

## ANNEX 1

### CROSS-BORDER COOPERATION ACTION PROGRAMME SERBIA – MONTENEGRO FOR THE YEARS 2018, 2019 AND 2020

**Multi-annual Work Programme**  
**This document constitutes the multi-annual work programme in the sense of Article 110(2) of Regulation (EU, Euratom) 2018/1046**

#### 1 IDENTIFICATION

<b>Beneficiaries</b>	Serbia and Montenegro
<b>CRIS/ABAC</b>	IPA/2018/041-416 EUR 1,200,000.00
<b>Commitment references</b>	22.020401
<b>Union Contribution</b>	IPA/2019/041-417 EUR 1,200,000.00
<b>Budget line</b>	22.020401
	IPA/2020/041-418 EUR 1,080,000.00
	22.020401
<b>Management mode</b>	Indirect management by the Republic of Serbia
<b>Responsible Structures</b>	The Operating Structure responsible for the execution of the operations is: Ministry of European Integration The Contracting Authority is: the Department for Contracting and Financing of EU funded projects (CFCU) at the Ministry of Finance  The partner Operating Structure in Montenegro is: the Office for European Integration
<b>Final date for concluding Financing Agreement(s) with the IPA II beneficiary countries (tripartite)</b>	For the budgetary commitment of year 2018 at the latest by 31 December 2019. For the budgetary commitment of year 2019 at the latest by 31 December 2020. For the budgetary commitment of year 2020 at the latest by 31 December 2021.
<b>Final date for concluding contracting including conclusion of contribution/delegation agreements</b>	3 years following the date of conclusion of the Financing Agreement (signature of the last party) with the exception of the cases listed under Article 189(2) Financial Regulation

<b>Indicative operational implementation period</b>	6 years following the date of conclusion of the Financing Agreement (signature of the last party)
<b>Final date for implementing the Financing Agreement</b> (date by which this programme should be de-committed and closed) after the acceptance of the accounts	12 years following the conclusion of the Financing Agreement (signature of the last party)

## **2 DESCRIPTION OF THE ACTION PROGRAMME**

### **2.1 OVERVIEW OF THE 2014-2020 CROSS-BORDER COOPERATION PROGRAMME**

The 2014-2020 cross-border cooperation (CBC) programme Serbia-Montenegro was approved by Commission Implementing Decision C(2014) 9423 of 10 December 2014. The adopted 2014-2020 programme constitutes the CBC cooperation strategy for the border region, setting out, among others, the list of geographical eligible areas, the area context, the programme thematic priorities and the indicative budget allocations for the 7 years period.

The 2014-2020 CBC programme also serves as a reference for the adoption of the CBC action programmes. The 2018-2020 CBC action programme aims at providing assistance for cross-border cooperation in the thematic areas spelled out in the 2014-2020 programme (as indicated in section 2.2).

On 6 February 2018, the European Commission adopted a Communication on "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans"<sup>1</sup>. This Communication aims to generate renewed reform momentum in the Western Balkans and to provide significantly enhanced EU engagement to better support their preparations on the European path. The Communication sets the new strategic orientations, in particular as regards the implementation of the six flagship initiatives (i.e. strengthening support to the rule of law, reinforcing engagement on security and on migration, supporting socio-economic development, increasing connectivity, implementing a Digital Agenda for the Western Balkans, and supporting reconciliation and good neighbourly relations).

In particular, cross-border cooperation is a key vehicle for fostering reconciliation and dealing with the legacy of the past in the Western Balkans, in line with flagship 6 (supporting reconciliation and good neighbourly relations) and for sustainable local development, in line with flagship 3 (supporting socio-economic development).

#### **List of geographical eligible areas**

In Montenegro, the eligible areas are: Andrijevisa, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Pljevlja, Plužine, Rožaje, Šavnik and Žabljak.

In Serbia, the eligible areas are: Nova Varoš, Priboj, Prijepolje, Sjenica (Zlatiborski district), Kraljevo, Novi Pazar, Raška, Tutin, Vrnjačka Banja (Raški district) and Ivanjica (Moravički district).

#### **Cross-border cooperation (CBC) eligible area context**

The situational analysis conducted for the preparation of the Programme pointed out several key challenges and opportunities to be addressed and supported through cross-border cooperation. In particular the Programme envisages addressing the following:

##### *Increasing employability and generation of sustainable jobs*

Generation of sustainable jobs is the main economic and social challenge for the programme area. Young people are the most vulnerable. Youth unemployment is caused by the mismatch between the education and the labour market needs, a high share of young people with no qualifications, lack of jobs in general, and the high share of the grey economy.

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<sup>1</sup> COM\_(2018) 65 final, 6.2.2018

### *Protecting the environment*

Effective waste management and wastewater treatment are the key environmental challenges. Waste generated by the population living in villages and small settlements is, to a large extent, not collected due to lack of services and is disposed on illegal dumpsites. Water pollution is also a threat to the area. Discharge of communal and industrial wastewater into natural water flows is done with almost no treatment. An additional problem is the lack of pre-treatment of industrial wastewater discharged into the public sewage systems, and a low level of residential connection to the sewerage. 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 and mitigations measures are of strategic importance, especially with a view of the recent disasters (floods, fires).

### *Valorisation of natural and cultural assets of the programme area*

The programme area has a well-preserved environment with a significant part of its surface being under protection. The eligible areas contain four national parks, which are important assets for sustainable tourism development and have potential to improve the income of the people living within and nearby.

The programme area is also one of the most culturally diverse areas in the Balkan region. It is known for its cultural heritage of national and international importance. It is known for some important monasteries, churches, and mosques. Access to cultural offer in the eligible area varies especially with a view of the urban and rural area. In terms of libraries, there is generally good coverage of the area, whereas other offers are rarer, such as theatres or concert halls. Each of the municipalities is known for a specific cultural event or festival. There are over 100 events taking place in the area every year.

Based on the above analysis, results, thematic priorities and programme strategy's definition have been guided by the following principles:

- Promoting the integration of the programme area;
- Building on strengths and potentials to seize the most relevant opportunities;
- Mitigating the most relevant weaknesses and minimising threats;
- Creating synergies and value added in addressing common needs and challenges by cross border cooperation;
- Building on the objectives and actions set up by the two macro-regional Strategies where both Serbia and Montenegro are members: the EU Strategy for the Danube Region and the EU Strategy for the Adriatic and Ionian Region;
- Respecting specificities within the programme area;
- Promoting sustainable, innovative, digital, and inclusive development of the regions aiming at better quality of life for the people;
- Complementing national, EU and other donors' programmes; and,
- Building on the past experience and aiming at improving the effectiveness of partnerships, feasibility of implementation and the quality and sustainability of results.

### **Overview of past and on-going CBC experience including lessons learned**

Serbia and Montenegro benefited from Cross-border cooperation Programme under IPA I for a total amount of EUR 8.4 million for the period 2007-2013. Evaluations and audits have been carried out as well as monitoring activities. Key recommendations from interim evaluations and audits on the 2007-2013 CBC programmes have been taken on board in the development of this programme. Thus, the 2014-2020 CBC programmes are more focused as

regards the number of thematic priorities addressed and the geographical eligibility, which will help to achieve better results and increased impact. Additionally the implementation of the CBC programmes has been simplified, mainly by having a single contracting authority and a single financial envelope per programme.

Key lessons learned were also identified by the final evaluation of IPA CBC Programmes 2007-2013 that was carried out between 2016 and 2017. The lessons learned and the recommendations were discussed with the CBC stakeholders in the Western Balkans and follow-up measures were identified for the short and medium term, both for the on-going 2014-2020 CBC programmes and for the future 2021-2027 CBC programmes. The main recommendations regarding all CBC programmes at intra- Western Balkans level include:

- The main objective of promoting good neighbourly relations should be clearly reflected in the CBC projects.
- The calls for proposal should be more focused on a few priority issues that have high cross-border content.
- The intervention logic of programmes and the reporting and monitoring systems must be improved as they are not structured to set out a clear basis for measuring the results at regional level.
- There is a need for continuing capacity building activities for Operating Structures and Joint Technical Secretariats/Antennas.
- There is a need for improving synergies with other policies and donors, capitalising and sharing experiences with the other CBC programmes (e.g CBC programmes with Member States, and European Neighbourhood Instrument CBC programmes ).

The responsible structures at national level for implementing this Cross-Border Programme under indirect management mode have gained experience during the execution of the first four years of the current financial period from 2014 to 2020. It is expected that this process will continue with increasing efficiency in the management of related call for proposals and grant contracts under indirect management. In addition, this indirect management mode under the lead of Serbia and in close partnership with Montenegro has a strong stimulus for enhancing regional cooperation and trust.

**2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS**

<b>Action 1</b>	<b>Cross-Border Cooperation Operations</b>	<b>EUR 3,480,000</b>
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The envisaged assistance to Serbia and Montenegro is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>2</sup>.

**(1) Description of the action, objective, expected results**

**Description of the action:** Cross-border cooperation in the border region, in the fields of Employment, labour mobility and social and cultural inclusion; environment, climate change adaptation and mitigation, risk prevention and management; tourism and cultural and natural heritage.

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<sup>2</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en)

**Objective:** Socioeconomic development and strengthening of the neighbourly relations in the cross border area through the implementation of cross-border cooperation operations aiming at:

- promoting employment, labour mobility and social and cultural inclusion across borders through, inter alia, integrating cross-border labour markets, including cross-border mobility; joint local employment initiatives; information and advisory services and joint training; gender equality; equal opportunities; integration of immigrants' communities and vulnerable groups; investment in public employment services; and supporting investment in public health and social services.
- protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia, joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness.
- encouraging tourism and cultural and natural heritage.

Where applicable, the actions related to the aforementioned objectives as developed in the Action Plan of the Adriatic and Ionian macro-regional strategy<sup>3</sup> and the EU Strategy for the Danube Region<sup>4</sup>, where both countries participate, shall be taken into account.

**Expected results:**

*Employment, labour mobility and social and cultural inclusion:*

- Improved knowledge, skills and competence, and work experience of unemployed and employed persons to better adjust to the needs of the labour market and to exploit the employment potential in perspective sectors;
- Increased access to social and cultural services for vulnerable/excluded groups.

*Environment, climate change adaptation and mitigation, risk prevention and management*

- Improved capacities of the municipalities and public utility companies for effective and efficient waste management and wastewater treatment;
- Better awareness of the inhabitants and industry on the importance of preserving the environment and nature;
- Increased capacities for joint management of nature resources; and,
- Improved level of emergency preparedness and joint risk management.

*Tourism and cultural and natural heritage*

- Joint tourism offers and products enhanced through valorisation of natural and cultural potentials; and,
- Complementary products and services developed through complemented, upgraded and diversified tourism offers.

The objectives and expected results will be achieved over the period of implementation of this programme, from 2014 to 2020. The 2018-2020 CBC Action Programme will contribute to

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<sup>3</sup> Communication concerning the European Union Strategy for the Adriatic and Ionian Region - 17.06.2014 - COM(2014) 357 final

<sup>4</sup> Communication concerning the European Union Strategy for Danube Region – 08.12.2010 COM(2010) 715 final

the achievement of the overall objectives and expected results as defined in the 2014-2020 CBC programme. For further details see section 3.2 of the 2014-2020 CBC programme (Annex 2 of the Commission Decision C(2014) 9423 of 10 December 2014).

## **(2) Assumptions and conditions**

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 offices and staff for the Joint Technical Secretariat (to be set up under a separate Financing Decision) and the antenna, in case the latter will be set up. So far, the beneficiaries have complied with this condition by ensuring the smooth run of the Joint Technical Secretariat in Prijepolje (Serbia) and the Antenna Office in Bijelo Polje (Montenegro). These structures are fully financed by the Support Measure for Technical Assistance for cross-border cooperation programmes between IPA II beneficiaries under the Instrument for pre-accession assistance (IPA II) for the year 2014 C(2014) 37629.

Further financial support has been programmed by the European Commission to continue to provide support to the Joint Technical Secretariat and the Antenna Office from 2019 onwards. Therefore, new arrangements will be established with the beneficiaries who have to ensure that the conditions under this paragraph are further respected.

Under indirect management, the participating countries shall conclude, for the whole duration of the programme, a bilateral arrangement setting out their respective responsibilities for implementation the programme. This bilateral arrangement has been concluded between the two participating countries and shall remain valid for the whole implementation of the programme.

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.

## **(3) Implementation modalities:**

### **(3)(a) Indirect management with Serbia**

#### **Description of the tasks entrusted**

The operating structures of Serbia and Montenegro jointly prepared the 2014-2020 cross-border cooperation programme and agreed on the necessary arrangements for the management and implementation of the programme, including establishing a system to monitor the implementation.

The operating structure of Serbia shall arrange for procurement and grant award procedures in the selected thematic priorities of the programme. As regards the call for proposals, the entrusted tasks include drafting guidelines for applicants, launching the calls, selecting the grant beneficiaries and signing grant contracts. The entrusted tasks also include activities linked with the implementation and financial management of the programmes such as monitoring, evaluation, payments, recoveries, expenditure verification, ensuring internal audit, irregularity reporting and the setup of appropriate anti-fraud measures.

#### **Description of the call for proposals**

**Grant – Call for proposal: EUR 3,480,000**

a) The essential eligibility criteria:

The list of eligible actions (activities) is set in section 3.2 of the Annex 2 of the Commission Decision C(2014) 9423 of 10 December 2014. The following list is a summary indicating the main eligible actions/operations: trainings and capacity building (including actions to address the digital literacy deficit, people to people activities, support to education, enhancement of health care facilities and social services, technical cooperation and development of data's' system exchange, joint risk management activities... etc. Additionally, in the context of the implementation of the programme, preference may be given to the actions related to the EU Adriatic and Ionian macro-regional Strategy COM(2014) 357 and the EU Danube macro-regional Strategy COM(2010) 715, where both beneficiaries participate.

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

Potential beneficiaries could be: local authorities, local governments and their institutions, associations of municipalities, development agencies, local business support organisations, economic factors such as small and medium sized enterprises (SMEs), tourism and cultural organisations, non- governmental organisations (NGOs), public and private bodies supporting the workforce, vocational and technical training institutions, bodies and organisation for nature protection, public bodies responsible for water management, fire/emergency services, schools, colleges, universities and research canterers including vocations and technical training institutions.

- b) The essential selection criteria are the financial and operational capacity of the applicant.
- c) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- d) Maximum rate of EU co-financing for grants under the calls is 85 % of the eligible cost of the action.
- e) Indicative amount of the call(s): EUR 3,480,000

The responsible structures may decide to publish more than one call for proposals. Every call for proposals will have the same objectives, results, and essential eligibility, selection and award criteria as described above. Each grant contract will be funded from one budgetary commitment.

The responsible structures may decide to launch a call for proposals which will include the 2018 and /or the 2019 and /or the 2020 allocation. They may also decide to launch a call which will include prior or subsequent budget allocations.

Indicative date for launch of the call(s) for proposals: 4<sup>th</sup> quarter of 2018 for the 2018 allocation; 4<sup>th</sup> quarter of 2020 for the 2019 and 2020 allocations.

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### 3 BUDGET

2018				2019				2020				Total Financing Decision
	Union contribution*	Grant beneficiary/ies Co-financing**	Total expenditure		Union contribution	Grant beneficiary/ies Co-financing	Total expenditure		Union contribution	Grant beneficiary Co-financing	Total expenditure	
CBC operations	1,200,000	211,764	1,411,764	CBC operations	1,200,000	211,764	1,411,764	CBC operations	1,080,000	190,588	1,270,588	3,480,000
in %	85 %	15 %	100 %		85 %	15 %	100 %		85 %	15 %	100 %	
<b>TOTALS 2018</b>	1,200,000	211,764	1,411,764	<b>TOTALS 2019</b>	1,200,000	211,764	1,411,764	<b>TOTALS 2020</b>	1,080,000	190,588	1,270,588	<b>3,480,000</b>

*\*The Union contribution has been calculated in relation to the eligible expenditure, which is based on the total eligible expenditure including public and private expenditure. The Union co-financing rate at the level of each thematic priority shall not be less than 20 % and not higher than 85 % of the eligible expenditure.*

*\*\*The co-financing of the thematic priorities will be provided by the grant beneficiaries. Grant beneficiaries should contribute with a minimum of 15 % of the total eligible cost of the project.*

#### **4 PERFORMANCE MONITORING ARRANGEMENTS**

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the indicative Strategy Papers.

The National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Neighbourhood and Enlargement Negotiations and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by the Joint Monitoring Committee, which will ensure a monitoring process at programme level.