



Brussels, 11.12.2014
C(2014) 9307 final

COMMISSION IMPLEMENTING DECISION

of 11.12.2014

adopting a

**Cross-border Cooperation Programme Montenegro-Kosovo* for the years 2014-2020
and Cross-border Cooperation Action Programme Montenegro-Kosovo for the year
2014**

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

COMMISSION IMPLEMENTING DECISION

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adopting a

Cross-border Cooperation Programme Montenegro-Kosovo* for the years 2014-2020 and Cross-border Cooperation Action Programme Montenegro-Kosovo for the year 2014

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures of the implementation of the Union's instruments for financing external action¹ and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002², and in particular Article 84(2) thereof,

Whereas:

- (1) The Regulation (EU) No 231/2014³ lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex 1 of that Regulation.
- (2) In accordance with Article 7 of the Regulation (EU) No 231/2014 the assistance should be implemented through annual or multi-annual programmes, country specific or multi-country programmes, as well as Cross-border cooperation programmes. These programmes should be drawn up in accordance with the framework for assistance referred to in Article 4 of the Regulation (EU) No 231/2014 and the relevant country or multi-country indicative strategy papers referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex 1 of the Regulation (EU) No 231/2014. The Commission adopted an indicative multi-country strategy paper for 2014 – 2020 which provides indicative allocations for the 2014-2020 territorial cooperation programmes⁴.
- (4) The responsible authorities of Montenegro and Kosovo submitted to the Commission on 30 May 2014 a proposal for a cross-border cooperation programme between Montenegro and Kosovo for the period 2014-2020. This draft programme has been draw up in accordance with Article 49 of the Commission Implementing Regulation

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¹ OJ L 77, 15.03.2014, p. 95.

² OJ L 298, 26.10.2012, p.1.

³ The Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), OJ L 77, 15.03.2014, p. 11.

⁴ C(2014) 4293 of 30.06.2014

(EU) No 447/2014.⁵ It aims at providing assistance for cross-border cooperation in the following thematic priorities: encouraging tourism and cultural and natural heritage; protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management, promoting employment, labour mobility and social and cultural inclusion across the border, and sets out the indicative allocations for the period 2014-2020. In accordance with Article 31(4) of the Commission Implementing Regulation (EU) No 447/2014, the Commission shall approve such programme.

- (5) The cross-border cooperation programme between Montenegro and Kosovo for the period 2014-2020 annexed to the present Decision, will serve as a reference for the adoption of the relevant financing decisions, without constituting a financial commitment itself.
- (6) The Commission should be able to entrust budget-implementation tasks under indirect management to the IPA II beneficiary identified in this Decision, subject to the conclusion of a Financing Agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012 and Article 14(3) of the Commission Implementing Regulation (EU) No 447/2014, the authorising officer responsible has ensured that the entrusted entity guarantees a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012, when the Commission manages Union funds.

The entrusted entity is currently undergoing a complementary assessment of its systems and procedures. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entity's positive assessment under Council Regulation (EC, Euratom) No 1605/2002 and Commission Regulation (EC) No 718/2007⁶ and the entity's present compliance with the requirements of such regulations, budget implementation tasks can be entrusted to this entity. In accordance with Article 60(1)(c) of the Regulation (EC, Euratom) No 966/2012, the authorising officer responsible has ensured that measures have been taken to supervise and support the implementation of the entrusted tasks. A description of these measures and the entrusted tasks are laid down in the Annex 1 to the Decision.

- (7) It is necessary to adopt a financing decision for 2014, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012⁷.
- (8) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of the Regulation (EC, Euratom) No 966/2012 and Article 111(4) of Commission Delegated Regulation (EU) No 1268/2012.
- (9) Pursuant to Article 94(4) of Commission Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.

⁵ Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), OJ L 132, 3.5.2014, p. 32.

⁶ Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) (OJ L 170, 29.6.2007, p.1).

⁷ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, OJ L 362, 31.12.2012, p. 1.

- (10) The action programmes or measures provided for by this Decision are in accordance with the opinion of the IPA II Committee set up by Article 13 of the Regulation (EU) No 231/2014⁸,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The cross-border cooperation action programme Montenegro-Kosovo under the Instrument for Pre-accession Assistance (IPA II) for the year 2014 as set out in the Annex 1, is hereby approved.

The 2014-2020 cross-border cooperation programme Montenegro-Kosovo under the Instrument for Pre-accession Assistance (IPA II) as set out in the Annex 2 is hereby approved.

Article 2

Financial contribution

The maximum amount of the European Union contribution for the implementation of the cross-border cooperation action programme Montenegro – Kosovo under the Instrument for Pre-accession Assistance (IPA II) for year 2014 referred to in Article 1 is set at EUR 840 000 to be financed from budget line 22.02.04.01 of the general budget of the EU for year 2014.

The financial contribution referred to in the first subparagraph may also cover interest due for late payment.

Article 3

Implementation modalities

This programme shall be implemented by indirect management.

A Financing Agreement shall be concluded between the Commission and the Governments of the Montenegro and Kosovo **in conformity with the Framework Agreement concluded between the Commission and Montenegro and Kosovo respectively.**

Article 4

Non-substantial changes

The following changes shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions:

- (a) increases or decreases for not more than 20% of the maximum contribution set in the first paragraph of Article 2 and not exceeding 10 million;
- (b) cumulated reassignments of funds between specific actions not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;
- (c) extensions of the implementation and closure period;

⁸ The Member States have declared, recalling the Council Conclusions of 18 February 2008, that the adoption of this programme does not prejudice the position of each individual Member State on the status of Kosovo, which will be decided in accordance with their national practice and international law.

- (d) within the limits of 20% referred to in points a) and b) above, up to 5 % of the contribution referred to in the first paragraph of Article 2 of this financing decision may serve to finance actions which were not foreseeable at the time the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

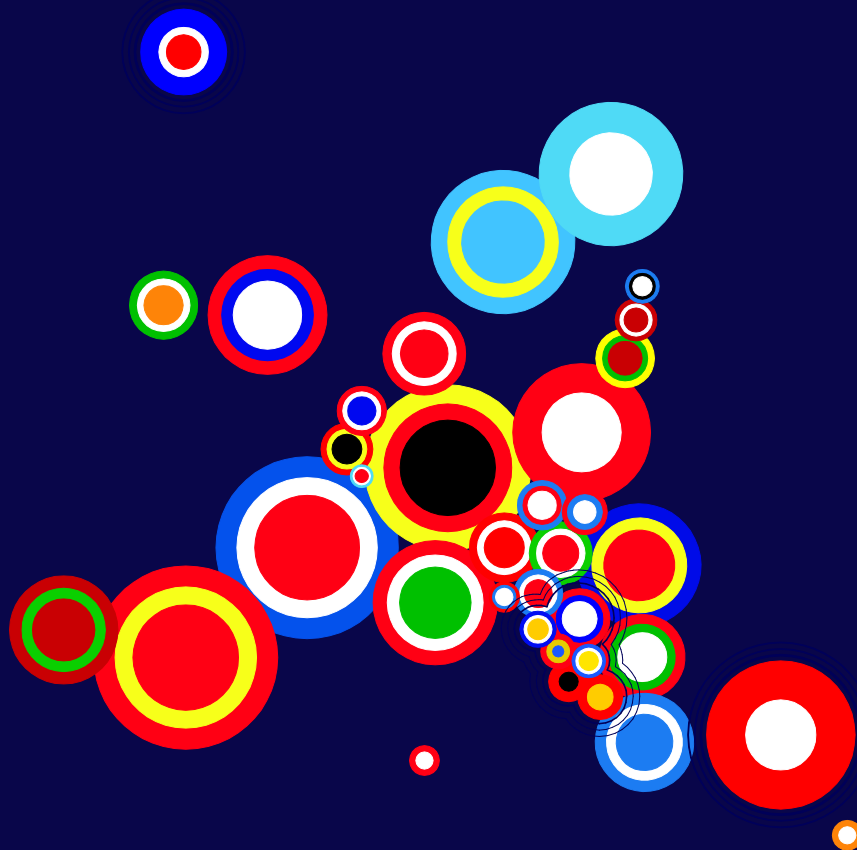
Done at Brussels, 11.12.2014

For the Commission
Johannes HAHN
Member of the Commission



Annex 2

**INSTRUMENT FOR PRE-ACCESSION ASSISTANCE
2014-2020**



IPA CBC PROGRAMME

MONTENEGRO – KOSOVO*

ADOPTED ON 11/12/2014

* This designation is without prejudice to positions on the status, and in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

Enlargement

TABLE OF CONTENTS

Section 1: Programme Summary	1
1.1 Summary of the Programme	1
1.2 Preparation of the programme and involvement of the partners.....	2
Section 2: Programme Area	4
2.1 Situation Analysis	4
2.2 Main findings	10
Section 3: Programme Strategy	12
3.1 Rationale	12
3.1.1 Justification for the selected intervention strategy.....	12
3.1.2 Coherence and compatibility with policies and projects	13
3.2 Description of programme priorities.....	14
3.3 Horizontal and cross-cutting issues	23
Section 4: Financial Plan	25
Section 5: Implementing Provisions	26



PROGRAMME SYNOPSIS

Programme title	CBC Programme Montenegro - Kosovo*
Programme area	Montenegro: The municipalities of Andrijevisa, Bar, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Podgorica, Rožaje and Ulcinj Kosovo: West Economic Region, which is composed of the municipalities of Pejë/Peć, Istog/Istok, Klinë/Klina, Junik, Deçan/Dečani, Gjakovë/Đakovica;
Programme overall objective	Improve the standard and quality of living of the people in the programme area through the environmentally sustainable and socially inclusive economic development of the region, with respect for its common cultural and natural heritage.
Programme thematic priorities, (as stated in Annex III to the IPA II Regulation) :	<ol style="list-style-type: none"> 1. Promoting employment, labour mobility and social and cultural inclusion across the border 2. Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management 3. Encouraging tourism and cultural and natural heritage 4. Technical assistance
Programme specific objectives	<p>Thematic Priority 1: Promoting employment, labour mobility and social and cultural inclusion across the border :</p> <ol style="list-style-type: none"> 1. Improve the access to the labour market 2. Encourage socially vulnerable groups to participate in society <p>Thematic Priority 2: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management:</p> <ol style="list-style-type: none"> 1. Improve the environment, waste management and sustainable use of resources 2. Reduce soil erosion and promote soil conservation <p>Thematic Priority 3: Encouraging tourism and cultural and natural heritage:</p> <ol style="list-style-type: none"> 1. Improve the volume, quality and visibility of tourism 2. Promote and improve cultural and natural heritage and values <p>Technical Assistance To ensure the effective, efficient, transparent and timely implementation of the programme and awareness raising</p>
Financial allocation 2014-2020	EUR 8 400 000.00
Implementation method	Indirect Management (subject to the entrustment of budget implementation tasks)
Contracting Authority	Montenegro: Ministry of Finance Central Finance and Contracting Unit (CFCU) Stanka Dragojevića 2 Tel: + 382 (0) 20 230 630 Fax: + 382 (0) 20 230 657
Relevant authorities in the participating IPA II beneficiary [Operating Structures]	Montenegro: Ministry of Foreign Affairs and European Integration Stanka Dragojevića 2 81000 Podgorica Tel: (+382 20) 224 439 Fax:(+382 20) - 224 449

*This designation is without prejudice to positions on the status, and in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence



	Kosovo: Ministry of Local Government Administration Former Rilindja Building Floors: 11, 12 and 13, Prishtinë/Priština Tel: (+381 38) 213 010 Fax: (+381 38) 213 904
JTS/Antenna	The JTS will be located in Podgorica, Montenegro. Antenna office will be located in Prishtina, Kosovo.



Section 1: Programme Summary

The programme for cross-border cooperation between Montenegro and Kosovo will be implemented under the framework of the Instrument for Pre-accession Assistance (IPA II). IPA II supports cross-border cooperation with a view to promoting good neighbourly relations, fostering union integration and promoting socio-economic development.

The legal provisions for its implementation are stipulated in the following pieces of legislation:

- Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II)
- Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- Commission Implementing Regulation EU no 447/2014 of 2 May 2014 on the specific rules for implementing the IPA II regulation

The document has been designed and drafted by the Ministry of Foreign Affairs and European Integration of Montenegro and the Ministry of Local Government Administration in Kosovo, with support of Cross-border Institution Building Project (CBIB+), in accordance with the provisions of the framework for IPA II.

1.1 Summary of the Programme

Main findings

The document covers an extensive range of subjects that have been analysed and that are considered to be relevant to the future development of the programme area, ranging from the regional economy, unemployment, agriculture, tourism, education, health, culture and nature, civil society, infrastructure, the legal framework and environment. These subjects have all been studied thoroughly using the Political, Economic, Social, Technological, Legal, and Environmental (PESTLE)-analysis methodology, based on which the Political, Economic, Social, Technological, Legal and Environmental aspects of regional development with a cross border impact in the programme area have been analysed. For each of the eight potential thematic programme priorities defined by the European Commission, a SWOT analysis was carried out, therewith identifying the Strengths, Weaknesses, Opportunities and Threats of each potential thematic programme priority. In particular, the issues of employment and social inclusion, environment and tourism were considered to be critical for the development of the programme area.

Main areas of intervention

As a result of the above findings and in close consultation with all stakeholders three thematic priorities have been selected for the 2014-2020 Montenegro-Kosovo CBC Programme, with the following specific objectives:

1. Promoting employment, labour mobility and social and cultural inclusion across the border
 - Improve the access to the labour market
 - Encourage socially vulnerable groups to participate in society



2. Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management
 - Improve the environment, (water and solid) waste management and sustainable use of resources
 - Reduce soil erosion and promote soil conservation
3. Encouraging tourism and cultural and natural heritage
 - Improve the volume, quality and visibility of tourism
 - Promote and preserve cultural and natural heritage and values

In addition a fourth Technical Assistance priority has been added in order to support the initiation, implementation, monitoring and evaluation of the Cross Border Programme.

1.2 Preparation of the programme and involvement of the partners

The actual programming process spanned a period of eight months, from mid September 2013 to mid-May 2014. However, preparations involving both Operating Structures started in June 2013 and continued until May 2014 during which the programme document has been revised two times. The document at hand is the result of close and intensive cooperation between Montenegro and Kosovo in this period.

In order to be able to get this document produced and endorsed, stakeholders were frequently consulted and asked to provide information (e.g. municipal and regional statistics and strategies, national and domestic statistics, policy documents and strategies, donor publications and initiatives, etc.).

In addition the following initiatives were taken and events organized as part of the programme process:

- A Joint Task Force (JTF) was established, consisting of a representation of stakeholders from both Montenegro and Kosovo for the preparation of this CBC programme.
- A survey on Cross Border Cooperation among regional stakeholders in the programme area (municipalities, sector associations/NGOs and SMEs) was developed, disseminated, collected, processed and analysed.
- In-depth interviews with representatives of line Ministries were conducted in October 2013.
- Two workshops were organized for central
- JTF members – on 25 September 2013 in Podgorica for the Montenegrin JTF members and on 1 October 2013 in Pristina for the Kosovar JTF members - to inform them about the objective of Cross Border Cooperation, the technicalities of programming this document and their role as JTF members.
- Three JTF meetings were organized, the first one on 18 October 2013 in Pejë/Peć to review the draft situational analysis of this document, the second one on 15 November 2013 in Podgorica to review the draft programme strategy of this document and the third on 25 February 2014 in Podgorica to present the second draft of the document.
- A Western Balkan Regional Forum was organized on 21 and 22 November in Belgrade, where representatives of Kosovo and Montenegro presented the programming process and the main characteristics of the draft programme document submitted to the EC by 15 November 2013.



- Public consultations were held in both Montenegro (30 October 2013) and Kosovo (13 May 2014), and the feedback was taken into account while preparing the final draft of the document.
- The Commission commented on the first and the second draft of the document and provided suggestion on improvements in preparation of the final version submitted to the Commission on 25 May 2014.

The table below gives an overview of the steps in this programming process.

Date and place	Activity
18 September 2013, Kosovo	Kick off meeting
20.-21 September 2013, Kosovo	Meetings and clarification interviews with OS and line ministries
23 September 2013	Introduction meeting with the MNE OS
25 September 2013	Strategy development and formulation training for the OSs, JTF, JTS of Montenegro
26 September 2013 Podgorica, Montenegro	Kick-off meeting
27 September 2013 Kosovo	Information meetings at central level
01 October 2013 Kosovo	Strategy development and formulation training for the OSs, JTF, JTS
07-11 October 2013 Montenegro	Consultative meetings and clarification interviews with line ministries and OS
18 October 2013 Kosovo	1 st JTF meeting
30 October 2013 Bijelo Polje , Montenegro	Public consultation with CBC stakeholders
05-06 November 2013 Kosovo	Consultative meetings with the OS
15 November 2013 Podgorica, Montenegro	2 nd JTF meeting on Programme Strategy
15 November 2013	Submission of the first draft of the Programming Document to the Commission
21-22 November 2013 Belgrade	Regional CBC Consultative Forum
23 January 2014	Technical meeting on the programming process,

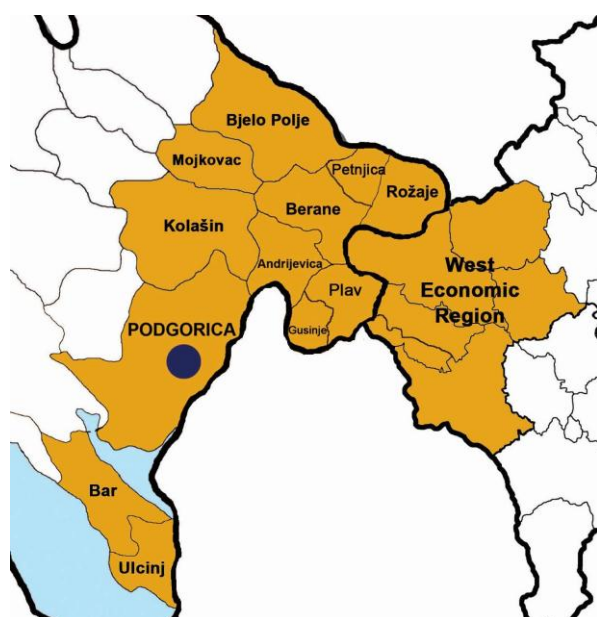


Kosovo	
7 February 2014	Submission of the 2nd draft version to the Commission
25 February 2014 Podgorica, Montenegro	3rd JTF meeting
13 May 2014 Pejë/Peć, Kosovo	Public consultation,
May 2014	Submission of the draft final version to the Commission

Section 2: Programme Area

2.1 Situation Analysis

Figure 1: Map of Programme Area



The programme area for the Cross-border Programme between Montenegro and Kosovo covers a territory of 8,725 km² with a total population of about 706,823 inhabitants. The total borderline length is 75.6 km. There are two border crossing points; in Kulla/Kula (on the road Rožaje–Pejë/Peć), which is also a customs point; and in Qakor/Čakor (on the road from Murino linking Plav and Pejë/Peć municipalities) that has been closed to traffic for the last fourteen years.

In **Montenegro** the eligible area cover 6,400 km² and is composed of 12 municipalities or a total of 624 settlements including the capital city and 11 main towns. There are no administrative regions in Montenegro and the following are the municipalities

represented in the programme area:

- The municipalities of Andrijevica, Bar, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Podgorica, Rožaje and Ulcinj;

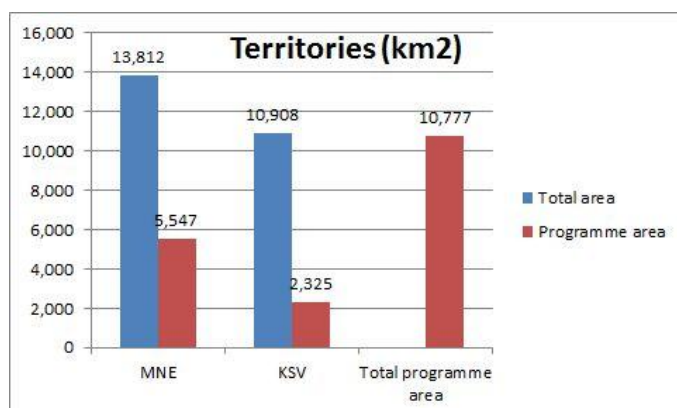
In **Kosovo** the eligible area covers 2,325 km² and includes the **West Economic Region**, which is composed of the municipalities of Pejë/Peć, Istog/Istok, Klinë/Klina, Junik, Deçan/Dečani, Gjakovë/Đakovica.

Table 1 – The programme area

	Area (km ²)	% of the total territory
Montenegro	13,812	100%
Programme area	6,400	46%

Municipalities of Andrijevisa, Bar, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Podgorica, Rožaje and Ulcinj	6,400	46%
Kosovo	10,908⁹	100%
Programme area	2,325	21%
West Economic Region (municipalities of Pejë/Peć, Istog/Istok, Klinë/Klina, Junik, Deçan/Deçani and Gjakovë/Đakovica)	2,325	21%
Total programme area	8,725	MNE: 73% KOS: 27%

The territory of the programme area is bigger in Montenegro (73% of the programme area) than it is in Kosovo (27% of the programme area). Six municipalities are directly on the relevant border, Berane, Rožaje and Plav in Montenegro and Pejë/Peć, Istog/Istok and Deçan/Deçani in Kosovo. The border line passes through the high mountain ranges of Bjeshkët e Nemuna/Prokletije (Accursed Mountains) and Hajla also called the Albanian Alps. Border crossing posts are located at high altitude and may be difficult to pass during winter.



The West Economic Region of **Kosovo** covers 2,325 km² and is bordering with Albania, Montenegro and Serbia. Pejë/Peć represents the centre of the region which covers six municipalities, Pejë/Peć, Istog/ Istok, Klinë/Klina, Junik, Deçan/Deçani, Gjakovë/Đakovica. The area is covered largely by the Dukagjini Plain that borders the Albanian Alps. The highest peak is Gjeravica Mountain (2,656 m)

which is also the highest peak in Kosovo.

The eligible area of **Montenegro** covers the north-eastern part of the country, a mountainous area bordering with Kosovo, Serbia and the capital city of Podgorica. Mountain peaks reach up to 2,500 meters and the territory is crossed by rivers, like Lim, Morača and Tara, forming canyons and valleys. The region is dominated in the east by Prokletije and Hajla mountains adjacent to Albania and Kosovo. Another mountain range, Bjelasica forms the centre of the northern part of the eligible area. Podgorica is located in the central part of Montenegro, where the population and economic activities of the country are mainly concentrated. The southern part of Podgorica is among the rare territories in the country where intensive agriculture is possible and is reported to have the largest all-in-one piece vineyard in Europe. The municipality stretches to the northern shore of Skadar Lake, the largest lake in the Balkans.

The eligible area also covers two coastal municipalities of Bar and Ulcinj. The municipality of Bar, with its port infrastructure, is an important entry and exit point for large amounts of goods, not only for Montenegro but also for its neighbouring countries. Consequently, it relies less on tourism than the other coastal municipalities. Even though the North-eastern region of Montenegro is directly located on the border with Kosovo, the coastal area has paradoxically a better access to Kosovo via the new highway in North-West Albania.

⁹ Source: KAS (2013). Kosovo in a nutshell. Available at: <http://esk.rks-gov.net/eng/>



The situation in the program area could be summarized as follows:

Economy

In **Montenegro**, in order to reduce disparities in economic and social development across the regions, the Northern region is a priority for all national development strategies. Regional economic development plans are based on the protection and preservation of the natural and environmental resources of the region and on a high priority given to sustainable agriculture and food processing, tourism, sustainable forestry and creation of all types of “green jobs” in environmentally friendly sectors.

In **Kosovo** the same priorities are defined for the eligible economic region, to improve efficiency in agriculture and forestry and to develop additional sources of income from preserving natural assets and tourism. Mining is another economic potential in an area that is known for having the richest mineral resources in Kosovo (lignite and bauxite minerals in Istog/Istok and Klinë/Klina municipalities).

Unemployment

Unemployment in the programme area is high by international standards. A decrease in economic activity has been followed by a significant decrease in labour demand. It could be argued that the labour market has yet to absorb the changes in the system related to the transition to the market economy. Unemployment rate could also be associated with the inadequate skills and education of the working age population.

Transition from the old socialist system to the market economy led to the negative trends in terms of equal rights for all, including the right to employment, right to development and other basic human rights. Social stratification caused the emergence of so called “losers of transition” class. Some of the problems of social inequality, however, have deeper and systemic roots. Such are, for instance, the problems related to gender inequality and social exclusion of Roma, recently increased with the emergence of refugees and displaced persons. From the equity standpoint, refugees and displaced persons are particularly vulnerable categories, whose difficult economic situation is frequently related to the issues of social marginalisation.

The official unemployment rate in **Montenegro** in June 2013 was 13.23% in the programme area excluding Bar and Ulcinj where unemployment rate was 16.24%. The unemployment rates of particularly vulnerable groups, such as the internally displaced persons, refugees and Roma are 10-20% higher than the average ones¹⁰. In **Kosovo** the unemployment rate is 30.9%. A high share of unemployment of women (in Kosovo 40%) and of young people (55.3% of age group 15-23 in Kosovo) is a common feature. Unemployment is one of the main reasons for internal migration and emigration out of the area, negatively affecting the population growth and structure of the programme area. The overall population in the area is decreasing and the emigration is high both Montenegro and Kosovo, especially from the rural and less developed areas where the unemployment rates are high.

The problem with unemployment is so evident that all the stakeholders pointed out that it has to be addressed through the CBC programme, including the activities which will contribute to the upgrade and development of the vocational education and support the self-employment programs. Particular attention will have to be given to the social integration of marginalized groups.

Table 1: No. of unemployed persons

	Unemployed
Montenegro ¹¹	30,372

¹⁰ Montenegrin Strategy of Sustainable Development

¹¹ Source: Employment Agency, June 2013



Programme area	20,022
Kosovo¹²	226,634
Programme area	42,703
West Economic Region	42,703
Total programme area	62,725

Agriculture

Agriculture is an important sector of the economy in the programme area, considering the fact that the majority of the population lives in rural areas and their main revenues come from agriculture-related activities. Kosovo has over 60% rural population. In Montenegro, with the exception of Podgorica, the share of rural population is also about 60%. Agriculture accounts for 19 % of GDP in Kosovo and about 11% of the GDP in Montenegro.

Due to climate diversity, agriculture in the programme area differs between the regions. The farming systems in the Northern Region in Montenegro and in the programme area in Kosovo have relatively similar features

Tourism

Despite an uneven distribution of the flow of tourists, tourism is considered as an economic opportunity for the whole programme area. Obvious synergies, potentially to be supported by the CBC programme, can be built between the Northern Region in Montenegro and the programme area in Kosovo. They have similar characteristics in terms of environment, wild nature and mountains. These border regions in Montenegro and Kosovo are also sharing the same hinterland location. Some small-scale joint tourism initiatives and packages, for example biking and hiking trails, have already been initiated, but many more initiatives would be needed for tourism to be able to really take off and an integrated tourism development approach backed up with the financial resources required is still lacking.

Table 2: Tourism

	Visitors 2011
Montenegro¹³	1,373,454
Programme area	350,987
Kosovo¹⁴	7,907
Programme area	
West Economic Region	7,907
Total programme area	358,894

Education

The education system in Montenegro and Kosovo is managed at central level. Improvement of the educational system and school infrastructure is a major priority for both governments.

¹² Kosovo Agency of Statistics: Labour market data by municipalities 2011: Final Results of the population census 2011

¹³ Source: Monstat - Statistical Yearbook of Montenegro 2012 (data for 2011)

¹⁴ Source: Kosovo Agency of Statistics (2012) Series 3. Economic Statistics: Hotel Statistics Q4-2011



The main problems in the field of education in **Montenegro** are: school infrastructure needs to be upgraded; Roma and marginalised groups need to be better integrated in the education system; there is an insufficient inclusion of children with special needs; existing curricula do not prepare the young people for the market economy and entrepreneurship and there is a lack of financial resources for scientific research and development. In **Kosovo**, a number of educational indicators worsened over the last decade, caused by the closure of schools, shortage of qualified teaching staff, deterioration of school infrastructure and a shortage of funding. On the one hand, school attendance in rural areas is low due to long travelling times and poverty, while on the other hand classrooms are overcrowded in the main urban areas.

Table 3: Primary and Secondary Education

	Primary education		Secondary education	
	students	schools	students	schools
Montenegro ¹⁵	68,035	163	31,888	50
Programme area	42,944	96	19,879	28
Kosovo ¹⁶	294,419	1,029	109,516	142
Programme area	51,855	174	19,483	27
West Economic Region	51,855	174	19,483	27
Total programme area	94,799	270	39,362	55

Health

The health systems are relatively similar in Montenegro and Kosovo, but different demographics, with a very young population in Kosovo versus a population not old but ageing in Montenegro, affect public health differently.

The National Strategy of Sustainable Development of **Montenegro** deplores the fact that "the health care system is to a great extent geared towards the provision of curative services" and therefore considers prevention and health promotion programmes a priority. In **Kosovo**, the health sector is poorly and unevenly developed and the absence of a legal framework for health insurance is still hampering its development.

Table 4: Health services

	Total health workers
Montenegro ¹⁷	5,138
Programme area	3,463
Kosovo ¹⁸	4,453
Programme area	1,056
West Economic Region	1,056
Total programme area	4,519

¹⁵ Source: Ministry of Education, school year 2012/2013

¹⁶ Kosovo Agency of Statistics: Education Statistics 2011-2012.

¹⁷ Source: Health Statistical Yearbook 2010, Institute of Public Health

¹⁸ Source: Source: Kosovo National Institute for Public Health: State of health of Kosovo population 2010



Culture and Nature

In the programme area there are several different religious beliefs, traditions, and cultures. The area is ethnically a mix of communities (Montenegrins, Albanians, Serbs, Bosniaks) that traditionally have been closely connected. There are sometimes strong bonds between the populations on the two sides of the border that are rooted in the common language and commonly shared personal, cultural, commercial and political beliefs and relations throughout history. This cultural heritage and the regional identity at large are an asset for the touristic development of the programme area. Cross-border cooperation could play an important role in protecting and promoting this heritage. The programme area is characterized by rich natural resources, unspoiled nature and mountainous landscapes. The lack of development has helped keep programme area's natural beauty mostly untouched. The main natural features in the programme area in Montenegro are 3 National Parks, water resources and numerous mountain peaks, many of which are above 2,000 meters high. The natural resources in the West Economic Region of Kosovo include the National Park of Cursed Mountains (Bjeshkët e Nemuna/Prokletije), the regional park of the Mirusha Canyons, and other locations along the valleys of the region, which have a great potential for development of winter and summer tourism. The region has potential to offer various sports and recreation activities, health and curative services, as well as to develop eco and agro-tourism¹⁹.

Civil Society

Encouraging regional CSO (Civil Society Organisation) networks - including sport, youth and cultural organisations - could contribute to maintaining and strengthening the ties between the communities on both sides of the border in this multi-ethnic programme area.

Infrastructure

Poor infrastructure is a main obstacle to the economic and social development of the programme area. The sustainable development and improvement of transport and public infrastructure could contribute to sustainable economic growth and a general increase of wealth in the programming area. Sustainability could be achieved through the increased use of renewable energy sources and an integrated approach towards improving transport, including non-polluting modes of public and private transport, requiring the involvement of stakeholders from all sectors and at all levels.

Legal framework

Neither in Montenegro nor in Kosovo is there any specific legislation in place, nor any bilateral agreement, that would in some way negatively affect cross border cooperation in the programme areas in particular, differently from how it affects other areas. Of course the legal framework of both IPA II Beneficiaries does regulate - be it prohibit, inhibit, tolerate or stimulate - specific phenomena or developments, like for example measures related to contraband, border safety or human trafficking. But that is what those legal frameworks per definition are for and they do not specifically apply to the programme area.

Environment

With the overall development of the programme area largely relying on natural resources, the environmental protection and preservation of these resources is crucial for the sustainable development of the programme area. Adequate high quality water supplies are necessary both for use by local communities and local ecosystems. Energy conservation and the use of renewable fuels provide cost-effective and more sustainable alternatives to non-renewable sources for power generation. Air quality could be preserved by limiting or eliminating the discharge of harmful chemicals into the air and by minimizing the sources of air pollution. Local communities have to support integrative approaches for managing, protecting, and

¹⁹ Regional Tourism Strategy for the Western Region of Kosovo, RDA, 2013



enhancing wildlife populations and habitats appropriate to their area. While providing a protective covering for soil, water, and the atmosphere, forests are also renewable sources of an endless variety of products. In a healthy ecosystem, policies and programs must balance economic and conservation needs. Land use practices and businesses that both conserve ecosystems and enhance local economies have to be developed. Improved waste management, control of pollution, an efficient use of energy resources and improved land management are amongst the key priorities to be addressed by governmental and local development plans. The sustainable production of renewable energy, and in particular in the sector of transport, heating and cooling, is an important issue for the programme area and is in line with the EU objectives of the 2020 "Energy and Climate change package". The conditions in the whole programme area are conducive to the production of renewable energy (production of hydroelectricity but also solar energy, biomass and wind power), which is still at a very early stage of development.

2.2 Main findings

The main findings stemming from the situation analysis carried out in the previous chapter may be summarised as follows:

- **Regional differences** in terms of economic and social development, not only between Montenegro and Kosovo but even within their regions, constitute a characteristic of the programme area.
- In terms of **private sector development** there are clear synergies to be developed within the programme area and to be supported by the CBC programme. The entrepreneurial tradition identified in the programming area, with a long history of cross-border trade, should be utilized. The challenge will be how to overcome the culture of a short investment horizon, favouring short-term trade opportunities over long-term capital investments.
- **Unemployment** is a major economic and social problem across the programme area. Creation of new jobs and improving the unemployment characteristics (especially reducing gender inequalities, stimulating employment of youth and the disabled) are among the key sustainable development challenges. The employability in the programme area has to improve and the entry of young people to the labour market. Also, a mismatch in the demanded and available labour force qualifications has to be reduced. Adequate retraining measures, by recognising previous education, can improve the ratio between the labour force demand and supply and reduce structural unemployment. Also, very important area of intervention will be the development of employment programs for integration of socially marginalized groups.
- A clear agricultural policy, better land management, the improvement of irrigation schemes and infrastructure and the introduction of a modern agro-processing industry, remain key challenges and pre-conditions for an efficient **development of agriculture** in the programme area. One of the main challenges in this thematic area will be the continuous migration from rural to urban areas, which may impede the development of the rural economy in the program area. Both at central and local levels, the development plans for agriculture are often linked with tourism. Their main development priorities could be easily supported by cross-border initiatives.
- The importance of **tourism** in the economies of Montenegro and Kosovo varies a lot - the share of tourism in GDP could be over 30% in Montenegro while it is still negligible in Kosovo. Nevertheless, tourism is a sector of potential growth for the cross-border area, thanks to rich natural resources, unspoiled nature and mountainous landscapes, traditional folklore and the presence of valuable cultural and historic sites. Tourism development could increase the living standard and contribution to local/regional development, by keeping people in the villages and mitigating the problem of "aging" of the villages through the development of



agriculture and forms of tourism related to countryside and agriculture – agro-tourism, eco-tourism and countryside tourism. The development of this type of active outdoor tourism in integrated packages (such as mountaineering, rafting, trekking, biking) represents an opportunity for intervention in the geographical area.

- Improving the **educational system** and school infrastructure is a major priority for the programme area. The CBC programme will have a limited role in addressing this issue but could support exchanges between schools and vocational training centres in the border areas. The presence of higher education institutions and research centres in both sides of the programme area is an asset not only for establishing academic cooperation, but also for initiating cross-border research programmes in sectors such as agriculture or tourism. It is well known that vocational training curriculum is not aligned with labour market demand, but there is certain opportunity to better serve the labour market through upgrading and modernisation of VET services offer in the program area.
- **Health** prevention campaigns and health education are potential activities to be covered within the framework of the CBC programme.
- The **cultural and natural heritage** is a highly prospective asset for the touristic development of the programme area, with National Parks on both sides of the border. Linking cultural and natural heritage promotion with tourism could provide various opportunities for development and for cross-border cooperation initiatives. One of the main challenges will be to overcome the lack of experience in organising joint culture activities between communities across the border. Potential areas of intervention will certainly include the development and strengthening of local institutional capacities related to cultural and traditional values and preservation of cultural heritage sights.
- The local network of **community organisations** both in Montenegro and in Kosovo is diverse and rich and some of them, such as the mountaineers associations, environment protection organisations, conservation of the cultural heritage etc. could play an important role in tourism development.
- The whole programme area is abounding in environmental resources and biodiversity. **Environmental** protection and preservation is therefore the key for a sustainable development of this area. The environment in the programme area, is under pressure through a combination of factors: poor water supply and sewage management, uncontrolled waste disposal, unregulated urbanisation and, in some areas, industrial pollution; there is a risk of deforestation due to uncontrolled logging; rivers and lakes locally risk pollution from illegal landfills and poor industrial and urban waste management; the intensive use of pesticides is harming agriculture; the fauna in and around the lakes and rivers is suffering from over-fishing and illegal hunting. All these challenges are at the same time the areas of potential intervention, which have to be followed by growing public awareness on environmental protection measures.



Section 3: Programme Strategy

3.1 Rationale

3.1.1 Justification for the selected intervention strategy

The needs and challenges of the programme area as identified in the situational analysis (including PESTLE and SWOT analysis) require an integrated approach that will allow for improving the relatively weak socio-economic situation in the region, with its high **unemployment**, especially among youth and other **vulnerable groups**. This improvement can best be realised by capitalising on the strengths and opportunities of the Montenegrin-Kosovo programme area, which is rich in **natural resources and cultural heritage**, providing opportunities for forestry, agriculture and mining, if carried out in a sustainable way. The beauty of the area provides a good basis for **tourism**, provided that it can capitalize on these cultural and natural assets and is therefore developed in a sustainable way, with respect for the **environment**.

The overall objective of the Montenegro-Kosovo Cross Border Cooperation can thus be summarized as follows:

Overall Programme Objective:

“Improve the standard and quality of living of the people in the programme area through the environmentally sustainable and socially inclusive economic development of the region, with respect for its common cultural and natural heritage.”

In order to achieve this overall objective - fully supported by the situational analysis and in line with the outcome of the survey conducted among regional stakeholders - the following three thematic priorities have been identified:

Thematic Priority 1:

Promoting employment, labour mobility and social inclusion

Justification: The basis of individual wealth is income and the main source of income comes from having a job. Currently unemployment and consequently emigration is high. In order to revert the pattern of migration, the economic situation should improve, especially for younger people. The prospect of attractive forms of (self-) employment available in the region is a key factor for young people and young families to build their future in the region, which will in turn allow the regional economy to become more productive and grow further. This calls for an inclusive economic development, with opportunities not only for the healthy, talented and well-to-do, but also for the most vulnerable groups in society.

Thematic Priority 2:

Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management

Justification: the programme area is blessed with natural beauty, but at the same time suffers from some serious problems (like erosion and pollution) that should be addressed urgently if nature is to remain an asset and an opportunity for the sustainable economic development of the region. As a matter of fact that is not only crucial for the development of the agro- and forestry sector, but also for the well-being of the population at large. Moreover, it becomes a critical success factor for the next thematic priority:

Thematic Priority 3:

Encouraging tourism, culture and natural heritage

Justification: Tourism is still relatively underdeveloped, especially in the border area, and offers a great potential to capitalise on the rich cultural and natural heritage of the region,



provided of course that the environment is clean. If people realise that, then tourism development could in return be a driving force for developing cleaner and more sustainable environment, while offering job opportunities and a source of income to the rural community. Mostly unspoiled natural heritage in the programme area, which includes National Parks, water resources, numerous mountain peaks and other locations along the valleys and rivers of the region, along with preserved cultural heritage, have a great potential for development of winter and summer tourism, various sports and recreation activities, health and curative services, as well as to develop eco and agro-tourism.

Thematic Priority 4: Technical Assistance

In addition to the above three thematic priorities, this CBC programme also includes a fourth, **technical assistance priority** aiming amongst others at reinforcing the administrative capacity of the authorities implementing the CBC programme and of the beneficiaries. This priority will also include the preparatory, management, monitoring, evaluation, information and control activities related to the implementation of the programme.

3.1.2 Coherence and compatibility with policies and projects

Annex 5 gives an elaborate overview to illustrate the coherence and compatibility of the three selected thematic priorities with policy and donor documents and initiatives. To this end the relevant documents and initiatives related to policies and to donor involvement are listed for each thematic priority and per IPA II beneficiary.

The selection of **Thematic Priority 1: Promoting employment, labour mobility and social inclusion** is justified by high unemployment rates and high emigration rates out of the region, which hinder the economic development of the region. Kosovo's Private Sector Development Strategy 2013 – 2017, developed by the Ministry of Trade and Industry underlines the need for a sustainable economic development of Kosovo and defines private investments and further development of entrepreneurship as main generators of economic growth. At the same time, the Montenegrin Strategy for Employment and Human Resources Development 2012-2015 aims to create better conditions for new jobs and investment in human capital in order to achieve higher level of employment and improve the economic competitiveness, while Montenegrin Strategy on Development of Small and Medium Sized Enterprises 2011-2015 aims to achieve a more favourable business environment which would reflect positively in the strengthening of SME competitiveness, innovation and export, as well as lead to an increase in employment and uniform regional development. The European Commission, through the European Office in Kosovo, in its "2013 Annual Programme for Kosovo" formulated the initiative on "Education and Employment", targeted specifically at young people and long-term unemployed people, stressing the need for social inclusion of all groups in society. International organisations supported Montenegro's economic policies and human resources development through numerous projects. In the EU and regional context – this thematic priority is in line with the South East Europe 2020 (SEE 2020), the regional growth and development strategy which aims to address the challenge of unemployment as the major social challenge these countries face in a coordinated manner. The strategy envisages clear targets, indicators and policy measures to guide cooperation in line with IPA II beneficiaries' priorities. The strategy rests on five pillars (integrated, smart, sustainable, inclusive growth and good governance), all of which make an important contribution in stimulating the economy to create new jobs, while ensuring that the right combination of skills is available for those jobs.

Thematic Priority 2: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management is justified with the undeniable fact that degradation of the environment negatively affects the quality of life and constrains the sustainable economic development of the region. Kosovo's Strategy and Action Plan for Biodiversity 2011 – 2020, prepared by the Ministry of Environment and Spatial Planning, defines the following strategic objectives: development of legal and institutional framework in line with the EU standards and its effective implementation; conservation, protection and



improvement of plant and animal species; integrated protection of nature through cooperation with other sectors, sustainable use of biodiversity and equal sharing of benefits and promotion of effective education and communication for biodiversity. Montenegro's Development Directions 2013-2016, a document produced by the Ministry of Finance, defines environmental protection policy as a pre-condition for preserving a healthy environment and the health of people, sustainable tourism, agriculture, forestry, rural development, transport and energy as priority development sectors in the ecological state of Montenegro. The selection of this thematic priority is in line with the climate policy objectives of the EU. The alignment with EU standards in the environment and climate change sector contributes to strengthening administrative capacities and accelerating integration of Montenegro into and the approximation of Kosovo to the EU's economic and political community. Therefore, it is no surprise that the EU and other international donors were particularly active in the field of environmental protection and funded a number of projects in both IPA II Beneficiaries (non-exhaustive list in Annex 5).

Thematic Priority 3: Encouraging tourism, culture and natural heritage was selected because tourism is recognised as the potential growth sector for this region, with its cultural and natural heritage. Tourism requires a clean environment and offers possibilities to create employment, so this thematic priority clearly complements the other two thematic priorities. Successful development of tourism could ensure employment and income for a sizeable segment of the population. Montenegro Tourism Development Strategy until 2020 defines 5 operational objectives: creation of tourism-related and accompanying infrastructure; creation of unique sale offer; development of all-year-round tourist destination principle; development of an appropriate institutional and legal framework as the basis for creating a successful and sustainable tourism development, and increased participation of the local population in the tourism industry. Kosovo's Regional Development Agency West published a Regional Tourism Strategy for the Western Region of Kosovo and established a thematic Working Group on tourism involving municipal representatives of the region, civil society, businesses and institutions of higher education. Several international donors implemented projects in the field of tourism, cultural and natural heritage in the programme area on both sides of the border.

Against this background, the three thematic priorities are coherent and compatible with policies of both Kosovo and Montenegro, as well as with donor programmes and projects. It should furthermore be noted that the thematic priorities are in full compliance with the "IPA Cross-Border Programme Montenegro – Kosovo 2011 – 2013", which was also focused on the socio-economic development of the programme area, and with special attention for tourism and environment. The Call for Proposals for supporting economic, environmental and social development in the eligible areas under the IPA Cross Border Cooperation Programme Montenegro – Kosovo 2011-2013 was launched early in 2014. As this was the first Call for Proposals and the evaluation process was not concluded when drafting the programme document, no lesson-learned can be concluded from this process. Nevertheless, Montenegro's and Kosovo's experience in other CBC programmes points out to the fact that it is very important to better understand the IPA legal framework and to set up efficient management structures (NIPAC, OS, JMC, JSC, JTS), as well as to run a grant scheme in order to become familiar with EU –funded calls for proposals.

3.2 Description of programme priorities

Below is a tabulated overview of the programme strategy, one table having examples for each thematic priority and a table for the technical assistance priority.



Specific Objective(s)	Results	Indicators* ²⁰	Sources of verification	Indicative types of activities
<p>1.1. Improve the access to the labour market</p>	<p>1.1.1. More people are looking for a job as a result of the programme actions</p> <p>1.1.2. More unemployed people, including students that finished the school, succeed in finding a job</p> <p>1.1.3. The employability of students still attending school is improved</p> <p>1.1.4. More people decide to start their own business</p>	<p>1.1: At least 100 unemployed to benefit from the programme, including women, youth and long-term unemployed, managed to find employment by 2022</p> <p>(baseline 0)</p> <p>1.1.1.1. At least 20% of the people being final beneficiaries of the actions registered as active job seekers</p> <p>1.1.2.1. At least 10% of the long-term unemployed having been final beneficiaries of the actions found a job</p> <p>1.1.2.2. At least 20% of the students who had finished school being final beneficiaries of the actions found a job within a year after graduation</p> <p>1.1.3.1. At least 20% of the students who went through an internship hired by the host enterprises</p> <p>1.1.4.1. At least 15% of the potential entrepreneurs having</p>	<p>Official statistics</p> <p>Registers of employment agencies</p> <p>Registers of Chambers of commerce</p> <p>Monitoring/project reports</p>	<p>1.</p> <ul style="list-style-type: none"> • Cooperation among and between (vocational) education institutions and the private sector to improve the chances of graduates on the labour market, e.g. through officially recognised internships • Joint research & development activities in labour market and social policies involving research and educational centres of the programme area • The development of continued (e-)learning to improve skills of employed and unemployed people to improve their chances in the labour market • Support initiatives and campaigns for self-employment • Support labour intensive local and regional economic initiatives (like regional food markets) with a cross border outreach • Create employment and career

²⁰ All indicators are time bound to up to 2022.



		been final beneficiaries of the actions set up a new business initiative		<p>information centres for youth</p> <ul style="list-style-type: none"> • Support to internships in companies
<p>1.2. The social inclusion of vulnerable and marginalised groups has been furthered</p>	<p>1.2.1. Increased participation of socially vulnerable groups in sportive and cultural life</p> <p>1.2.2. Increased participation of socially vulnerable groups in education</p> <p>1.2.3. Health of socially vulnerable groups improved</p>	<p>1.2: At least 20% of vulnerable and marginalised groups' population in the programme area benefited from programme activities by 2022 (baseline 0)</p> <p>1.2.1.1. At least 10 new cultural and sports events included socially vulnerable groups as participants</p> <p>1.2.2.1. At least 100 people out of the final beneficiaries of the action (socially vulnerable groups) are enrolled as new pupils or students</p> <p>1.2.3.1. The sickness incidence amongst the socially vulnerable groups being the beneficiaries of the action is reduced by 10%</p>	<p>Official statistics</p> <p>Reports from the relevant authorities/ministries</p> <p>Monitoring/project reports</p>	<ul style="list-style-type: none"> • Support the organization of regional culture, music and sports initiatives and events for vulnerable groups with a cross border outreach • Enhancement of health care facilities, promoting access to health services • Organise youth exchange programs, for example through school exchange programmes or other NGO initiatives • Support initiatives targeted specifically at socially marginalized groups such as Roma, Ashkali and Egyptians (RAE), patients suffering from socially stigmatized diseases, etc. • Support initiatives targeted specifically at emphasizing the importance of human values in cross border

Montenegro

Kosovo

				<p>cooperation</p> <ul style="list-style-type: none">• Organise job fairs/round tables/promotional events and internships for vulnerable groups in existing companies
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*-Most indicators have as a baseline "0". Namely the limited availability of statistical information and resources does not allow defining the indicators precisely at the baseline level. Please note that wherever there are targets these cannot be but tentative since the amounts of programme allocations are still unknown.

Specific Objective(s)	Results	Indicators	Sources of verification	Indicative types of activities
<p>2.1. Improve the wastewater and solid waste management and sustainable use of resources</p>	<p>2.1.1. Air, water and soil pollution has been reduced</p>	<p>2.1: At least 10% of the population of the programme area have direct or indirect benefits as a result of the actions undertaken under this specific objective by 2022 (baseline 0)</p> <p>2.1.1.1. At least 10 sites of illegally dumped litter have been permanently cleaned</p> <p>2.1.1.2. The control on the levels of pollution of air, water and soil in urban, rural and industrial areas has become technically more accurate and regular</p> <p>2.1.1.4. The amount of recycled solid waste increased by 10%</p> <p>2.1.1.5. The percentage of houses not connected to the existing sewage system decreased by 10%</p> <p>2.1.1.6. At least 2 platforms established in order to improve the management of river banks and national parks</p>	<p>Official statistics</p> <p>Reports from the relevant authorities/ministries</p> <p>Reports of municipal authorities/institutions</p> <p>Monitoring/project reports</p>	<p>2.</p> <ul style="list-style-type: none"> • Improving public sewage and solid waste collection and processing systems and facilities • Exchange of good practices between local authorities and environmentally friendly initiatives • Promotional campaigns and activities (e.g. at schools) to raise the public awareness about the need for a cleaner environment • Joint environmental management of river banks and national parks • Fight against illegal landfills • Small scale infrastructure investments and procurement of equipment



Specific objective(s)	Results	Indicators	Sources of verification	Indicative types of activities
<p>3.1. Improve the volume, quality and visibility of tourism related to valorisation of cultural and natural heritage and values</p>	<p>3.1.1. More people become entrepreneur in tourism 3.1.2. The hotel industry services enhanced 3.1.3. Sites and buildings with a cultural and natural value conserved, revitalised and open to public 3.1.4. The offer of active tourism services improved</p>	<p>3.1: The number of tourists visiting the eligible area by 2022 increased by at least 10% (baseline²¹):</p> <ul style="list-style-type: none"> • Kosovo eligible area - 7,907 visitors • Montenegro eligible area - 85,759 visitors) <p>3.1.1.1. The number of registered small business initiatives with a tourism related function (tourist guide, hotel, restaurant, bar, taxi driver) increased by at least 10% 3.1.2.1. The number of hotels and restaurants with internationally recognised certificates increased by 10% 3.1.2.2. The number of and length of hotel bookings by international tourists increased by 20% 3.1.3.1. The number of upgraded cultural and natural sites increased by at least 10% 3.1.3.2. The number of visitors to cultural and natural sites and buildings increased by at least 10% 3.1.4.1. The number of mountain lodges, and kilometres of developed and upgraded biking and hiking trails increased by at least 10%</p>	<p>Official statistics</p> <p>Reports from the relevant authorities/ministries</p> <p>Reports of central and local tourist organisations</p> <p>Monitoring/project reports</p>	<ul style="list-style-type: none"> • Encourage entrepreneurship in the tourism sector • Support the development and upgrading of small-scale (public) tourism infrastructure • Create and improve training for upgrading hospitality skills in the tourism sector, involving the regional education and private sector • Promote and stimulate the introduction of (international) certifications and standards in order to improve the stable quality of tourism providers • Promote and stimulate joint tourism products (for example: hiking and biking tours etc.) as well as (multi-sector) clusters in the tourism sector • Improve and integrate (web-based) possibilities to find (cross border) tourism information and booking facilities • Support initiatives to preserve, restore and maintain cultural

²¹ The most recent statistical data for both IPA II Beneficiaries are from 2011.



Montenegro

Kosovo

				<p>and historical sites</p> <ul style="list-style-type: none"> • Support the upgrading, maintenance and promotion of National Parks and other environmentally precious areas • Support research on and protection of vulnerable and valuable flora and fauna • Support youth initiatives addressing conservation of cultural heritage and values • Promote the creative industry (e.g. women producing handicraft) • Support joint initiatives to promote, preserve and innovate the cultural heritage in the programme area • Promotion of outdoor tourism services and facilities
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Montenegro

Thematic Priority 4: Technical Assistance***Specific objective:***

The specific objective of the technical assistance is to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst central, regional and local communities and, in general, the population in the eligible programme area. It also supports awareness-raising activities in order to inform citizens in both IPA II beneficiaries. Moreover, as experience has shown under the programming cycle 2007-2013, this priority will also reinforce the administrative capacity of the authorities and beneficiaries implementing the programme with a view to improve ownership and suitability of the programme and projects' results.

The technical assistance allocation will be used to support the work of the Operating Structures (OS) and of the Joint Monitoring Committee (JMC) in ensuring the efficient set-up, implementation, monitoring and evaluation of the programmes as well as an optimal use of resources. This will be achieved through the establishment and operation of a Joint Technical Secretariat (JTS) based on the territory Montenegro and an Antenna Office on Kosovo. The JTS will be in charge of the day-to-day management of the programme and will be reporting to the OS and JMC.

Intended results:**1. The administrative support to the Operating Structures (OS) and Joint Monitoring Committee (JMC) of the programme is enhanced**

This priority will secure a smooth programme implementation during all its phases. It includes the availability of the financial means and the deployment of qualified staff in charge of assisting the Operating Structures and the Joint Monitoring Committee, as well as establishing and enforcing management, monitoring and control mechanisms and procedures. If required, it will also contribute to the preparation of the successive financial cycle (2021-2027).

Result indicators:

Indicator	Unit	Baseline	Target 2022
Average share of beneficiaries satisfied with the programme implementation support ^{22**}	Percentage	No data	85%

2. The technical and administrative capacity for programme management and implementation is increased

This priority will also provide opportunities for improving the competences and skills of the management structures of the programmes, as well as of the potential applicants and grant beneficiaries. Specific capacity building activities will be planned and executed on the basis of identified needs in the course of the implementation of the programme. As part of the lessons learned from the programme cycle 2007-2013, (i) an increased participation of the JMC members in the tasks stipulated under the IPA II legal framework will be expected; (ii) the capacity of potential applicants to develop sustainable cross-border partnerships will be enhanced; and (iii) the capacity of grant beneficiaries to satisfactorily meet the obligations of their contracts will be reinforced.

²² Requires a regular and simple survey using a standard questionnaire with closed types of questions.



Montenegro

Result indicators:

Indicator	Unit	Baseline	Target 2022
Average increase in the number of proposals received within each consecutive call	Percentage	No data	No data*
Average increase in the number of concept notes that would qualify for further assessment	Percentage	0	10%

* Please note that in the financial perspective 2014-2020 possible tailored/strategic Calls for Proposals are envisaged with clear focus and/or certain requirements regarding potential beneficiaries. Also, Calls for Proposals might use the rotating principle for the selection of thematic priorities (TP) and their specific objectives and in that respect the number of proposals might not necessarily be increased. For these reasons, the potential expected increase in the number of applications received could be calculated for each consecutive call individually and will be affected by a factor that could be calculated based on: 1) Total financial envelope available, 2) Thematic priorities, specific objectives and results included in the Call for Proposals, 3) Minimum and maximum amounts of grants allowed, 4) Number of applications and grants allowed per applicant/co-applicant/affiliated entity and 5) Any other special provisions influencing various eligibility criteria applicable for a specific call for proposals.

4.1.3. The visibility of the programme and its outcomes is guaranteed.

The CBC programmes have been very popular in the eligible areas thanks, amongst other things, to the visibility actions undertaken during the 2007-2013 programme cycle. Looking at the number of applicants in subsequent calls, it has been noted that there is an increasing interest for cooperation initiatives. These achievements should be maintained and even improved during the implementation of the financial perspective 2014-2020. A variety of communication channels and publicity tools should be developed to ensure regular information between programme stakeholders and a wider audience.

Result indicators:

Indicator	Unit	Baseline	Target 2022
Increase in the number of people participating in promotional events	Percentage	500	100%
Visits to the programme website	Number	0	30,000

Type of activities:

A non-exhaustive list of potential activities covered by the technical assistance allocation would include:

- Establishment and functioning of the Joint Technical Secretariat and its Antenna.
- Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives
- Participation of staff of the management structures in Western Balkans or EU forums
- 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
- 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
- Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case



Montenegro

studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc.

- Support to the work of the Joint Task Force in charge of preparing the programme cycle 2021-2026

Target groups and final beneficiaries (non-exhaustive list):

- Programme management structures, including the contracting authorities
- Potential applicants
- Grant beneficiaries
- Final project beneficiaries
- General audience

3.3 Horizontal and cross-cutting issues

Horizontal and cross-cutting issues play an important role in the preparation and implementation of this programme. Because of their very nature they are namely per definition a priority.

Protection and preservation of environment, natural resources and cultural heritage is the key to the sustainable development of the program area. Efficient use of energy resources and better waste and land management, as well as the control of pollution are amongst the key priorities of both governments. Better quality of air, water and soil, together with a rich historic-cultural-artistic heritage in the bordering area that needs to be preserved, are the prerequisite for the development of tourism. Both cultural and environmental heritage are assets for the economic development of the programme area. Rich natural biodiversity, untouched and attractive environment, diversity of natural landscapes call for the development of eco-tourism related type of outdoor “experiences” as an integrated tourism package (e.g. mountaineering, rafting, trekking, biking). Favourable natural conditions and resources for diversified and sustainable agriculture created specific culinary tradition where agro-food products contribute to strengthening the identity and tourist experience of the region. Further valorisation of natural resources in the view of economic development is a key issue for the development of the area. Absence of employment opportunities resulting in emigration of young and qualified workers could be best addressed by opening new jobs in the field of agriculture, production of eco food and other related products and tourism.

Development of employment programs for social integration of socially marginalized groups and the issue of equal opportunities will be closely monitored in order to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the cooperation programme. Dissemination of information, for example on an upcoming Call for Proposals, will therefore be widespread, without any prejudice or preference for whatever background of eligible participants. And when organising information events it will be made sure that the venue will be accessible for disabled persons also.

Also, the individual thematic priorities themselves have been chosen taking into account horizontal and cross cutting issues, even though it is obvious that selected priorities are tightly integrated throughout and across the supported activities within the programme. Taking an isolated view of the selected priorities, it could be concluded that:

- The selected thematic priority “Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management” **is** a horizontal and cross-



Montenegro

cutting issue itself and through a separate financial allocation will therefore be well covered in this programme.

- The selected thematic priority "Promoting employment, labour mobility and social and cultural inclusion across the border" even mentions the aspect of social and cultural inclusion, which means: inclusion for **all**. This is moreover expressed and explicitly covered through its Specific Objective to "Encourage socially vulnerable groups to participate in society".
- The tourism sector, which is targeted through the selected thematic priority of "Encouraging tourism and cultural and natural heritage" is known to employ a relatively higher percentage of women compared to, for example, the industry sector, thus providing an additional opportunity to address and reduce female unemployment in the programme area.

Projects prepared under the Area Based Development (ABD) approach to facilitate sustainable growth in defined geographical areas in cross-border regions in the Western Balkans, in particular rural areas characterized by specific complex development problems, may be considered for funding under this cross-border cooperation programme. Account will be taken of the preparatory work for the ABD approach already carried out in the cross-border region covering Montenegro and Kosovo.

Double funding must be avoided and complementarity of the activities with other programmes must be ensured.



Section 4: Financial Plan

Table 1 shows the indicative annual amount of Union contribution to the cross-border cooperation programme for the period 2014-2020. Table 2 provides an indicative distribution of the allocations per thematic priority as well as an indication on the maximum amount of Union co-financing

Table 1: Indicative financial allocations per year for the 2014-2020 cross-border cooperation programme

Year	IPA II CBC PROGRAMME MONTENEGRO – KOSOVO							Total (EUR)
	2014	2015	2016	2017	2018	2019	2020	2014-2020
CBC Operations (<i>all thematic priorities</i>)	840 000	1 200 000	1 200 000	840 000	1 200 000	1 200 000	1 080 000	7 560 000
Technical Assistance	360 000	0.00	0.00	360 000	0.00	0.00	120 000	840 000
Total (EUR)	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000	8 400 000

Table 2: Indicative financial allocations per priority over the 2014-2020 period and rate of Union contribution

PRIORITIES	IPA II CBC PROGRAMME MONTENEGRO – KOSOVO			
	Union contribution	Beneficiaries co-financing	Total funding	Rate of Union contribution
	(a)	(b)	(c) = (a)+(b)	(d) = (a)/(c)
1. Thematic Priority 1 - Promoting employment, labour mobility and social and cultural inclusion across the border	2 100 000.00	370 588.24	2 470 588.24	85%
2. Thematic Priority 2 - Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management	2 520 000.00	444 705.88	2 964 705.88	85%
3. Thematic Priority 3 - Encouraging tourism and cultural and natural heritage	2 940 000.00	518 823.53	3 458 823.53	85%
4. Technical Assistance	840 000.00	0	840 000.00	100 %
GRAND TOTAL (EUR)	8 400 000.00	1 334 117.65	9 734 117.65	



Montenegro

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 expenditure.

The amount dedicated to technical assistance shall be limited to 10% of the total amount allocated to the programme. The Union co-financing rate shall be 100%.

Funds for the thematic priorities will be committed through Commission Implementing Decisions covering one to three years allocations, as appropriate. Funds for technical assistance will be committed through a separate Commission Implementing Decision.

Section 5: Implementing Provisions

The overall aim of the cross border programme is to implement high quality, result oriented projects with a clear added value and of a strategic nature, relevant for the cross border programme area.

As a main rule, this programme will be implemented through calls for proposals (CfP). The Joint Monitoring Committee will be responsible for identifying the thematic priorities, specific objectives, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission. It is foreseen that each call for proposals would be focused on two or maximum three specific objectives at the time.

Based on the priorities defined for each call for proposals, specific elements in order to achieve projects with high level cross-border impact will be defined. These elements may include among others:

- a) General calls for proposals (open to all interested operators that are normally eligible for the activity(ies)). In the case of general calls for proposals, the JMC may limit each call for proposals to one or maximum two thematic priorities per call;
- b) Targeted calls for project proposals narrowing the target group of potential project beneficiaries.

Operations selected shall include final beneficiaries from both Montenegro and Kosovo which shall co-operate in the development and implementation of operations. In addition they shall cooperate in either the staffing or the financing of operations or both.

As only four specific objectives were selected it would be easy to rotate selected specific objectives in groups of two to three in subsequent calls for proposal. Furthermore, the call can have a greater impact if it is open to a reduced group of potential beneficiaries, such as municipalities, civil society organisations or similar. The intended results should rotate in subsequent calls for proposals following an example similar to the one illustrated in the table below:

Round of CfPs	Specific objectives	Type of CfPs
First	Specific objective 1.1, result 1.1.1 More people are looking for a job as	General CfP



Montenegro

Round of CfPs	Specific objectives	Type of CfPs
	<p>a result of the actions</p> <p>Specific objective 3,1, result 3.1.1. more people become entrepreneur in tourism</p> <p>Specific objective 3,1, result 3.1.2. Hotels, pensions and tourism attractions increase and improve their facilities</p>	
Second	<p>Specific objective 1.1, result 1.1.2. More unemployed people, including students that finished or still in the school, succeed in finding a job</p> <p>Specific objective 1.1, result 1.1.3. More people decide to start their own business</p> <p>Specific objective 3,1, result 3.1.4. Outdoor tourism activities and facilities created and improved</p> <p>Specific objective 3,1, result 3.1.3. Sites and buildings with a cultural value conserved, revitalised and open to public</p>	General CfP
Third	<p>Specific objective 1.2, result 1.2.1. Increased participation of socially vulnerable groups in sportive and cultural life</p> <p>Specific objective 1.2, result 1.2.2. Increased participation of socially vulnerable groups in education</p> <p>Specific objective 1.2, result 1.2.3. Health of socially vulnerable groups improved</p>	Targeted CfP
Fourth	<p>Specific objective 1.2, result 2.1.1. Better quality of air, water and soil</p>	Targeted CfP

Strategic Projects are defined as those which have a significant cross-border impact throughout the Programme area and which will, on their own or in combination with other Strategic Projects, achieve in particular a specific objective. During the preparation of the



Montenegro

programme no strategic projects have been identified. However during the programme implementation period it might be considered to allocate part of the financial allocation of the programme to one or more strategic projects. The identification of strategic projects will depend on whether specific interest is demonstrated by both IPA II beneficiaries to address specific strategic priorities which clearly follow common objectives and prove to have a clear cross-border impact.

Strategic projects can be selected through calls for strategic projects or outside call for proposals. In the latter case the programme partners will jointly identify and agree on any strategic project(s) that will be approved by the JMC at the appropriate moment along the programme implementation. After the identification and confirmation of the strategic approach by the responsible authorities and the JMC, relevant institutions (lead institutions for strategic projects) will be invited to submit their proposals in the form of terms of reference, technical specifications or bills of quantities. In that event, after being proposed and approved by the JMC and endorsed by the Commission, the CBC programme must be amended to incorporate such a strategic project.

In both cases the received proposals will be evaluated on the basis of pre-defined and non-discriminatory selection criteria. Strategic projects shall deliver clear cross border impacts and benefits to the border area and its people and shall produce durable changes and effects that extend beyond the cross border area and beyond current project content. Some general criteria for selecting the strategic projects would be: impact on both sides of the programme area; link with local, regional or other strategies for development of the bordering areas; level of contribution and co-financing from local authorities; number of population benefiting from the intervention; cost effectiveness of the intervention; complementarily with parallel actions, sustainability of intervention.

