer based on protected cultural and natural heritage). As for the EUSAIR’s cross-cutting aspect "capacity building", it has to be noted that capacity building is envisaged to be tackled horizontally through implementation of all programme thematic priorities.

The Danube Region covers 14 countries: Germany, Austria, the Slovak Republic, the Czech Republic, Hungary, Slovenia, Romania, Bulgaria, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Republic of Moldova and Ukraine. The EUSDR was adopted by the European Commission in December 2010 and endorsed by the European Council in 2011. The European Commission and the Danube Region countries – with the involvement of relevant stakeholders – have developed the EUSDR jointly to address common challenges together. The EUSDR aims at creating synergies and coordination between existing policies and initiatives taking place across the Danube Region. The territory of the IPA CBC programme Serbia – Montenegro is part of the area covered by EUSDR and it can be stated that certain challenges of the Danube Region could be also identified as the ones related to the programme area. The EUSDR addresses a wide range of issues which are divided into 4 pillars and 11 priority areas. The EUSDR priority areas (PA) most closely related to the programme’s thematic priorities are as follows: PA9 to invest in people and skills, PA5 to manage environmental risks, PA6 to preserve biodiversity, landscapes and the quality of air and soils, and PA3 to promote culture and tourism and people to people contacts.

Based on the similarities of the existing challenges, the EUSDR and EUSAIR priorities have been considered during the preparation of the programme. It should be noted that while implementing the activities under the thematic priorities of the programme, Danube and Adriatic – Ionian Strategies will be taken into account, as appropriate. Cooperation and synergy between the programme and EU Strategies will raise political awareness, strengthen commitment and lead to better visibility of the EUSDR, EUSAIR and the programme. The cooperation also facilitates the capitalization of the results and benefits of the actions.

# Section 4: Financial plan

<A table specifying programme allocations in maximum figures and percentages per year by thematic priority for the entire period. A single 7-year Commission financing decision with a suspensive clause will be adopted.>

**Table 3: Indicative financial allocations per year for the period 2021-2027**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **IPA III CBC PROGRAMME**  **SERBIA - MONTENEGRO** | | | | | | | **Total (EUR)** |
| **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2021-2027** |
| **CBC operations (all thematic priorities)** |  |  |  |  |  |  |  |  |
| **Technical assistance** |  |  |  |  |  |  |  |  |
| **Total (EUR)** |  |  |  |  |  |  |  |  |

**Table 4: Indicative financial allocation per priority and rate of Union contribution**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Clusters | Priorities | **IPA III CBC PROGRAMME SERBIA - MONTENEGRO** | | | |
| European Union funding | Co-financing | Total funding | Rate of Community contribution |
| (a) | (b) | (c)=(a)+(b) | (d)=(a)/(c) |
| TC 1 Improved employment opportunities and social rights | TP1 Employment, labour mobility and social and cultural inclusion across borders |  |  |  |  |
| TC 4 Improved business environment and competitiveness | TP2 Encouraging tourism and cultural and natural heritage |  |  |  |  |
| TP 0 Technical assistance | |  |  |  |  |
| GRAND TOTAL | |  |  |  |  |

The European Union contribution has been calculated in relation to the eligible expenditure, which is based on the total expenditure, as agreed by the participating beneficiaries and laid down in the cross–border programme. The European Union contribution at the level of [thematic priority shall not exceed the ceiling of 85%] of the eligible expenditure. The co-financing under thematic priorities 1-3 will be provided by the final grant beneficiaries and it can be from public and private funds. Final grant beneficiaries should contribute with a minimum of 15% of the total eligible cost of the project, both for investment and institution building projects. The co-financing under the priority ‘technical assistance’ will be provided by the national authorities.

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# Section 5: Implementing provisions

This section will be updated following the discussions on the implementation provisions for CBC under IPA III. The implementing provisions should provide only the information on the method for the selection of operations (e.g. call for proposals vs strategic projects). All other issues such as programme management structures, payment and controls, reporting, monitoring and evaluation, as well as information and publicity have been presented under Framework and/or Financing Agreements. .

## 5.1 Financing agreement

In order to implement this programme, it is foreseen to conclude a financing agreement between the European Commission, [beneficiary X and beneficiary Z].

## 5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is <number> months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s responsible authorising officer by amending this Decision and the relevant contracts and agreements.

## 5.3 Implementation method

Choose between a) or b)

***(a) Indirect management with <Beneficiary X>***

***(b) Direct management***

See responsibilities and tasks under section 5.4 below

**Delivery methods**

[Grey shading indicates an option, blue is guidance and yellow needs to be filled in.]

**[Procurement[** *(where relevant only in case of Strategic Projects)*

*Specify which objective/result in section 3 the procurement will contribute to achieving.* Do not mention the procurement procedure; its choice is the responsibility of the authorising officer, not the College.

<…>

*In case it is necessary to launch a call for tenders with a suspension clause before the adoption of this financing decision, the launch date must be mentioned and the nature of the exceptional circumstances hindering the possibility to launch the call after the financing decision is adopted must be explained. Moreover, the internal NEAR prior approval procedure must be followed* [This call has been launched on <date> under a suspensive clause prior to the adoption of this decision. This is justified because <explain the exceptional circumstances> .]

Theglobal budgetary envelope reserved for procurement:EUR <…>

*Give the total envelope available for procurement out of the overall Union contribution to the programme. Do not specify any amount per contract or amount per type of contract.*

***[Grants]***

*It is not necessary to specify the award procedure (call for proposals or direct award), unless the situation is as described in point c) below. Note that a direct award is always possible if the reasons for the exception from a call are applicable (Article 195 FR).*

1. Purpose of the grants: *Specify which objective/result in section 3 the call will contribute to achieving.* <…>

*In case it is necessary to launch a call for proposals with a suspension clause before the adoption of this financing decision, the launch date must be mentioned and the nature of the exceptional circumstances hindering the possibility to launch the call after the financing decision is adopted must be explained. Moreover, the internal NEAR prior approval procedure must be followed* [This call has been launched on <date> under a suspensive clause prior to the adoption of this decision. This is justified because <explain the exceptional circumstances> .]

1. Type of applicants targeted:

*Define the type of eligible applicant with regard to their type – for example: legal entities, natural persons or groupings without legal personality, local authorities, public bodies, international organisations, NGOs, economic actors such as SMEs, profit, or non profit organisations.* *See section 2.1.1. of the PRAG guidelines for grant applicants (annex E3a). In the case of Twinning grants, applicants must be EU Member State administrations or their mandated bodies.*

*The beneficiaries shall be legal entities and be established in an IPA II beneficiary participating in the CBC programme.*

*Potential beneficiaries could be: local authorities, legal entities managed by local authorities, associations of municipalities, development agencies, local business support organisations, economic factors such as SMEs, tourism and cultural organisations, NGOs, public and private bodies supporting the workforce, vocational and technical training institutions, bodies and organisation for nature protection, public bodies responsible for water management, fire/emergency services, schools, colleges, universities and research canters including vocations and technical training institutions.*

*Other essential characteristics of the potential applicants, such as their place of establishment shall be specified in the guidelines for applicants of the call for proposals. The default scope of potential beneficiaries given above may be narrowed down in terms of nationality, geographical location or nature of the applicant where it is required because of the specific nature and the objectives of the action and where it is necessary for its effective implementation.*

1. Direct grant award: (where relevant, i.e. in the case of technical assistance)

Direct grant award for technical assistance to the Operating Structure:

A grant will be awarded for the implementation of the thematic priority technical assistance under this programme. Under the responsibility of the Commission’s authorising officer responsible, this grant may be awarded without a call for proposals to *<name of the direct grant beneficiary, i.e. the name of the operating structure in the beneficiary where the contracting authority of the programme for operations is located>.*

The recourse to the award of this grant without a call for proposals is justified to bodies with de jure or de facto monopoly in managing this cross-border cooperation programme, pursuant to Article 195(c) of Regulation (EU, Euratom) 2018/1046. As stipulated under the Section VIII ‘Provisions on cross-border cooperation programmes’, Title V ‘Programme structures and authorities and their responsibilities’ of the Framework Agreement for the IPA III programme, operating structures are the bodies that enjoy this monopoly.

1. *Other* direct grant award: *(where relevant)*

*If you are 100% certain of the grant beneficiary then you may specify it here and delete point (b) above, or you could have points (a) and (b). Moreover, specify the relevant provision of Article 195 FR providing the basis for the direct award and outline briefly the actual circumstances which explain why this entity is best placed to be awarded the grant.*

[Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to <name of the direct grant beneficiary>]. Where this is filled in, you have to submit the direct award for a prior approval in parallel.

[The recourse to an award of a grant without a call for proposals is justified because <provide factual circumstances justifying any of the circumstances listed in Article 195 FR>.]

1. Exception to the non-retroactivity of costs:

*If it is required to accept costs made before the adoption of this financing decision, add:* [The Commission authorises that the costs incurred may be recognised as eligible as of <a date prior to the adoption of this Financing Decision> because <add justification>.] *If this phrase is not included, the costs incurred shall be eligible as of the date of entry into force of the grant agreement. The eligibility date may be set prior to the entry into force of the grant agreement but not before the date of adoption of this Financing Decision.*

The **global** budgetary envelope reserved for grants: EUR <……>

Give the total envelope available for grants out of the overall Union contribution to the Programme. The responsible structures may decide to publish more than one call for proposals. Every call for proposals will have the same objectives, results, essential eligibility, selection and award criteria as described above. Each grant contract will be funded from one budgetary commitment. The responsible structures may decide to merge the yearly budget allocations.

## 5.4 Programme management structure

<Description of the programme management structures with the list of their main responsibilities and tasks in programme preparation, implementation and management (Joint Monitoring Committee, Operating Structures/relevant CBC body (ies), Contracting Authority, Joint Technical Secretariat/Antenna, the audit authority, the role of the European Commission, Audit Authority).>

## 5.5 Project development and selection and implementation

<Description of project development and generation, modalities for project selection (e.g. CfP, tenders, etc.). If one or more strategic projects are mature enough for being funded, this is the section where they need to be depicted in detail. Description of the contracting process and the project implementation (e.g. role of the lead beneficiary).>

## 5.6 Payments and financial control

<Description of payment modalities and financial control system established in order to ensure sound, efficient and effective implementation of programmes, including:

- A summary description of the management and control arrangements between the countries participating in the programme.

- Financial flows and procedures from project to programme level>

## 5.7 Reporting, monitoring and evaluation

<Description of the reporting, monitoring and evaluation requirements and modalities>

## 5.8 Information and visibility

<Description of measures to be taken in order to ensure the popularity, recognition and public dimension of the cross-border programme (e.g. website, publications in local newspapers, information sessions, workshops, etc.). Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force.>

# LIST OF ANNEXES

## 

## ANNEX 1: Description and analyses of the programme area

### Situation and SWOT/PESTLE analysis

<The main methods for data analysis are the so-called PESTLE (political, economic, social, technological/territorial, legal, environmental factors) and SWOT (strengths, weaknesses, opportunities, threats analysis). PESTLE is applied for identification of external factors that have an effect on the development of the programme area and SWOT for marking the region’s strengths and weaknesses in view of that development. These analyses should look at the programming area as a whole.>

1. Group 1: EDLSU is above the national average; Group 2: EDLSU is between 80 % and 100 % of the national average; Group 3: EDLSU is between 60 % and 80 % of the national average, and considered to be 'underdeveloped'; Group 4: EDLSU is below 60 % of the national average and considered to be 'highly underdeveloped', with a further sub-category of ‘devastated’ LSUs, which have EDLSU levels below 50 % of the national average. [↑](#footnote-ref-1)
2. Group 6: Development Index above 125 % of national average; Group 5: Development Index between 100 and 125 % of national average; Group 4: Development Index between 75 and 100 % of national average; Group 3: Development Index between 50 and 75 %; Group 2: Development Index below 50 % of national average

   [http://www.sluzbenilist.me/pregled-dokumenta-2/?id={47D43BAA-3710-410C-9ADA-3BF635177399}](http://www.sluzbenilist.me/pregled-dokumenta-2/?id=%7b47D43BAA-3710-410C-9ADA-3BF635177399%7d) [↑](#footnote-ref-2)
3. There is no classification of sole traders by size in Serbia. The assumption that they have less than10 employees has been used in this document. [↑](#footnote-ref-3)
4. Statistical Office of Montenegro [↑](#footnote-ref-4)
5. Please note that offical statistics regarding labour market in Serbia refers to annual average for year 2018

   Please note that offical statistics regarding labour market in Montenegro refers to annual average for 2019 [↑](#footnote-ref-5)
6. Economic Reform Programme of Montenegro 2019-2021, Commission assessment [↑](#footnote-ref-6)
7. National empoyment action plan for 2020, Republic of Serbia [↑](#footnote-ref-7)
8. Serbian Environmental Protection Agency, Information on the status of the environment in Serbia 2018 [↑](#footnote-ref-8)
9. Statistical Office of the Republic of Serbia, Serbian regions 2019 [↑](#footnote-ref-9)
10. Ministry of sustainable development and tourism Montenegro, Revision of the Master Plans for Municipal Wastewater Management Measures and preparation of the first draft of the Plan for the Implementation of the Specific Directive on Urban Wastewater Treatment 91/271 / EEC [↑](#footnote-ref-10)
11. Human Development Report 2019, UNDP [↑](#footnote-ref-11)
12. Legal entities that would be expected to implement the CBC operations under this thematic priority. [↑](#footnote-ref-12)
13. Legal entities that would be expected to implement the CBC operations under this thematic priority [↑](#footnote-ref-13)
14. This impact indicator can be disaggregated by number of beneficiaries of the upgraded health services and number of beneficiaries of the upgraded social services, as well as by type of vulnerable group (e.g. people with disabilities, elderly people, ethnic minorities, long-term unemployed, etc.) [↑](#footnote-ref-14)
15. To be disaggregated by type of solution: services, tools, programmes [↑](#footnote-ref-15)
16. To be disaggregated by type of solution: services, tools, programmes [↑](#footnote-ref-16)
17. The incidence of the long COVID-19 crisis over a couple of years could have serious distortions on the performance of economic indicators. A mid-term revision of the programme document should take this into account. [↑](#footnote-ref-17)
18. In this context, the term “commercialized” means to develop, promote and put on the market a tourism product or service. [↑](#footnote-ref-18)
19. “A tourism product is a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific center of interest which represents the core of the destination marketing mix and creates an overall visitor experience including emotional aspects for the potential customers. A tourism product is priced and sold through distribution channels and it has a life-cycle”, Source: UNWTO.

    In that respect as the new or improved CB tourist product should be considered any combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities from the two sides of the border around a specific center of interest, developed or improved by beneficiaries of this programme and offered in the market. [↑](#footnote-ref-19)