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ANNEX

to the Commission Implementing Decision on the financing of the cross-border cooperation programme Serbia – Montenegro for 2021-2027

Action Document for: Cross-border cooperation programme Serbia - Montenegro for 2021-2027

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PROGRAMME SYNOPSIS

Basic Act	Instrument for Pre-accession Assistance (IPA III)
Programme title	Cross-border cooperation programme Serbia - Montenegro for 2021-2027
OPSYS number	ACT-60808 2022: JAD.974920 2024: JAD.974921 2026: JAD.974922 2027: JAD.974928
Programming document	IPA III Programming Framework
Window	Window 5 Territorial and cross-border cooperation
Programme area	<p>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</p> <p>Montenegro: Municipalities of Andrijevisa, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Nikšić, Petnjica, Plav, Plužine, Pljevlja, Rožaje, Šavnik and Žabljak</p>
Programme overall objective/Impact	To promote good neighbourly relations, foster Union integration and strengthen the social, economic and territorial development of the programme cross-border area by improving health and social care services and developing sustainable tourism
Programme thematic clusters (TC), thematic priorities (TP) and specific objectives/outcomes(SO) per thematic priority	<p>TP 0: Technical Assistance SO1: 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.</p> <p><u>TC 1: Improved employment opportunities and Social Rights</u> TP 1: Employment, labour mobility and social and cultural inclusion across borders SO1.1: To improve the quality of public health and social services for inclusion of marginalised groups in the programme area</p> <p><u>TC 4: Improved business environment and competitiveness</u> TP5: Encouraging tourism and cultural and natural heritage SO 2.1: To enhance and promote commonly coordinated cross-border tourism offer based on a protected cultural and natural heritage</p> <p>NB: The thematic cluster TC 5: <i>Improved capacity of local and regional authorities to tackle local challenges</i> will be mainstreamed. Beneficiaries' proposal for the mainstreaming of this thematic cluster will be presented in Section 3.3 of this document</p>
Sustainable Development Goals (SDGs)	<p>Main SDG: 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>In the framework of the implementation of the 7 years cross border cooperation programme, the operations selected will also contribute to the following SDGs :</p>

	<p>3 Ensure healthy lives and promote well-being for all at all ages</p> <p>4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>5 Achieve gender equality and empower all women and girls</p> <p>10 Reduce inequality within and among countries</p> <p>11 Make cities and human settlements inclusive, safe, resilient and sustainable</p> <p>13 Take urgent action to combat climate change and its impacts</p> <p>15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>
DAC code(s) ¹	<p>15110 – Public sector policy and administrative management – (10%)</p> <p>16010 – Social protection (25%)</p> <p>16020 – Employment creation (25%)</p> <p>33210 – Tourism policy and administrative management (40%)</p>
BUDGET INFORMATION	
Budget Line	15.020300
Total cost 2021-2027	EUR 9 734 117.65
Total EU contribution 2021-2027	EUR 8 400 000
Yearly EU contribution ²	<p>For the year 2022 - EUR 3 600 000</p> <p>For the year 2024 - EUR 2 520 000</p> <p>For the year 2026 - EUR 2 160 000</p> <p>For the year 2027 - EUR 120 000</p>
MANAGEMENT AND IMPLEMENTATION	
Method of Implementation	<p><i>For Operations:</i></p> <p>Indirect management by the Republic of Serbia</p> <p><i>For Technical Assistance</i></p> <p>Direct management by the European Commission</p>
Responsible structures/ relevant authorities in the IPA III participating countries ³	<p><i>In Serbia:</i></p> <ul style="list-style-type: none"> - Ministry of European Integration of the Republic of Serbia (MEI) (Managing Authority) <p>Ministry of Finance of the Republic of Serbia, Department for Contracting and Financing of EU funded Programmes – CFCU (Intermediate body for financial management)</p> <p><i>In Montenegro:</i></p>

¹ DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab 'purpose codes' in the following document: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/dacandcrscodelists.htm>

² Subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths

³ Responsible structures and responsibilities will be defined upon adoption of their accordance with the IPA III legislative framework and corresponding Framework partnership Agreement and Financial Agreement .

	<ul style="list-style-type: none"> - Government of Montenegro, European Integration Office - Ministry of Finance and Social Welfare of Montenegro, Directorate for Finance and Contracting of the EU Assistance Funds (CFCU))), -
JTS/Antenna Offices of the joint technical secretariat (JTS)	<p>JTS Main office: Prijepolje (Serbia)</p> <p>Antenna office: Bijelo Polje (Montenegro)</p>
Final date for concluding <u>Financing Agreement</u>	For the budgetary commitment of 2022 at the latest by 31 December N+1
Final date for agreement (exchange of letters) of all parties on further yearly budget allocations for implementation of the Financing Agreement	<p>For the budgetary commitment of 2024 at the latest by 31 December N+1</p> <p>For the budgetary commitment of 2026 at the latest by 31 December N+1</p> <p>For the budgetary commitment of 2027 at the latest by 31 December N+1</p>
Final date for concluding <u>procurement and grant contracts</u>	3 years following the date of conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments) except for the cases provided for in Article 114 FR
Indicative operational implementation period	6 years following the date of conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments)
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments)

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
EU	European Union
EUSAIR	EU Strategy for the Ionian Adriatic Region
EUSDR	EU Strategy for the Danube Region
DEU	Delegation of European Union
GDP	Gross Domestic Product
IPA	Instrument for Pre-accession Assistance
IPARD	Instrument for pre-accession assistance for rural development
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	CBC Structure (if the text refers to IPA II, Operating Structure)
PESTLE	Political, Economic, Social, Technological, Legal and Environmental Analysis
RS	Republic of Serbia
SME	Small and Medium Size Enterprise
SO	Specific Objective/outcome
SORS	Statistical Office of the Republic of Serbia
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Technical Assistance
TC	Thematic Cluster
TP	Thematic Priority

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 programme⁴: Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III)

1.1. Summary of the Programme

The cross-border cooperation programme Serbia – Montenegro 2021-2027 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 has incorporated 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. The programme was designed on the major findings of the situation and SWOT analyses.

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 inhabitants⁵ 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 marginalised groups in the programme area (youth, women, elderly, Roma, etc.). 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.

Both the economy and society in Serbia and Montenegro were significantly impacted by the COVID-19 crisis, and hence the programme area. Tourism and travel sector suffered the greatest damage and recovery of the tourism sector is one of the common challenges for the cross-border area.

Overall objective/impact of the programme

The programme **overall objective/impact is to promote good neighbourly relations, foster Union integration and strengthen the social, economic and territorial development of the programme cross-border 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 equal opportunities to establish sound foundations and create partnerships 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 priorities⁶:

⁴ Also, during the programming process, the document 'Advice for programming' developed by CBIB+ was used as a key guidance and useful tool.

⁵ Unfortunately, no data on population disaggregated by gender and age is available for year 2019

⁶ NB: The thematic cluster 5 Improved capacity of local and regional authorities to tackle local challenges will be mainstreamed in the implementation of the selected thematic priorities

1) 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.

2) TP5: 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, cultural and human potentials of the programme area for sustainable, green and inclusive 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 and community lead organisations are actively called to participate.

Further operations under both thematic priorities, at socio-economic level, will contribute to improving competitiveness of the region, increase attractiveness of the region for tourism opportunities and improve the quality of public health and social services for inclusion of marginalised groups in the programme area, following the approach “leave no one behind”. Both thematic priorities will continue to contribute to building a long lasting and successful cooperation between communities, organisations and authorities from both sides of the border and add up to the social, economic and territorial development of the cross-border area.

The total IPA financial envelope available for the programme is EUR 8 400 000.

The support to be provided under this multi-annual action plan will directly contribute and create synergies with the priorities of the Economic and Investment Plan⁷ and the Green Agenda⁸ for the Western Balkans.

1.2. Preparation of the programme and involvement of the partners

IPA III Cross-border Cooperation Programme Serbia – Montenegro 2021-2027 was jointly prepared by the participating countries and for this purpose, a Joint Task Force (hereinafter JTF) was established. The JTF is a collective body which consists of representatives of the two participating countries within the 2021-2027 Cross-border Cooperation Programme Serbia – Montenegro⁹. The role of the JTF in strategic planning and programming for the future implementation of the 2021-2027 Cross-border Cooperation Programme Serbia – Montenegro was to ensure the quality of the various drafts of the CBC programme and that the CBC programme focusses on needs identified in the concerned programme region in terms of thematic clusters, priorities, specific objectives/outcomes and expected results/outputs. The JTF was established during the

⁷ COM(2020) 641, 6.10.2020

⁸ SWD(2020) 223, 6.10.2020

⁹ The members of the JTF represent, in a balanced and effective manner, the competent authorities of the programme's eligible territory. They have been appointed by the following relevant authorities of the participating countries: 1) Ministry of European Integration 2) Standing Conference of Towns and Municipalities; 3) Ministry of Public Administration and Local Self- Government; 4) Ministry of Construction, Transport and Infrastructure; 5) Chamber of Commerce; 6) Office for Cooperation with Civil Society; 7) Ministry for Labour, Employment, Veteran and Social Affairs; 8) Ministry of Trade, Tourism and Telecommunications; 9) Ministry of the Interior; 10) Ministry of Environmental Protection - from Serbia and 1) European Integration Office; 2) Ministry of Sustainable Development and Tourism; 3) Ministry of Labour and Social Welfare; 4) Ministry of the Interior Affairs; 5) Ministry of Transport and Maritime Affairs; 6) Ministry of Culture (Directorate for cultural heritage); 7) Ministry of Science; 8) Ministry of Public Administration; 9) Ministry of Sports and Youth; 10) Ministry of Economy; 11) Ministry of Education; 12) Municipality of Mojkovac (Municipality of Pljevlja). Each of these institutions nominated a member of the JTF and his or her substitute.

1st JTF meeting that took place on 26 October 2020. Due to the COVID-19 pandemic all the meetings of the JTF were held online.

The programming exercise was supported by the EU-funded multi-beneficiary project “Cross-border Institution Building – CBIB Plus Phase III” (CBIB+3 project). The following steps were taken: i) preparation of the programming advise 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 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/outcomes, results/outputs, activities and indicators, v) amendments of the programme according to the comments of the JTF. Also, trainings for JTF members were held.

Throughout the time of programming process, **the Operating Structures of both Serbia and Montenegro** have jointly ensured the implementation of all tasks related to the preparation of CBC programmes or amendments, including the following tasks: to agree on the extension of the eligible area of the programme, to organise and monitor the programming process, to ensure the availability of all relevant background documents to the expert team, to finalise, circulate and collect the questionnaires to the CBC stakeholders of the programme area for the SWOT analysis, to collect and make available the list of data needed for the PESTLE analysis (data from the national statistical office, relevant governmental institutions, regional and local government offices, etc.), to prepare the final SWOT, to select thematic clusters, thematic priorities and specific objectives, to select and adopt the final indicators, to prepare the final financial table, to prepare an advanced version of the programming document for the respective programme area, to submit an updated advanced version to DG NEAR as per the deadline, to provide technical inputs to the JTF, to ensure visibility and communication of the process (press releases, involve media, etc.) and to host online consultation via their website and the website of the programme.

During the programme preparation, operating structures were focused on ensuring a transparent consultation process, in order to consult all relevant stakeholders (e.g. local self-governments, civil society organisations, educational institution, etc.). In that respect, a questionnaire was prepared for the CBC stakeholders that are in the eligible area, to thoroughly assess the situation in the eligible border region.

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. The selection of thematic priorities and specific objectives was carried out at the 3rd JTF meeting. During the 4th JTF meeting 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.

In order to get the views of various stakeholders, public consultations were organised. An online public consultation process on the first draft of the programme document for IPA III CBC programme Serbia – Montenegro 2021-2027 was coordinated by both operating structures and took place from 11/12/2020 to 31/12/2020. The programme document was published on 4 websites¹⁰ and in total, web pages were viewed more than 110 times and only two comments¹¹ were received. Also, the

¹⁰ <https://www.mei.gov.rs/srl/vesti/2174/189/335/detaljnije/priprema-ipa-iii-programa-prekogranicne-saradnje-srbija-crna-gora-2021-2027/>, <https://www.gov.me/naslovna/vijesti-iz-ministarstava/237009/Javne-konsultacije-povodom-prvog-Nacrta-bilateralnih-programa-prekogranicne-saradnje-2021-2027.html>, <https://cbcserb-mne.org/preparation-of-the-new-ipa-iii-cross-border-cooperation-programme-serbia-montenegro-2021-2027/>, <https://www.eu.me/javne-konsultacije-povodom-prvog-nacrta-bilateralnih-programa-prekogranicne-saradnje-2021-2027/>

¹¹ Comment 1 - Regional Agency for Spatial and Economic Development of Raška and Moravica Districts pointed out the following:

- importance of easy access for people coming from surrounding areas and urban centres regarding tourism in the programme area;
- that tourism gives opportunities for “variety of quality activities of free time, services and products, utilized IT opportunities for inhabitants and visitors” in the programme area;
- landslides as the important issue for the safety transport of the people and goods;
- that efforts and conditions should be made to ensure the environmental sustainability of hydro resources and biomass.

Comment 2 - Institute of Public Health in Novi Pazar commented that the first draft of the programme document covers in a great detail their field of interest, i.e. public health. They mentioned that part of the programme area, primarily Novi Pazar, Tutin and Sjenica, has a proportionally larger

UN Women office in Serbia, Belgrade (responsible for updating the gender analysis in the country), provided very useful comments on the first draft of the programme document to reflect gender perspective as well as other relevant mainstreaming topics. Majority of their comments were accepted and incorporated in the second draft of the programme document.

Additionally, an online public consultation on the second draft of the programme document for IPA III CBC programme Serbia – Montenegro 2021-2027, was held on 21 April 2021 and the 2nd draft of programme document was sent to the European Commission on 29 April 2021.

The 3rd draft of programme document was sent to the European Commission on 15 July 2021.

Table1.1: Summary of the programme milestones

Date and place	Event/purpose
22 April 2020	A letter from the European Commission 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	2 nd 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	1 st 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	1 st preparatory meeting with the Serbian JTF members

population of children and youth, and therefore programme activities may need to be additionally focused on public health, namely health promotion of the youth population.

10 November 2020	2 nd 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	2 nd preparatory meeting with the Serbian JTF members
17 November 2020	3 rd 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	3 rd preparatory meeting with the Serbian JTF members
25 November 2020	4 th JTF meeting: Presentation, discussion, and adoption of the first draft of the Programme document
30 November 2020	Submission of the 1 st draft Programme document to the European Commission
11–31 December 2021	Public consultations on the 1 st draft Programme document (online)
4 February 2021	Coordination meeting with OS RS, on some unofficial general comments for the draft programme document
18 March 2021	Coordination meeting with UN Women project in Serbia on the gender analysis and mainstreaming
19 March 2021	Coaching event on the intervention logic of the programme – Promel project
23 March 2021	The fourth coordination meeting between Serbia and Montenegro on IPA III CBC programming
12 April 2021	Promel project comments and suggestions on the intervention logic were received
21 April 2021	Public consultations
23 April 2021	5 th JTF meeting: Presentation, discussion, and adoption of the first draft of the 2 nd version of the Programme document
29 April 2021	Submission of the 2 nd version of the programme document RS-ME to the Commission
07 June 2021	Informal European Commission comments on the 2 nd draft received
08 July 2021	Official European Commission comments on the 2 nd draft received
15 July 2021	Submission of the 3 rd version of the programme document RS-ME to the Commission

2. PROGRAMME AREA

2.1. Situation Analysis¹²

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, the eligible 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



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.

¹² Please note that this section summarises situation around the selected thematic priorities, for more information please see Situation analysis in Annex I

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).

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 groups¹³. 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)¹⁴, 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.

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

¹³ 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.

¹⁴ 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}>

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, etc¹⁵.

The programme eligible area has a well-preserved environment and a significant surface under protection. Landscape diversity including geo diversity are the bases for the rich biodiversity of the area, including numerous endemic species. There are four national parks covering 675.8 km² or around 4 % of the programme area: National Park Kopaonik (119 km²), Biogradska gora (56 km²), Prokletije (166 km²), and Durmitor (334 km²). Durmitor national park is under UNESCO protection. There is also a Ramsar site (wetland of international importance) called Peštarsko polje in Serbia. These parks are important assets for sustainable tourism development and have potential to improve the income of those living in the park areas. Other nature-protected areas include strict nature reserves, special nature reserves, nature parks, areas of high nature value, nature monuments and protected areas around cultural monuments.

Besides, there is a rising awareness amongst the inhabitants of the programme area that the environmentally protected areas not only contribute to climate regulation but can also support local and national economies through the supply of fish, forest products and other resources.

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

According to OECD report on the COVID-19 crisis in the Western Balkans tourism is among the worst impacted sectors of the economy by the COVID-19 crisis. The COVID-19 pandemic will change the way the people travel as well as the tourists' expectations. One can expect a shift from mass tourism to a more individual, personal-tailored experience. Developing sustainable tourism will be a key to the post COVID-19 recovery.

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 mechanisation, insufficient practice of new agricultural techniques, lack of funds and disorganised 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", Zlata 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.

Labour market

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

¹⁵ The Tourism Development and Promotion project (Triple 5) was funded by EU and implemented by Regional Cooperation Council (RCC). The European Union financed the project with EUR 5 million in line with IPA II Multi-country Indicative Strategy Paper 2014-2020 which aimed to strengthen "the economic and job creation potential of the region" and in line with the needs for economic development and competitiveness identified in the Enlargement Strategy. The project focused on the branding of the region as a desirable tourism destination and actively collaborated with all the relevant stakeholders (policy makers, private sector, CSOs active in tourism, tourism boards etc). Besides developing of joint regional tourism routes, improving the tourism infrastructure, increase in tourist inflow and the length of their stay, the project also identified the administrative obstacles and formulated recommendations to remove them and increase the free flow of tourists.

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 fishing¹⁶. 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).

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 2019¹⁷. 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 (youth, women, elderly, Roma, 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 %.

Regarding the impact of the COVID-19 pandemic on women in Montenegro, the sectors most burdened by the crisis in terms of increased workload and work in difficult conditions in which the largest percentage of employees are women are: - health (including medical and non-medical staff), social care (e.g. centers for elderly), education and retail trade. Also, the volume of unpaid work of women increased, and women were more vulnerable in the labor market and had a lower rate of earnings than men, as shown by the results of the UNDP survey in Montenegro from October 2020 "Women's contribution to the Montenegrin economy: unpaid women's work and care during the COVID-19 pandemic". This research showed that women, because of numerous social, economic and health aspects, have suffered more serious consequences since the beginning of the pandemic than men.

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 citizens and not adequately communicated to 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. 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.

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 Ranking¹⁸, Serbia with a HDI of 0.799 occupies the rank 63, while

¹⁶ Statistical Office of Montenegro

¹⁷ Please note that official statistics regarding labour market in Serbia refers to annual average for year 2018

¹⁷ Please note that official statistics regarding labour market in Montenegro refers to annual average for 2019

¹⁸ <http://hdr.undp.org/sites/default/files/hdr2020.pdf>

Montenegro with a HDI of 0.816 is at the rank 52 in year 2018¹⁹. 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, particularly women, 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.

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, Andrijevića 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 standardisation 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 Andrijevića, Berane, Bijelo Polje, Kolašin, Mojkovac, Nikšić, Plav, Pljevlja and Rožaje. The programme area has a total of 15 hospitals, including specialised 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

¹⁹ Human Development Report 2019, UNDP

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.

Local governance

The strategy of public administration reform in the Republic of Serbia, as one of the key reform goals, determined the need for further decentralisation that would result in the improvement of the system of local self-government as well as a more efficient distribution of competences between certain levels of government. In Montenegro, the public administration reform is aimed at creating an efficient, effective and service-oriented public administration that will increase citizens' trust in its work. In this way, public administration will have an impact on the improvement of business conditions and strengthening the competitiveness of the economy and the Montenegrin citizens' quality of life.

Both selected thematic priorities within programme (Employment, labour mobility and social and cultural inclusion across borders and Encouraging tourism and cultural and natural heritage) cover topics that need active engagement of local authorities in the planning, development and implementation of the CBC projects. In accordance with Law on local self-government of both countries, the municipalities in Serbia and Montenegro are in charge and have competencies with regard to all sectors covered by selected thematic priorities. In line with the article 20 of the Law on local self-government of the Republic of Serbia, as well as the article 27 of the Law on local self-government of Montenegro the municipalities in Serbia and Montenegro, inter alia, do the following:

- Take care of meeting the needs of citizens in the field of education (preschool education and primary and secondary education and upbringing), culture, health and social protection, child protection, sports and physical culture;
- Take care of local economic development including the development and improvement of tourism;
- Take care of the protection of the environment, protection from natural and other disasters, protection of cultural goods of importance for the municipality.

Considering their competences defined in this way, local self-government units are seen as one of the main beneficiaries (potential applicants) of this programme. Therefore, it is very important to have the public bodies with sufficient capacities for direct participation in the CBC programme, since they are one of the most important actors in the development of the cross-border region. As learned from the evaluations and survey (dispatched questionnaires) conducted during the programming process, capacities of local authorities need to be strengthened in order to be able to effectively address and manage local challenges.

For 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, please refer to the Annex 1 Situation analysis.

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 marginalised 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 marginalised groups in the programme area (youth, women, elderly, Roma, etc).

- **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. Additionally, women are traditionally less employed and less active in the labour market, which is a result of traditional roles and lack of support services that should contribute to the reconciliation of private and work life. 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. The needs of (potential) beneficiaries are not being continuously monitored, as a precondition for adapting existing services and mitigating potential risks.

- **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.

Inclusive, sustainable and green 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**

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 and of critical importance considering the impact and risks to population's health, especially for the most vulnerable.

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.

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.

Local governance perspective

Based on the data from the programme Annual implementation reports (2018-2020) and relevant statistics of two conducted Calls for proposals within the 2014-2020 financial perspective, it can be concluded that local self-governments (LSGs) were active as partners in projects. In the first Call for proposals out of 94 potential lead applicants, 15 were LSGs (16 %) and out of 207 co-applicants 18 were LSGs (8 %). Also, out of 9 lead beneficiaries 5 were LSGs (55 %) and out of 20 co-beneficiaries 7 were LSGs (35 %).

Within the second Call for proposals out of 47 potential lead applicants, 7 were LSGs (15 %) and out of 92 co-applicants 7 were LSGs (8 %). Out of the 9 lead beneficiaries 1 was LSG (11 %) and out of the final 16 co-beneficiaries 1 was LSG (6 %). Abovementioned results on the number of LSGs enrolled as applicants and beneficiaries indicate relatively high level of interest and success in the previous financial perspective.

In accordance with the draft Mid-term evaluation of cross-border cooperation programmes between IPA II beneficiaries, Volume II-IPA CBC Programme Review (Republic of Serbia - Montenegro) from January 2021, some of the key conclusions and recommendations related to local governments were as follows:

- Cross border cooperation strengthens the capacity of local authorities to respond to common border challenges, to access financial assistance and build lasting partnerships.
- However, capacity is an issue for local authorities, requiring them to rely on external partners or consultants and limiting participation of smaller municipalities. The requirement for full comprehension of the English language requires local authorities to remain reliant on CSOs and consultancy organisations. The EU procurement procedures of the Practical Guide are difficult for those that are not familiar with them, which discourages new applicants. Also, stakeholders mentioned that municipality salaries are insufficient to attract and motivate staff to engage in CBC projects considering the complexity of CBC operations and the perception that they are additional to their daily tasks.
- In the case of local authorities sustainability often depends on people, with limited institutionalisation of benefits. Also, limited ownership, with mainly external staff involved, is likely to affect the sustainability. At the local level, the IPA CBC Programme can strengthen the capacity of local authorities through inclusion in programming and needs assessment, as implementing partners and more indirectly in financing continuation of other operations. The ratio of in-house experts and external consultants in operations coordinated by local authorities varies from case to case, from all in house team members to projects with fully outsourced team members Capacity building and the sustainability thereof with depend on the actual involvement of the local authorities, which in two operations was assessed as low.

Lessons learned from previous CBC programmes

The previous implementation of the CBC programmes between Serbia and Montenegro contributed to building up good neighbourly relations, people to people contacts and socio-economic development of the programme area. Although funds for the programmes were limited, cross-border interactions between partners and target groups made long lasting effects of the cooperation. Lessons learned from the implementation of previous generations of programmes and related evaluations showed that the programmes were relevant to identified needs. Tourism and cultural heritage, environment, social inclusion and employment were the core themes of cross-border cooperation. Also, it is perceived that the visibility of the programme was high.

In order to further strengthen the impact of cross-border cooperation, the Mid-term evaluation of cross-border cooperation programmes between IPA II beneficiaries recommended the following approaches:

- To address the CBC dimension through the award criteria, and to assess applications on the strength of this dimension
- The IPA CBC programme and operations should use common indicators to allow for aggregation and impact assessment
- Training needs assessment among applicants to create continuous training environment and provide support in preparing applications

3. PROGRAMME STRATEGY

3.1. Rationale - Justification for the selected intervention strategy

IPA III cross-border programme Serbia – Montenegro 2021-2027 was prepared in cooperation with many stakeholders from the programme area, following a wide consultation process. The process of selection of thematic priorities was conducted in a highly participative manner, ensuring consensus. During the preparation of the situation analysis, more than 750 representatives of the local authorities, chambers of crafts and economy, civil society organisations, educational institutions and development organisations were directly invited to take part in a survey in order to collect opinions on the strengths, weaknesses, opportunities and threats with regards to cooperation as well as the identification of development potentials and priorities to be addressed within the new IPA III cross-border programme Serbia – Montenegro 2021-2027.

The following approaches were considered when selecting the thematic clusters and priorities and designing the intervention strategy: a) IPA III programming framework, b) Promoting the integration of the programme area, respecting specific features within the programme area, c) Building on strengths and potentials to seize the most relevant opportunities, mitigating the most relevant weaknesses and minimising threats, c) Creating synergies and value added in addressing common needs and challenges by cross-border cooperation, d) Promoting sustainable, innovative, and inclusive development of the regions aiming at better quality of life for the people, e) 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), f) Complementing national, EU and other donors' programmes and g) The impact of the COVID-19 crisis on regional economies.

The IPA III Programming Framework contains the following indicators on the strategic objectives of IPA III CBC, common for all IPA III CBC programmes:

Table 3.1: The IPA III programming strategic indicators

Topic	Definition of the indicator	Baseline (2021) ²⁰	Intermediate target (2025) ²¹	Target (2030)
Reconciliation, confidence building and good neighbourly relations	Number of organisations participating in cross-border networks/partnerships formed	5	30	75
	Number of organisations directly involved in the implementation of the projects	71	100	150
Economic, social and territorial development of border areas	Number of new jobs resulting from programme activities	13	17	26
	Number of new businesses established	6	10	15
Capacity building at all levels	Number of organisations/institutions with increased capacities	24	50	75

Against the foregoing background, the JTF selected two thematic priorities: Employment, labour mobility and social and cultural inclusion across borders and Encouraging tourism and cultural and natural heritage.

²⁰ Baseline presented is from CBIB Monitoring system, baseline values as per 31 March 2021

²¹ Intermediate target includes expected values only from the 1st CfP under IPA III in order to be in line with the Section 4 Financial plan of this document.

Table 3.2: Synthetic overview of the justification for selection of thematic priority Employment, labour mobility and social and cultural inclusion across borders

Selected thematic priority	Justification for selection
TP1: Employment, labour mobility and social and cultural inclusion across borders	<ul style="list-style-type: none"> (-) Population in the programme area dramatically decreasing – 22 out of 24 municipalities recorded a population decline (ageing, emigration of young people to urban centres) (-) Most underdeveloped areas in both countries (7 municipalities out of 24 are considered as highly underdeveloped) (-) High unemployment rates: long-term unemployment, women, 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 (-) Long-term effects of the COVID-19 pandemic on health and the labour market trends (+) 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

Please note that an Analytic justification of thematic priorities that have been selected (Employment, labour mobility and social and cultural inclusion across borders and Encouraging tourism and cultural and natural heritage) has been prepared as well as the complementarity of both thematic priorities with the national strategies.

Table 3.3: Synthetic overview of the justification for selection of thematic priority Encouraging tourism and cultural and natural heritage

TP5: Encouraging tourism and cultural and natural heritage	<ul style="list-style-type: none"> (+) Potentials for sustainable, inclusive and green tourism development exist in mobilisation and valorisation of the area's extraordinary natural, cultural, and historical heritage, human and community potentials 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
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	(-) Decline of the economy caused by the effects of COVID-19 (tourism and hospitality industry is one of the most affected branches)
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The selected thematic priorities are intended to create synergies with regional priorities in the Green Agenda and the Economic and Investment Plan for the Western Balkans.

NB: Please note that both thematic priorities of the programme are in line with strategic documents at the national levels in both participating countries, with an aim of addressing common challenges of the programme territory in more efficient manner. Also, importance of both thematic priorities was recognised through various strategic and planning policy documents, which were adopted at the local level (in towns and municipalities) in the programme area.

The specific objectives/outcomes of IPA III cross-border cooperation programme Serbia - Montenegro 2021-2027 take into account common challenges and needs shared by the border area and can thus contribute better to social, economic and territorial cohesion than national endeavours alone. The programme strategy/intervention logic seeks to reduce barriers to development by promoting sustainable and integrated territorial approach. It aims to make use of yet untapped potentials to support territorial integration or to strengthen existing, that will result in economic growth and jobs creation, and better quality of life of the citizens in the programme area. Consequently, by exploiting potentials of the programme area and striving to overcome barriers of development, IPA III cross-border cooperation programme Serbia- Montenegro 2021-2027 builds on the thematic priorities which are in line with the problems and needs identified as well as with the development goals set out in relevant strategic documents. Programme territory has to manage the ongoing transition to a more competitive region, respecting principles of digitalisation and greener economy as well as socially inclusive and just way to ensure that “no one is left behind”.

3.2. Description of programme priorities

1 - Thematic priority 1: Employment, labour mobility and social and cultural inclusion across borders

The number of long-term beneficiaries of the social protection system in the programme area illustrates the complex 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 where women are especially vulnerable. 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 the quality and variety 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/outcome 1.1: To improve the quality of public health and social services for inclusion of marginalised groups in the programme area

The focus of specific objective/outcome 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, development of specific actions and measures to prevent social exclusion and public health risks as well as support to networking activities with the aim of enhancing health and social care services and facilities.

The need for better quality and accessibility to health and social care services, particularly for marginalised groups, on both sides of the border in the programme area (elderly, youth, women, Roma, etc.) can be met by establishing joint mobile teams, by developing joint training programmes for education of staff and exchange of experiences, by joint developing and implementing ICT solutions, and small-scale investments in equipment and renovation of facilities for provision of services (for example equipping small ambulances).

The programme will seek to address the quality and the delivery of the services as well as capacities of the related institutions and organisations in providing services. Improved skills and facilities in both sectors (public health and social

services), will contribute to more accessible and effective environment for all those in the cross-border territory who can be considered as vulnerable or disadvantaged groups (youth, women, elderly, Roma etc).

The following results/outputs are expected to be achieved through SO/outcome 1.1.:

Result/output 1.1.1. Enhanced quality of and access to health services for marginalised groups

Result/output 1.1.2. Upgraded quality of social services for marginalised groups

Main beneficiaries²²:

- Health care and social welfare institutions
- Civil society organisations representing interests of marginalised groups (youth, women, elderly, Roma)
- Organisations responsible for providing social and health services
- Institutions and organisations providing formal, non-formal and informal educational
- Public elderly homes
- Local self-governments
- Local and regional development organisations/agencies
- Organisations representing national or ethnic minorities
- Youth organisations
- Science and research institutions and organisations
- National authorities and institutions overseeing health and social welfare policies

Main target groups and final beneficiaries²³:

- Disadvantaged groups, such as: people in rural areas, young, elderly, women, Roma community and other ethnic minorities, persons living with disabilities, people with mental health challenges, refugees/migrants and other vulnerable citizens
- Social and health public institutions
- Staff of all levels of administration in both countries and in particular those sectors and departments bearing responsibility for social and health policies
- Social partners and civil society organisations active in the field of social inclusion as well as health and other fields
- Local population in general.

2 -Thematic priority 5: Encouraging tourism and cultural and natural heritage

The programme area is one of the most culturally diverse and has exceptional nature values that provide good potential for the development of sustainable and green 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. Also, the programme area offers unique possibilities for connecting natural assets with economic activities, including tourism and this kind of development opportunities should be exploited. 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.). It can also significantly improve the socio-economic portrait of the region(s), especially through direct involvement of local communities and strong capacity building of the most vulnerable on the topics. However, there are problems as poor infrastructure, lack of joint touristic offer, low level of marketing of cultural heritage, lack of trained

²² Legal entities that would be expected to implement the CBC operations under this thematic priority.

²³ The stakeholders directly benefiting from the changes linked to the outcomes/SO (i.e. the target groups) and those who only benefit indirectly i.e. at the impact/overall objective level (final beneficiaries)

personnel and lifelong training programs, low level of organised 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/outcome 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/outcome 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, accessibility 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.

The programme will provide the platform for improving commonly coordinated cross-border tourism offer by developing innovative, unique and authentic tourist products (new or improved CB product)²⁴, increasing the attractiveness of sites, enhancing joint branding and protection of new touristic products, developing and improving public tourism, mapping and planning joint thematic routes, improving preservation, promoting and management of cultural and natural heritage, developing and organising cultural co-operation activities in the border region, and joint training of staff. Also, cross-border cooperation in development of risk management plans and common approaches to risk management of the natural and cultural sites in the border area will increase the preparedness and awareness of the relevant actors in case of emergency events. Likewise, cross-border cooperation of organic agricultural producers, service providers and tourist operators will further contribute to the tourism development of the cross-border area. In that respect, the programme will focus on strengthening and integrating the cross-border tourism offer as well as on sustainable management of existing cultural and natural heritage thus contributing to the setting up the sustainable tourism sector as one of the key drivers of the programme area competitiveness and economy development.

The following results/outputs are expected to be achieved within SO/outcome 2.1:

Result/output 2.1.1. Commonly developed touristic offers commercialised²⁵

Result/output 2.1.2. Improved common protection and promotion of cultural and natural heritage

Result/output 2.1.3. Increased cooperation among tourist operators, service providers and organic agricultural producers to jointly contribute to further tourism development

Main beneficiaries²⁶:

- 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

²⁴ "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 centre 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 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 both sides of the border around a specific centre of interest, developed or improved by beneficiaries of this programme and offered in the market.

²⁵ In this context, the term "commercialised" means to develop, promote and put on the market a tourism product or service.

²⁶ Legal entities that would be expected to implement the CBC operations under this thematic priority

- Nature/environment protection institutions
- Institutions in the field of cultural heritage
- CSOs active in tourism, nature, environment, cultural heritage, culture and other relevant fields
- Science and research institutions and organisations
- Institutions and organisations providing formal, non-formal and/or informal education
- Youth organisations

Main target groups and final beneficiaries²⁷:

- Tourism providers - all businesses offering tourism services (food, crafts, accommodation and other services) and experiences (e.g. hiking, biking, culture, nature, etc.) to consumers when the latter are travelling and performing tourism activities
- Potential tourism providers (rural population, tourism start-ups, young, women, unemployed, students)
- Local and regional institutions and organisations responsible for development and promotion of sustainable tourism, risk management and preparedness
- CSOs and volunteer organisations active in tourism, nature, environment (emergency) and/or cultural/historical heritage
- Nature/environment protection institutions, staff of national parks and other nature protected areas
- Farmers, agricultural landowners
- Students, teachers and staff in educational institutions
- Institutions in the field of cultural or historical heritage
- Tourists and local population in general

3 - Thematic priority 0: Technical assistance

The specific objective/outcome 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 CBC 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/outputs:

- 1 Enhanced administrative support to the CBC 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

Main beneficiaries:

- CBC Structures
- Joint Monitoring Committee
- Joint Technical Secretariat/Antenna office

Target groups and final beneficiaries

²⁷ The stakeholders directly benefiting from the changes linked to the outcomes/SO (i.e. the target groups) and those who only benefit indirectly i.e. at the impact/overall objective level (final beneficiaries)

- Programme management structures
- Potential applicants
- Grant beneficiaries
- Final project beneficiaries
- Local Authorities
- General audience

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.

Table 3.4: Overview of the intervention logic

Thematic cluster: Improved employment opportunities and social rights (TC1)						
1 - Thematic priority 1: Employment, labour mobility and social and cultural inclusion across borders			Indicators	Baseline value (2021)	Target value (2030)	Data source
		Types of activities (examples)	<u>Impact</u>			
			Number of beneficiaries of the upgraded social and health services disaggregated by sex and age ²⁸	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 marginalised groups in the programme area	1.1.1. Enhanced quality of and access to health services for marginalised groups	<ul style="list-style-type: none"> - Activities aiming at improvement of existing health services and their accessibility, diversity, and inclusiveness - Small scale investments in equipment and/or renovation/adaptation/accessibility of facilities for provision of services - Joint capacity building of public service providers, based on needs assessment and professional learning and development plan - 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, inter-municipal approach, development and implementing ICT solutions beneficial to improve public health services), including, but not limited to: mobile teams, hot lines, intersectional approach; pilot initiatives encouraged to include relevant CSOs working directly with vulnerable groups <p>(the list is non-exhaustive)</p>	<u>Outcome</u>			
			Number of existing health services improved	0	2	Project reports, Monitoring system, service licencing and protocols
			Number of new solutions (services, tools, programmes) developed in health care sector ²⁹	0	2	Project reports, Monitoring system, service/program protocols
			<u>Output</u>			
			Number of people with increased capacities (by sex and age)	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

²⁸ This impact indicator can be disaggregated by number of beneficiaries of the upgraded health services and number of beneficiaries of the upgraded social services by sex and age (as well as by type of vulnerable group (e.g. people with disabilities, elderly people, ethnic minorities, long-term unemployed, etc. – if possible)

²⁹ To be disaggregated by type of solution: services, tools, programmes

	1.1.2. Upgraded quality of social services for marginalised groups	<ul style="list-style-type: none"> - Activities aiming at improvement of existing or introducing new gender and diversity sensitive and inclusive social services and their accessibility - Youth-driven activities promoting social innovation related to social and active inclusion - Pilot initiatives focusing on the joint development of new solutions for social inclusion ³⁰(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 access to and quality of social care services, intersectional mobile teams, community-based services, hot lines); - Joint capacity building of service providers for delivering quality services for marginalised groups - Small scale investments in equipment and/or renovation/adaptation or accessibility 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 <p>(the list is non-exhaustive)</p>	Outcome			
			Number of existing social services improved	0	3	Project reports, Monitoring system, service protocols
			Number of new solutions (services, tools, programmes) developed in social care sector ³¹	0	2	Project reports, Monitoring system, service/program protocols
			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, sex and age disaggregated	0	60	Project reports, Monitoring system
			Number of pilot initiatives implemented in social sector	0	4	Project reports, Monitoring system, service protocols
			Number of local actors that exchange their experience in the field of social inclusion, disaggregated by sex, age, focus area, expertise	0	15	Project reports, Monitoring system

³⁰ Partnership with community-based CSOs in design and implementation of these initiatives is highly valued

³¹ To be disaggregated by type of solution: services, tools, programmes

Thematic cluster: Improved business environment and competitiveness (TC4)						
2 - Thematic priority 5: Encouraging tourism and cultural and natural heritage			Indicators	Baseline value (2021)	Target value ³² (2030)	Data source
Specific objective(s)/ Outcomes	Results/Outputs	Types of activities (examples)	<u>Impact</u>			
			Number of tourist arrivals to cross-border area, sex and age disaggregated	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 commercialised ³³	<ul style="list-style-type: none"> - 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 accessible digital solutions and interpretation - Creation, improvement and connection of local offers (food, crafts, accommodation and other services), especially exploring community-based forms of tourism/offers - Complementing specific thematic products (e.g. hiking, biking, culture, nature), with special focus to women-led product providers - Integration of local offers itineraries, packages 	<u>Outcome</u>			
			Number of new/improved CB tourism products ³⁴ commercialised	0	5	Project reports, Monitoring system
			Number of tourist providers with improved competences, disaggregated by sex	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 (number of women-led businesses)	0	3	Project reports, Monitoring system
			<u>Output</u>			
			Number of new/improved sites	0	5	Project reports, Monitoring system
			Number of investments in new exhibition and interpretation methods, including accessible digital solutions and interpretation	0	3	Project reports, Monitoring system

³² 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.

³³ In this context, the term “commercialised” means to develop, promote and put on the market a tourism product or service.

³⁴ “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.

Thematic cluster: Improved business environment and competitiveness (TC4)						
2 - Thematic priority 5: Encouraging tourism and cultural and natural heritage		Indicators	Baseline value (2021)	Target value ³² (2030)	Data source	
		- Skills development for raising quality of services, particularly focused on women and youth	Number of new itineraries developed	0	3	Project reports, Monitoring system
		- Activities for developing and accrediting curricula for matching the needs of labour market demand in the tourism sector	Number of new/improved thematic products	0	6	Project reports, Monitoring system
		- Introduction of quality standards	Number of new/improved services	0	4	Project reports, Monitoring system
		- Destination management and promotion	Number of training curricula matching the needs of the labour market demand developed	0	3	Project reports, Monitoring system
		- Establishment of common structures to coordinate and promote CB tourist products	Number of people with increased capacity for provision of complementary services	0	40	Project reports, Monitoring system
		- Joint branding strategy, marketing actions, digital marketing	Number of people with increased capacities related to the management and provision of tourism services and products, sex and age disaggregated	0	30	Project reports, Monitoring system
		- 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...)	Number of participants in visibility and communication events organised to promote the new tourism products developed, sex and age disaggregated	0	200	Project reports, Monitoring system
		- Capacity building of employees	Number of enterprises/service providers in tourism that received support, sex and age disaggregated	0	4, at least 1 is women-led	Project reports, Monitoring system
		(the list is non-exhaustive)	Number of people with increased capacities interested in creating/enhancing tourism business or developing a tourism product, sex and age disaggregated	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	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, sex and age disaggregated	0			350	Project reports, Monitoring system	

Thematic cluster: Improved business environment and competitiveness (TC4)						
2 - Thematic priority 5: Encouraging tourism and cultural and natural heritage			Indicators	Baseline value (2021)	Target value ³² (2030)	Data source
		<ul style="list-style-type: none"> - 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 <p>(the list is non-exhaustive)</p>	Number of cultural and natural heritage sites covered by joint risk measures/management plans for prevention of risks and manmade hazards Output	0	2	Project reports, Monitoring system
			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, sex and age disaggregated	0	10	Project reports, Monitoring system
			Number of cross-border intangible cultural/natural heritage coordination bodies established, number of women and members of vulnerable groups in those bodies	0	4	Project reports, Monitoring system
			Number of new inclusive 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	- Activities related to support for organic food producers/farms especially women and persons belonging to vulnerable groups	<u>Outcome</u>			
			Number of organic farms included in CB tourist products	0	3, at least one is women-led	Project reports, Monitoring system

Thematic cluster: Improved business environment and competitiveness (TC4)							
2 - Thematic priority 5: Encouraging tourism and cultural and natural heritage			Indicators	Baseline value (2021)	Target value ³² (2030)	Data source	
	and organic agricultural producers to jointly contribute to further tourism development	<ul style="list-style-type: none"> - Integration of businesses in existing/new networks related to organic agriculture - Developing clusters of agricultural (organic) producers - Developing tourism supply chains for organic products <p>(the list is non-exhaustive)</p>	Number of CB networks (including clusters) related to organic agriculture formalised	0	2	Project reports, Monitoring system	
			<u>Output</u>				
			Number of organic food producers/farms supported, sex and age disaggregated	0	3, at least one is women-led	Project reports, Monitoring system	
			Number of representatives of rural households benefiting from strengthening capacities for networking related to organic agriculture, sex and age disaggregated	0	2	Project reports, Monitoring system	
			Number of businesses that produce organic products included in tourism supply chains	0	10, at least 3 are run by women and/or persons belonging to vulnerable groups	Project reports, Monitoring system	

3 - Thematic Priority 0: Technical assistance						
			Indicators	Baseline value (2021 ³⁵)	Target value (2030)	Data source
			<u>Impact</u>			
			Percentage of funds available under the programme that are contracted	0	100%	AIR, Monitoring system
3.1. 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	3.1.1 The administrative capacity for CBC reinforced	<ul style="list-style-type: none"> - Establishment and functioning of the Joint Technical Secretariat and its Antenna - Organisation of JMS and OS meetings - 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 - Support to the work of the Joint Task Force in charge of preparing the programme cycle 2028-2034 	<u>Outcome</u>			
			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	100%	100%	AIR, project reports, Monitoring system
			<u>Output</u>			
			Number of JTS/antenna offices newly equipped and functional	2	2	AIR
			Number of events organised in relation to programme management	28	56	AIR, Monitoring system
	Number of project monitoring missions implemented	75	150	AIR, project reports, Monitoring system		
	3.1.2. Potential applicants and grant beneficiaries supported	<ul style="list-style-type: none"> - Organisation of events, meetings, tailor-made trainings, study tours or exchange visits to provide support adapted to the specific needs of potential beneficiaries - 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 	<u>Outcome</u>			
			Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support	75%	85%	AIR, project reports, Monitoring system
			<u>Output</u>			
Number of capacity building events for potential applicants, grant beneficiaries and programme structures' employees			9	18	AIR, project reports, Monitoring system	
			Number of internal/external manuals or handbooks prepared	3	6	AIR and other reports

³⁵ Cut-off date: January 2021 inclusive

3 - Thematic Priority 0: Technical assistance						
			Indicators	Baseline value (2021 ³⁵)	Target value (2030)	Data source
			Number of queries of grant beneficiaries resolved	50	80	AIR and other reports
3.1.3 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.	<u>Outcome</u>				
		Number of people reached by information/promotion campaigns	400	1000	AIR and other reports	
		<u>Output</u>				
		Number of information/promotion campaigns implemented	12	24	AIR and other reports	
		Number of promotional and visibility events organised	18	36	AIR and other reports	
		Number of publications produced and disseminated	15	30	AIR and other reports	

3.3. Horizontal and cross-cutting issues

Sustainable development

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 thematic priority 1 Employment, labour mobility and social and cultural inclusion across the border, all activities under this TP will pay special attention to promoting sustainable development goals by addressing social exclusion and inequalities.

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. 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 by human pressure or natural disasters, as well as possible negative effects to the most vulnerable local communities. When improving the accessibility of tourist attractions, environmentally friendly transport solutions will be preferred.

Having considered the potential effects of projects under the thematic priority 2 of the programme, namely the specific objective 2.1.:To enhance and promote commonly coordinated cross-border tourism offer based on a protected cultural and natural heritage (e.g. the increased tourism will increase the need for proper wastewater treatment and waste management), the project applicants will be required to meet the local requirement related to protection of the environment, public health and cultural heritage and avoid impacts on the existing and planned ecological network (Emerald Network).

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, gender identity, racial or ethnic origin, religion or belief, disability, age or sexual orientation shall be prevented.

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 marginalised 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. Additionally, in line with the new EU Gender Action Plan III³⁶, the design of all external EU-funded programmes will apply three minimum standards: 1. conducting and using updated gender analyses to inform decision-making on future action and integrating these into all relevant dialogues, policies, strategies, programmes and operations (for example Republic of Serbia is currently updating its gender analysis and developing new national strategy on gender equality); 2. applying gender-sensitive and sex-disaggregated indicators and statistics to monitoring and evaluation; 3. giving robust reasons, based on the findings of the gender analysis, to substantiate any action deemed not to contribute to gender equality. 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. Furthermore, the programme will ensure active participation of women and members of vulnerable groups on local level in all phases, if appropriate, as well as a diversity of grant beneficiaries in terms of focus areas, including, but not limited to disadvantage women and members of other vulnerable groups. In the development of Calls for proposals and Guidelines for applicants, available resources under the ongoing partnership with UN Women (Gender Equality Facility project) will be used to ensure gender mainstreaming of the documents and secure flow of information and involvement of women's civil society.

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 programme will examine and find the most suitable solutions for inclusion and empowerment of diverse groups of women to become more actively engaged in economic processes.

IPA III programme is also in line with the draft Gender Equality Strategy of Montenegro 2021-2025, dated from 1 February 2021. The draft Gender Equality Strategy of Montenegro has the following vision: For a society in which all women and men and persons of different sex and gender identity have equal opportunities to contribute to the sustainable development of Montenegrin society and to equally enjoy all the benefits of the development of Montenegro.

The Government of the Republic of Serbia established a Coordination Body for Gender Equality in 2014 through a Government Decision with a mandate to coordinate Government actions in the area of gender equality.

Other cross-cutting issues (human and minority rights and inclusion of diverse stakeholder groups) will be tackled through following a human rights-based approach in design and execution of interventions, in particular those related to health and social welfare services, mapping and monitoring the needs of specific vulnerable groups as related to the programme—youth, women, elderly, Roma, (including as well persons living with disabilities, LGBTI community, national minorities, migrant and refugee communities, etc). Furthermore, inclusion of local, community-based CSOs and initiatives will be encouraged as a valuable resource of knowledge of the context and specific needs of targeted communities.

The application of the **horizontal principles and cross-cutting issues** (sustainable development, equal opportunities promotion of equality between men and women, human and minority rights and inclusion of diverse stakeholder groups) 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.

The mainstreaming of the thematic cluster 5 “Improved capacity of regional and local authorities to tackle local challenges”

The thematic cluster 5 “Improved capacity of regional and local authorities to tackle local challenges” should be a mainstreamed by the IPA III beneficiaries of the IPA cross-border cooperation programme Serbia-Montenegro 2021-2027. **Mainstreaming to improve capacity of local authorities** with a view of increasing and strengthening their participation in CBC will be dealt with at the level of CBC operations as well as through activities to be implemented by OSs and JTS under the Technical Assistance priority.

³⁶ Brussels 25.11.20 SWD(2020) 284 final, Joint Communication to the European Parliament and the Council: EU Gender Action Plan (GAP) III - An ambitious Agenda for Gender Equality and Women's Empowerment in EU External Action

At the level of CBC operations, the following may apply:

- Every application is encouraged to **involve regional and local authorities** in their development and future implementation and to describe how it is aligned to and contributes to local development plans.
- If so agreed, in some calls for proposals or within a specific lot of a call for proposals, **to include regional and local authorities in every CBC partnership of applicants**. For regions eligible to different CBC programmes, attention should be paid to avoid saturation. Such calls for proposals or lots within a call could receive, for example applications that have several local authorities as implementing partners (inter municipal cooperation), and most importantly, it should encourage partnerships with smaller, weaker, rural local authorities, by which, for instance, the main applicant (a larger municipality) will assist a smaller one, seconding staff to it, or receiving staffers for training purposes from those less developed municipalities (share of resources).

NB: If so decided, operations fully relying on staff of the regional and local authorities should be privileged. This could reduce to a minimum the presence of external managers among the human resources of the project.

Additionally, it is necessary to ensure that the projects under SO 2.1 To enhance and promote commonly coordinated cross-border tourism offer based on a protected cultural and natural heritage, contain environmental governance capacity building actions, which are directed to local and regional authorities.

In order to ensure proper ownership and synergetic impact of the Action, the local authorities should link their intervention to the relevant measure/priority in their own local development plan or other planning document (strategy, programme, action plan or similar).

Existence of the local development plan, as required by the planning regulatory framework – Law on planning system, in case of Serbia, could be a precondition for considering intervention.

Measures envisaged in the programme to increase the capacity of regional and local authorities to tackle local challenges will encompass the field of environmental governance.

Under the Technical Assistance priority, the following may apply:

- **To review the specific needs and interests** of the regional and local authorities to increase their participation in CBC operations and based on findings, amend the JTS work plans as appropriate, including but not limited to the following: **to launch targeted awareness raising campaigns**, especially prior to the publication of calls of proposals; these campaigns will go in parallel with, and be reinforced by usual OSs/JTS activities such as **partner search forums, project clinics for unsuccessful applications, help desks** as well as **trainings** on preparation of CBC application organised for potential applicants, in which all types of potential applicants will also be included.

3.4. Coherence with other programmes and macro regional strategies

Cross-border and transnational cooperation programmes accessible in the programme area

The programme area of the IPA III cross-border cooperation programme Serbia – Montenegro 2021-2027 partially overlaps (e.g. CBC programme Serbia-Bosnia and Herzegovina) or is fully contained (e.g. Danube Programme, IPA Adrion or URBACT) with a number of other territorial cooperation programmes. It should be noted that some of these programmes follow similar objectives and have overlapping thematic orientations. The previous evaluation of the IPA CBC programmes recommended to improve coordination and to exploit synergies. In any case, it is important to emphasize that territorial cooperation programmes contribute to the development of capacity and know-how among the local authorities and stakeholders of the region about the modus operandi of territorial cooperation.

Serbia-Montenegro programme and Bosnia and Herzegovina-Montenegro programme regarding the eligible programme territory overlaps in 10 municipalities out of 14 (programme territory of the Montenegrin side) while Serbia-Montenegro programme and Serbia-Bosnia and Herzegovina programme overlap in 4 municipalities out of 10 (programme territory of the Serbian side). As for the thematic priorities, all three programmes selected thematic priority: Encouraging tourism and cultural and natural heritage, while other thematic priorities are different. The complementarity between these three

programmes will be performed in a way that Calls for proposals (CfPs) will be coordinated jointly between the programmes in order not to focus on the same thematic priority within the CfP at the same time. In addition, the coordination meetings between three JTSs will be organised in order to harmonize the approach and identify the needs of local authorities and organisations in terms of conducting training programmes. Also, the coordination meetings will be useful platform for exchange of information on operations financed within each programme.

Focus of the applicants and beneficiaries in the Interreg IPA Programmes are different comparing to the bilateral IPA III CBC programmes. Interreg IPA programmes attract significant number of institutions at the central level, as well as organisations with strong capacities comparing to the partners in bilateral IPA III CBC programmes. In addition, difference of available budget, has significant influence on project partnership and scope of projects, therefore practice shows that bilateral IPA III CBC programmes are more focused on the local level and there was no overlapping between the projects. However, comparing bilateral CBC and Interreg IPA programmes, similar priorities are identified and coordination and exchange of information between the programmes is necessary to create synergies and avoid duplication. This CBC programme contributes to the objectives and thematic priorities of the relevant European macro-regional and sea basin strategies, In this perspective, participation in the EU macro-regional strategies (EUSAIR and EUSDR) is more relevant for cooperation between governmental institutions. CBC Programmes have to be aware of the policies and EU dialog and to add-up to the aims of the macro regional level.

As stated in the IPA III Programming Framework, IPA III CBC support will be granted in full complementarity with the previous financial assistance under IPA and IPA II CBC as well as with the Interreg IPA programmes (in particular Hungary-Serbia, Croatia-Serbia, Croatia-Bosnia and Herzegovina-Montenegro, Bulgaria-Serbia, Romania-Serbia, South Adriatic (Italy-Albania-Montenegro), IPA Adrion, Danube, EURO MED, URBACT) and the EU policies in the respective sectors. The framework has identified five thematic windows, namely: (i) rule of law, fundamental rights and democracy; (ii) good governance, EU acquis alignment, good neighbourly relations and strategic communication; (iii) green agenda and sustainable connectivity; (iv) competitiveness and inclusive growth; and (v) territorial and cross-border cooperation. These five windows are all facets of the EU policy for enlargement and are linked with one another in a complementary manner. Furthermore, IPA III CBC will ensure synergy and complementarity with bilateral and regional programmes. The latter will primarily be mobilised to address issues of regional nature, or when a regional approach will allow for greater efficiency.

In the context of rural tourism, complementarities between this programme and IPARD II (and IPARD III) should be found with regard to operations supporting rural tourism and agricultural products to help diversify tourism products and services.

Coherence with 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 harmonising 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.

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.

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. Overall coordination of programming with the two EU Strategies will raise political awareness, strengthen commitment and lead to better visibility of the EUSDR, EUSAIR and the programmes. This coordination also facilitates the capitalization of the results and benefits of the actions.

Complementarity with EU strategic documents

The selected thematic priorities under the IPA III cross-border cooperation programme Serbia – Montenegro 2021-2027 are coherent with EU strategic documents and plans, ensuring mutually supportive strands of work, where CBC programmes should contribute to the overall strategy of IPA beneficiaries to progress on their European path.

The programme will ensure coherence with the Green Agenda for the Western Balkans according to its Guidelines for Implementation as well as with the Economic and Investment Plan for the Western Balkans that intends to promote long-term recovery based on a green and digital transition, resulting in sustained economic growth.

Economic and Investment Plan for the Western Balkans

The Economic and Investment Plan aims to spur the long-term recovery - backed by a green and digital transition - leading to sustained economic growth, implementation of reforms required to move forward on the EU path and bringing the Western Balkans closer to the EU Single Market. It aims to unleash the untapped economic potential of the region and the significant scope for increased intra-regional economic cooperation and trade.

The CBC programme will support the wider involvement of the civil society and the private sector by encouraging innovative solutions, promoting social entrepreneurship to tackle social challenges. Special focus will be given to reforms promoting appropriate supply of relevant knowledge, skills and competences to tackle the existing mismatch between skills supply and labour demand, including through development of work-based learning in vocational education and training.

With regard to the thematic priority 2 Encouraging tourism and cultural and natural heritage, the Plan also emphasises that there is scope for exploiting economic opportunities in the creative and cultural sector and its contribution to the region's sustainable tourism potential. The EU will intensify cooperation with the Western Balkans in the implementation of its 2018 Framework for Action on Cultural Heritage. This IPA III CBC programme itself should step up cooperation on the preservation and promotion of cultural heritage within sustainable tourism strategies. To support this sector, the EU will also encourage the integration of cultural and creative industries from the region into European professional networks and value chains.

Green Agenda for the Western Balkans

The programme will ensure coherence with the Green Agenda for the Western Balkans according to its Guidelines for Implementation³⁷. Out of the five pillars of the Agenda, three have a special relevance for possible CBC operations, namely:

- climate action, including decarbonisation, energy and mobility,
- biodiversity, aiming to protect and restore the natural wealth of the region, and
- sustainable food systems and rural areas.

CBC provides the opportunity for tackling common problems and for sharing knowledge and good practice, for instance, on biodiversity benefits of nature-based solutions, mechanisms for regional cooperation on biodiversity conservation and on support to knowledge exchange with research centres. Moreover, education is key to positively affect behaviours regarding the environment, starting from an early age as well as to reskill workers from transition industries. Curricula need to include key competences and skills necessary to perform in the green economy. To be successfully implemented, the Green Agenda for the Western Balkans needs to be reflected in the reforms of the education systems and the provision of capacity building to guarantee that people are equipped and prepared for the labour market and society of tomorrow. With proper information and education, the youth of the region can contribute decisively to the implementation of the Green Agenda.

As enshrined in the Guidelines for the Implementation of the Green Agenda in the WB and the Economic and Investment Plan for the WB, this programme will ensure full consistency with the green transition as an EU internal and external aid

³⁷ Brussels, 6.10.2020 SWD(2020) 223 final Commission Staff Working Document: Guidelines for the Implementation of the Green Agenda for the Western Balkans

priority. The programme will thus mainstream in its operations an efficient use of resources by moving to a clean, circular economy, the restoration of biodiversity and the reduction of pollution.

The Common Regional Market (CRM) 2021-2024 Action Plan³⁸ adopted in Sofia on 10 November 2020 by Western Balkan region leaders was established as a transformative tool to increase the attractiveness and competitiveness of the region and to bring the region closer to the EU markets. The Action Plan covers four main areas:

- Regional trade area: free movement of goods, services, capital and people
- Regional investment area
- Regional digital area
- Regional industrial and innovation area

With regard to the COVID-19 pandemic, enhanced market integration of Western Balkan economies will help tackle the mid and long-term effects of the pandemic by attracting investments in productive sectors and sustainable infrastructure, and by generating new opportunities for citizens and business community. Amongst other interventions the AP is aiming, within the priority area of a Regional Industrial and Innovation Area to "Develop packaged tourism offer for the region and conduct joint promotional efforts". Priority area 8 of the Action plan is covering development of sustainable tourism offer thus providing direct link to the thematic priority Encouraging tourism and cultural and natural heritage of the programme.

Tirana Declaration

In the Tirana Declaration on joint regional protocols³⁹ to support sustainable tourism recovery and growth in the Western Balkans (WB), the ministers of the WB6 agreed to position tourism as a key strategic sector for regional economic recovery and sustainable development. The declaration was signed on 8 April 2021 at the Closing Conference of the European Union funded Regional Cooperation Council (RCC) "Tourism Development & Promotion Project". The Tirana Declaration regards tourism as one of the key factors in regional economic recovery and development with a focus on: Coordinating the reopening and continued operations of the travel and tourism supply chain, Facilitating a safe and seamless traveler journey to support WB6 recovery and growth, Implementing harmonised health and hygiene protocols to align sector recovery efforts and boost traveler confidence and Coordinating promotion and communication to build trust in the WB6 as a responsible, trustworthy and sustainable destination.

3.5. Conditions and assumptions

An effective coordination and a strong ownership should be combined with the good will of the national authorities of the IPA III beneficiaries to friendly dispel and solve any dispute and/or misunderstanding affecting the smooth implementation of the programme. Governmental changes should have no impact in this respect.

As a necessary condition for the effective management of the programme, the participating countries shall establish a Joint Monitoring Committee and provide proper and functioning premises and staff for the head and antenna⁴⁰ offices of the Joint Technical Secretariat. Particular attention should be paid to create the necessary working conditions to ensure the continuity and professional development of staff in key functions within all management structures of the programme. The latter should strive to present the programme as a beneficial instrument for strengthening collaboration and exchanges among citizens of the eligible area.

Under indirect management by the IPA III beneficiary, the participating IPA III beneficiaries shall conclude for the whole duration of the programme a bilateral arrangement setting out their respective responsibilities for implementation of the programme.

³⁸ <https://www.rcc.int/docs/543/common-regional-market-action-plan>

³⁹ <https://www.rcc.int/download/docs/Tirana%20Declaration.pdf/086916ce2a1472e958aa735ca9db9bff.pdf>

⁴⁰ In case this office is deemed necessary to be set up.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

4. INDICATIVE BUDGET

A single 7-year Commission financing decision with a suspensive clause will be adopted, subject to the availability of budget appropriations for the respective financial years after the adoption of the budget or as provided for in the system of provisional twelfths.

Table 4.1: Indicative financial allocations per year for the period 2021-2027

	IPA III CBC PROGRAMME SERBIA- MONTENEGRO																
	Amounts in EUR																
	2021		2022		2023		2024		2025		2026		2027		Total (EUR)		
EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing		
Per type of activity																	
Operations	-	-	3 240 000	571 764.71	-	-	2 160 000	381 176.47	-	-	2 160 000	381 176.47	-	-	7 560 000	1 334 117.65	
Technical Assistance (Direct Grant)	-	-	360 000	-	-	-	360 000	-	-	-	-	-	-	120 000	-	840 000	-
Per method of implementation																	
Direct Management: Total Envelope for Grants	N/A														840 000	-	
Direct Management: Total Envelope for Procurements	N/A														-	-	
Indirect Management with the IPA III beneficiary: Total Envelope	-	-	3 240 000	571 764.71	-	-	2 160 000	381 176.47	-	-	2 160 000	381 176.47	-	-	7 560 000	1 334 117.65	
GRAND TOTAL⁴¹	-	-	3 600 000	571 764.71	-	-	2 520 000	381 176.47	-	-	2 160 000	381 176.47	120 000	-	8 400 000	1 334 117.65	

* Total Envelope for Grants; Total Envelope for Procurements - only the total budget for 2021-2027 needs to be filled in.

⁴¹ GRAND TOTAL from Table 4.1 and 4.2 should be equal

Table 4.2: Indicative financial allocation per priority and rate of Union contribution (for the period 2021-2027)

CLUSTERS	PRIORITIES	IPA III CBC PROGRAMME SERBIA - MONTENEGRO			
		European Union funding (EUR)	Co-financing (EUR)	Total (EUR)	rate per Thematic Priority and technical assistance
		(a)	(b)	(c) = (a)+(b)	(d) = (c)/(e)
TC1 Improved employment opportunities and social rights	1) TP1 Employment, labour mobility and social and cultural inclusion across borders	4 200 000	741 176.47	4 941 176.47	50.8%
TC4 Improved business environment and competitiveness	2) TP5 Encouraging tourism and cultural and natural heritage	3 360 000	592 941.18	3 952 941.18	40.6%
3) TP0 Technical Assistance		840 000	0	840 000	8.6%
GRAND TOTAL		8 400 000	1 334 117.65	(e) 9 734 117.65	100%

The European Union contribution at the level of thematic priority shall not exceed the ceiling of 85% of the eligible expenditure. The co-financing will be provided by the final grant beneficiaries. The amount dedicated to technical assistance shall be limited to 10% of the total amount allocated to the programme. For technical assistance, the Union co-financing rate shall be 100%.

5. IMPLEMENTATION ARRANGEMENTS

5.1. Financing agreement

In order to implement this programme, it is envisaged to conclude a financing agreement between the European Commission, Republic of Serbia and Montenegro.

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 6 years from the date of entry into force of the financing agreement, or from the date in which the exchange of letters is agreed upon for all subsequent yearly allocations.

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. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁴².

5.3.1 Operations⁴³

Indirect management with Republic of Serbia

The operations part of this action will be implemented under indirect management by the Republic of Serbia. The Republic of Serbia will assign the managing authority and the intermediate body for financial management. The managing authority shall be responsible for the overall management of the programme, and shall designate intermediate bodies.

Subject to the finalisation of the IPA III legal framework, the managing authority responsible for the execution of the action in all participating countries is the Ministry of European Integration of the Republic of Serbia (MEI).

The CBC structures established under the IPA III legal framework in Serbia and in Montenegro shall co-operate closely in all tasks of mutual interest relating to the programming and implementation of the programme.

Budget implementation tasks such as calls for tenders, calls for proposals, contracting, contract management, payments and revenue operations, shall be entrusted to the following intermediate body for financial management: Ministry of Finance of the Republic of Serbia, Department for Contracting and Financing of EU funded Programmes (CFCU) as the contracting authority⁴⁴. It shall ensure legality and regularity of expenditure.

Calls for Proposal - Grants

⁴² www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

⁴³ Listed institutions represent current structure designated for indirect management in IPA II in both countries. Responsible structures will be defined and designated upon adoption of the IPA III legislative and corresponding Framework and Financial Agreement.

⁴⁴ Listed institutions represent current structure designated for indirect management in IPA II in both countries. Responsible structures will be defined and designated upon adoption of the IPA III legislative and corresponding Framework and Financial Agreement.

a) Purpose of the grants:

The grants selected through calls for proposals during the seven-year period will contribute to the specific objectives/outcomes and results/outputs under each thematic priority in section 3.2.

b) Type of applicants targeted:

The applicants shall be established in an IPA III beneficiary participating in the CBC programme.

Potential beneficiaries as specified in section 3.2 could be: health care and social welfare institutions, civil society organisations representing interests of marginalised groups (youth, women, elderly, Roma), organisations responsible for providing social and health services, institutions and organisations providing formal, non-formal and informal educational, public elderly homes, local self-governments, local and regional development organisations/agencies, organisations representing national or ethnic minorities, youth organisations, science and research institutions and organisations, national authorities and institutions overseeing health and social welfare policies and tourism and agriculture policies, tourism organisations at national/regional/local level, 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.

5.3.2 Technical Assistance (Direct Grants)

The technical Assistance priority will be implemented in Direct Management through Direct grants during the duration of the programme.

The grants 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, the grants may be awarded without a call for proposals to the Ministry of European Integration of the Republic of Serbia, as lead partner and the public institution hosting the CBC structure in Montenegro as co-beneficiary

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 Financial Framework Partnership Agreement for the IPA III programme, CBC structures are the bodies that have this monopoly.

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Ministry of European Integration of the Republic of Serbia, as lead partner.

5.4. Programme Management Structure

The description of the programme management structures with the list of their main responsibilities and tasks in programme preparation, implementation and management (i.e. NIPAC, NAO Management Structure, CBC structures, IPA Managing Authority, the Intermediate Body for Financial Management, Audit Authority, Joint Monitoring Committee, Joint Technical Secretariat) is presented under the Financial Framework Partnership Agreement and/or Financing Agreements.

In addition to these Agreements, the Beneficiaries shall conclude for the whole duration of the cross-border cooperation programme a bilateral arrangement setting out their respective responsibilities for implementing the relevant cross-border cooperation programme in accordance with the provisions laid down in the Financial Framework Partnership Agreement.

5.5. Project development and selection and implementation

As a rule, this programme will be implemented through public calls for proposals (CfP) to be launched covering one or more thematic priorities or specific objectives/outcomes. The JMC will be responsible for identifying the thematic priorities, specific objectives/outcomes, results/outputs, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission. The responsible authorities in the participating countries will ensure full transparency in the process and access to a wide range of public and non-public legal entities.

The dynamics of publication of calls for proposals depends on a number of factors, including logistics, timing of the evaluation and level of interest from the potential applicants. The JMC, as the body monitoring the performance of the programme, will review, before the publication of the calls for proposals (and the definition of the tendering documents, e.g. the guidelines for applicants), the progress of programme indicators to the date. The selection of TPs, specific objectives/outcomes and results/outputs of all calls for proposals other than the first one under the programme will be based on that progress of performance. The publication and strategic orientation of every call for proposals will be coordinated with the plans of other programmes in order to increase synergies and avoid double funding.

JMC decisions may also consider the recommendations stemming from consultations held with stakeholders at local and national level, including representatives of the donor community.

5.6. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

6. REPORTING, MONITORING AND EVALUATION

The description of the programme reporting, monitoring and evaluation requirements and modalities is presented under the Financial Framework Partnership Agreement/or Financing Agreements.

7. INFORMATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the public administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations. The European Commission and the EU Delegations should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

The design and implementation of the communication and visibility measures shall be the responsibility of the CBC Structures. The latter, assisted by the JTS, will present the communication strategy with a detailed information and visibility plan to the JMC.

8. SUSTAINABILITY

The sustainability of outcomes and outputs delivered under the action requires a commitment from the national authorities involved in the management of the programme. Respecting the provisions of the legal framework applicable to CBC between IPA III Beneficiaries, the authorities commit to ensure, as far as possible, the necessary financial and institutional resources, including the relevant seasoned staff, for making the implementation of the programme a success story. As a fundamental sign of responsibility, they will pay especial attention to create the necessary conditions for securing the continuity of staff in essential functions and institutions to guarantee the smooth performance of the programme.

Sustainability at operation level equally plays a crucial role. Every operation should have a tangible impact on its target groups at cross-border level. Sustainability should be embedded in every application, showing how the expected outcomes will benefit the region even after the operation might have ended. In every call for proposals, one of the award criteria is sustainability as shown in Section 5 of the evaluation grid for full applications. Operations that cannot demonstrate that they will intensify neighbourly relations, create cross-border partnerships for social, territorial or economic development and/or remove cross-border obstacles to sustainable development, are very unlikely to have tangible outcomes, multiplier effects or long-term impact in a cross-border perspective, and hence should be excluded from funding, irrespective of any other merits.