



Cross-border Programme
Serbia-Montenegro

CROSS-BORDER PROGRAMME SERBIA - MONTENEGRO

in the framework of
the Instrument for Pre-accession Assistance (IPA)
Component II for the period 2007-2013

Cross-Border Programme Serbia - Montenegro



This Programme is co-funded by the EU

CROSS-BORDER COOPERATION – Component II of the Instrument for Pre-Accession Assistance (IPA)

The Instrument for Pre-accession Assistance (IPA) is a unique pre-accession fund of the European Union established according to the European Union Council Regulation no. 1085/2006 from 17 July, 2006.

The overall IPA budget for the period from 2007 to 2013 is € 11,468 billion. By this instrument the EU has established a legal framework for providing financial assistance to the candidate and potential candidate countries in their efforts to encourage political, economic and institutional reforms with the final goal of full membership in the European Union.

IPA is composed of five components:

1. Transition assistance and Institution Building;
2. Cross-border Co-operation;
3. Regional Development;
4. Human Resources Development;
5. Rural Development.

IPA beneficiary countries are: Albania, Bosnia and Herzegovina, Kosovo*¹, FYR Macedonia, Serbia, Croatia, Montenegro and Turkey.

Serbia and Montenegro, although candidate countries, may absorb the available funds from the all five components, with regard to the fact that are received accreditation for decentralized management of IPA.

The European integration process implies mutual cooperation in areas of common interest, considering the good cooperation as the basis of stability, economic development and good-neighboring relations. Regional cooperation is an essential element of the Stabilization and Association process for the Western Balkan countries (WB). Their capacity and readiness to fully engage in regional cooperation is a key indicator of their ability to cope with European obligations and to eventually join the European Union. One of the most important tools aimed at improving regional cooperation in the WB is cross-border cooperation (CBC).

CBC is a framework for accelerated economic reforms with aims to reduce existing differences and increase level of development of the cross-border regions, as well as improvement of the comprehensive cultural, social and scientific cooperation between local and regional communities.

¹ * This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and ICJ Advisory opinion on the Kosovo declaration of independence.



The main aim of IPA CBC among WB countries is to help reconciliation and to foster good neighboring relations through joint local and regional initiatives in border areas.

Summary Of The Cross – Border Programme Serbia – Montenegro

The Cross-border Programme Serbia-Montenegro is financed from Component II of the EU's Instrument for Pre-Accession Assistance. The Programme covers period from 2007-2013 and will be implemented under centralized management, where the Delegation of the European Union is the Contracting Authority.

MAP AND THE DESCRIPTION OF THE PROGRAMME AREA

The total surface of the eligible area is 19,432 km² with a total of 854,906 inhabitants. The total border length between the two countries is 249.5 km. The eligible area covers 10,063 km² on the Serbian side (11 % of its territory), with 604,626 inhabitants, and 9,369 km² on the Montenegrin side (68 % of its territory), with 250,280 inhabitants.

The actual border area is mainly mountainous and relatively inaccessible, with economic centres located in the larger towns, at some distance from the border.

The programme area in Serbia consists of two eligible districts - Raski and Zlatiborski (together comprised of 15 municipalities) and one adjacent district – Moravicki (comprised of 4 municipalities). In Montenegro, the programming area consists of 14 eligible and 3 adjacent municipalities. Maximum of 20% of funds available for Serbia and for Montenegro within the Programme can be spent in the adjacent areas.

Demographic trends in the programme area are negative, with declining and aging populations in the rural areas and migration of the working age population to towns and cities outside of the programme area or emigration abroad.

Inhabitants of the eligible area enjoy full national equality in both countries since their constitutions secure the rights of the minorities.

Economic activities are mainly based on the natural resources, and are concentrated on agriculture, forestry and mineral extraction.

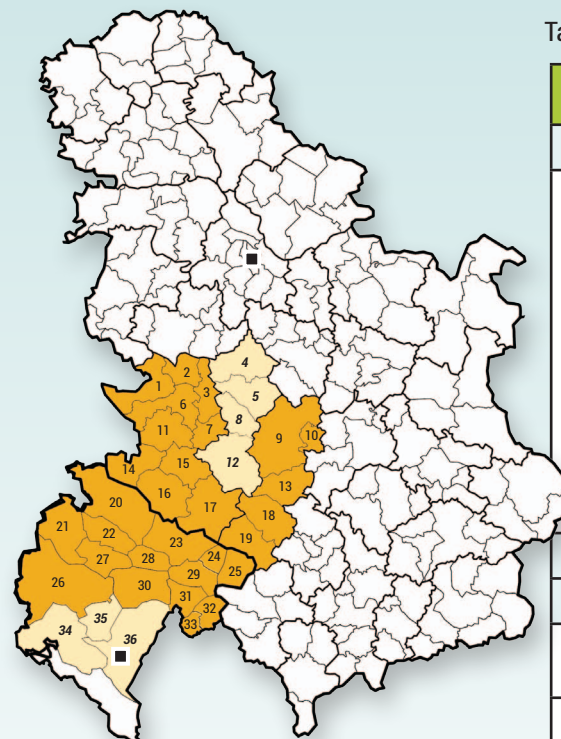
The transport infrastructure is in need of modernisation and rehabilitation, although the rail corridor between the port of Bar and Belgrade is the principle economic artery of the area. In perspective, construction of the international highway Horgos-Bar is planned, with one its part (Požega-Boljare-Podgorica), going through the center of the programme area. Podgorica international airport is the nearest to the programme area.

SME development is slow and requires additional incentives to become a significant economic factor of economic growth, particularly in rural areas.

There are significant opportunities for the development of the tourist sector in the area. On the Serbian side, there is a developed tourist base. However, in Montenegro, tourist infrastructure is not developed enough to make full use of the area's attractive scenery and natural resources. This is a consequence of the area's relatively remote position, inadequate transport infrastructure and lack of investments.

The programme area's environment remains in good shape, despite some hot spots of pollution and the existing over-burdened waste disposal services that cannot cope with significant or uncontrolled growth in population or industrial activity.

The natural resources, an important environmental asset of the area, are particularly vulnerable to unbalanced economic utilization, increases in air and water pollution initiated by unsustainable economic growth.



- | | | | |
|----------------------------|---------------------|------------------|------------------------|
| 1. Bajina Bašta | 10. Vrnjačka Banja | 19. Tutin | 28. Mojkovac |
| 2. Kosjerić | 11. Čajetina | 20. Pljevlja | 29. Berane |
| 3. Požega | 12. Ivanjica | 21. Plužine | 30. Kolašin |
| 4. Gornji Milanovac | 13. Raška | 22. Žabljak | 31. Andrijevica |
| 5. Čačak | 14. Priboj | 23. Bijelo Polje | 32. Plav |
| 6. Užice | 15. Nova Varoš | 24. Petnjica | 33. Gusinje |
| 7. Arilje | 16. Prijepolje | 25. Rožaje | 34. Cetinje |
| 8. Lučani | 17. Sjenica | 26. Nikšić | 35. Danilovgrad |
| 9. Kraljevo | 18. Novi Pazar | 27. Šavnik | 36. Podgorica |

Table 1: Map of the Programme area

MONTENEGRO		SERBIA	
Eligible	km ²	Eligible	km ²
Pljevlja	1.346	Zlatiborski Raški	6.141
Bijelo Polje	924		3.922
Berane	544		
Petnjica	173		
Rožaje	432		
Plav	329		
Gusinje	157		
Andrijevica	283		
Kolašin	897		
Mojkovac	367		
Žabljak	445		
Plužine	854		
Šavnik	553		
Nikšić	2.065		
Total	9.369	Total	10.063
Adjacent	km²	Adjacent	km²
Podgorica	1.441	Moravički district	3.106
Danilovgrad	501		
Cetinje	910		
Total eligible area	19.432 km²		
Total population	854.906		
Green border	244,9 km		
Blue border	4,6 km		
Total border	249,5 km		
Border crossings	2 (6)		
■ Capital:			
Podgorica		Belgrade	

The main challenge for the area is to better utilize its considerable assets and resources to revitalise the economy. This is the core goal of the Programme's strategic approach.

PROGRAMME OBJECTIVES, PRIORITIES AND MEASURES

Strategic objective

To bring together the people, communities and economies of the border area to jointly participate in the development of a cooperative area, using its human, natural, cultural and economic resources and advantages.

SPECIFIC OBJECTIVES

The overall aim of the programme, with the core elements of the strategy derived from the SWOT analysis, have together led to the formulation of the following specific objectives, focussing on what needs to be achieved:

1. Strengthening the incentives for SME development in the border areas;
2. Development of tourism as a key sector of the border economy;
3. Promoting cross-border trade cooperation and accessibility to markets;
4. (Re-)Establishing cross border links between business and trade support organisations to promote joint cooperative initiatives;
5. Maintaining the high quality of the border area environment as an economic resource by cooperating in joint protection and exploitation initiatives;
6. Strengthening cross-border "people-to-people" interaction to reinforce ethnic, educational and cultural and sporting links and to share in joint areas of common interest.

The above specific objectives focus on the establishment of a sound basis for the joint activities in the eligible areas. The programme will also take into account the following basic principles:

- Equal opportunities for all;
- Meeting particular needs of the disadvantaged, disabled or ethnic minorities;
- Protection of the natural and built environment in order to support sustainable development;
- Partnership and joint ownership of actions.



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PRIORITY AND MEASURES

The strategic and specific objectives are closely targeted to delivering results and favorable outcomes that address the specific needs of the eligible area. The co-financing by final beneficiaries guarantees that the EU principle of additionality will be respected. The SWOT analysis indicates that the programme assistance should be concentrated on the following Priority:

PRIORITY I

Socio - economic cohesion through joint actions to improve physical, business, social and institutional infrastructure and capacity.

The priority is purposely stated in general wording to permit beneficiaries to propose a wide ranging list of actions to achieve the overall objective. As the first cross-border programme between the two countries, it is recognized that the higher level objectives should not impose too many constraints at the lower level. This priority supports actions to meet all the Specific Objectives, and provides a logical context for the measures.

Measure I.1

Improving the productivity and competitiveness of the areas' economic, rural, cultural and environmental resources.

This measure is specifically worded to promote joint efforts to achieve more effective use of the eligible area's resources.

Measure I.2

Cross-border initiatives targeting the exchange of people and ideas to enhance the professional and civic society cooperation..

This measure is designed to bring about a more intense cooperation between communities at municipality level in order to develop a common identity between both the inhabitants and professional groups. It will support smaller projects and people-to-people actions. This measure will benefit economic activities in the eligible area and also provide opportunities to celebrate their cultural, historic, ethnic, educational and sporting links.

FINANCIAL PROVISIONS

The Programme is implemented through awarding grants to the Programme beneficiaries. Grants are awarded to the Programme beneficiaries through Grant Schemes – Calls for Proposals are launched jointly by Serbia and Montenegro making IPA funds for the specific Call for Proposals available to beneficiaries to be spent using rules and procedures that apply to funds for European Union's external actions. Calls for Proposals are launched periodically during the Programme implementation and rules for a specific Call for Proposals are defined in the Guidelines for Applicants that is available for each Call for Proposals once it is launched.

Table 2: Financing plan for the Programme (2012-2013)

SERBIA				
YEAR	Financing (IPA)	Co-financing ² (beneficiaries' own contribution)	Total	Rate of IPA contribution
	(a)	(b)	(c) = (a+b)	(d) = (a)/(c)
2012	540.000	95.294	635.294	85%
2013	540,000	95.294	635.294	85%
TOTAL Serbia	1.080.000	190,588	1.270.588	85%
MONTENEGRO				
YEAR	Financing (IPA)	Co-financing (beneficiaries own contribution)	Total	Rate of IPA contribution
	(a)	(b)	(c) = (a+b)	(d) = (a)/(c)
2012	540.000	95.294	635.294	85%
2013	540,000	95.294	635.294	85%
TOTAL Montenegro	1.080.000	190.588	1.270.588	85%
TOTAL Serbia and Montenegro	2.160.000	381.176	2.541.176	85%

² Minimum amount of co-financing

PROGRAMME BENEFICIARIES

In order to be eligible for the Programme applicants must be non profit making legal persons registered or accredited in Serbia, or in Montenegro. In addition, applicants must be nationals of Serbia, Montenegro, a Member State of the European Union, other IPA beneficiary country, a country that is a beneficiary of the European Neighborhood and Partnership Instrument, or a Member State of the European Economic Area, with the exception of the international inter-governmental organizations for which special rules are applied.

Applicants must belong to one of the following categories: local governments and their institutions, associations of municipalities, development agencies, business support organizations and social partners, tourism and cultural organizations/associations, non-governmental organizations, including the Red Cross and Red Crescent national societies, public and private bodies supporting the workforce, vocational and technical training institutions, national authorities/institutions or state agencies, bodies and organizations (including NGOs) for nature protection, public bodies responsible for water management, fire/emergency services, schools, colleges, media, universities and research centers, international inter-governmental organizations...

Definition of applicant, lead applicant, co-applicants and affiliated entities in the action

Applicant: Institution or organisation that is responsible for project preparation and implementation after a grant has been approved by the European Union. If awarded the grant contract, the applicant will become the beneficiary identified as the coordinator in the special conditions of the grant contract. The coordinator is the main interlocutor of the contracting authority. It represents and acts on behalf of any other co-beneficiary (if any) and coordinates the design and implementation of the action.

Each proposal must always have two cross-border applicants acting in partnership. Each applicant will act as the lead partner for the part of the action financed from the IPA CBC financial allocation in either Serbia or Montenegro. In the event that a project is approved for financing, each applicant will act as contracting party (the "Beneficiary") and sign a separate contract with the respective Contracting Authority. Each proposal must include two applicants, one applying for funds from the Montenegrin Contracting Authority and one applying for funds from the Serbian Contracting Authority. Applicants will appoint between themselves a Functional Lead Applicant, who will be responsible for:



- The overall coordination of the project activities on both sides of the border;
- Organizing joint meetings of project partners, regular information exchange and correspondence;
- Reporting to the Joint Technical Secretariat on the overall project progress.

Co-applicants: Each applicant may have as many co-applicants as they consider appropriate. The number and composition of the co-applicants should be coherent with the envisaged objectives and activities of the action.

Co-applicant(s) participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the applicant.

Co-applicant(s) must satisfy the eligibility criteria as applicable to the applicant itself.

If awarded the Grant contract, the co-applicant(s)(if any) will become beneficiaries in the Action (together with the Coordinator).

Affiliated entities: The applicant and its co-applicant(s) may act with affiliated entity(ies).

Only the following entities may be considered as affiliated entities to the applicant and/or to co-applicant(s):

Only entities having a structural link with the applicants, in particular a legal or capital link. This structural link encompasses mainly two notions:

1. Control, as defined in Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings:

Entities affiliated to a beneficiary may hence be:

- Entities directly or indirectly controlled by the beneficiary (daughter companies or first-tier subsidiaries). They may also be entities controlled by an entity controlled by the beneficiary (granddaughter companies or second-tier subsidiaries) and the same applies to further tiers of control;



- Entities directly or indirectly controlling the beneficiary (parent companies). Likewise, they may be entities controlling an entity controlling the beneficiary;
- Entities under the same direct or indirect control as the beneficiary (sister companies).

2. Membership, i.e. the beneficiary is legally defined as a e.g. network, federation, association in which the proposed affiliated entities also participate or the beneficiary participates in the same entity (e.g. network, federation, association) as the proposed affiliated entities.

The structural link shall as a general rule be neither limited to the action nor established for the sole purpose of its implementation. This means that the link would exist independently of the award of the grant; it should exist before the call for proposals and remain valid after the end of the action.

By way of exception, an entity may be considered as affiliated to a beneficiary even if it has a structural link specifically established for the sole purpose of the implementation of the action in the case of so-called "sole applicants" or "sole beneficiaries". A sole applicant or a sole beneficiary is an entity formed by several entities (a group of entities) which together comply with the criteria for being awarded the grant. For example, an association is formed by its members.

What is not an affiliated entity?

The following are not considered entities affiliated to a beneficiary:

- Entities that have entered into a (procurement) contract or subcontract with a beneficiary, act as concessionaires or delegates for public services for a beneficiary,
- Entities that receive financial support from the beneficiary,
- Entities that cooperate on a regular basis with the beneficiary on the basis of a memorandum of understanding or share some assets,
- Entities that have signed a consortium agreement under the grant contract.

How to verify the existence of the required link with the beneficiary?

The affiliation resulting from control may in particular be proved on the basis of the consolidated accounts of the group of entities the beneficiary and its proposed affiliates belong to.

The affiliation resulting from membership may in particular be proved on the basis of the statutes or equivalent act establishing the entity (network, federation, association) which the beneficiary constitutes or in which the beneficiary participates.



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If the applicants are awarded a contract, their affiliated entity(ies) will not become Beneficiary(ies) of the Action and signatory(ies) of the Contract. However, they will participate in the design and in the implementation of the Action and the costs they incur (including those incurred for Implementation Contracts and Financial Support to third parties) may be accepted as eligible costs, provided they comply with all the relevant rules already applicable to the Beneficiary(ies) under the Grant Contract.

Affiliated entity(ies) must satisfy the same eligibility criteria as the applicant and the co-applicant(s).

Partnerships

Creating partnerships is one of the most important steps in the process of project proposal preparation. Successful project implementation depends to a great extent on finding adequate cross-border partner. For this purpose events aimed at fostering creating strong and adequate cross-border partnerships (Partner Search Forums) are organized by the structures that implement the programme in the programme area within calls for proposals.

PROGRAMME STRUCTURES

National IPA coordinator: The National IPA co-coordinators act as the representatives of the beneficiary countries vis-à-vis the European Union. S/he shall ensure that a close link is maintained between the EU and the beneficiary country, with regard both to the general accession process and to EU pre-accession assistance under IPA.

Operating structures: The operating structures of the beneficiary countries under the Cross-border Programme Serbia-Montenegro are responsible for programming and technical implementation of the programme. The Operating Structures are, inter alia, responsible for:

- Preparing the cross-border programme;
- Establishing the Joint Technical Secretariat (JTS);
- Programme Operating Structures cooperate closely in programming and implementation of the Programme;
- Ensuring implementation quality of the cross-border programme, together with the JMC.

Operating structures of the Programme are:

REPUBLIC OF SERBIA	MONTENEGRO
<p>Government of the Republic of Serbia, European Integration Office Nemanjina 34 11000 Belgrade</p>	<p>Ministry of Foreign Affairs and European Integration No 2, Stanka Dragojevic St. 81000 Podgorica</p>

Joint Monitoring Committee (JMC): In accordance with Article 142 of the IPA Implementing Regulation, the beneficiary countries have set up a joint monitoring committee. Overall monitoring of the programme implementation lies within the competencies of the JMC. The composition of the JMC includes representatives of the two beneficiary countries, Serbia and Montenegro, who have an equal status in the JMC. The JMC reviews and approves evaluation reports and proposals for awarding grants and submits them to the Delegations of the European Union through Operating Structures.

Joint Technical Secretariat (JTS): The JTS is responsible for the day-to-day implementation of the Programme. JTS headquarters are situated in Prijepolje, Republic of Serbia. JTS Antenna has been established in Bijelo Polje, Montenegro. The JTS has international staff, including both Montenegrin and Serbian nationals.

The JTS assists the JMC and the Operating Structures in carrying out their duties, and in particular it will be responsible, inter alia, for the following tasks:

- In close co-operation with the Operating Structures, planning and implementing information campaigns and other activities related to raising public awareness on the programme;
- Receiving and registering project applications and organizing the work of joint Steering Committees, including drafting of administrative compliance and eligibility reports;
- Preparing, under the guidance and with the support of the Contracting Authorities and Operating Structures, standardized forms for project application, evaluation grids, guidelines for assessors, implementation, monitoring and grant project reporting (including financial reporting);
- Encouraging project applications and providing guidance to the applicants as well as advising grant beneficiaries in project implementation, for example by organizing procurement and monitoring workshops;
- Prepare, conduct and report on monitoring visits to CBC projects;

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CONTRACTING AUTHORITIES

The European Union is the Contracting Authority and it is represented by the Delegations of the European Union in both countries. Contracting Authority approves final list of project proposals that will be awarded grants. The Contracting Authorities' responsibilities are, inter alia, the following:

- Approving calls for proposals documentation;
- Approving composition of Joint Steering Committees;
- Approving the evaluation reports;
- Participating in the work of the Joint Monitoring Committee in an advisory capacity;
- Signing contracts with grant beneficiaries, including budget revisions (with support provided as appropriate by OSs and JTS).

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WHERE CAN YOU GET MORE INFORMATION ON THE PROGRAMME?

For the purpose of making communication and Programme implementation more efficient, Joint Technical Secretariat (JTS) has been established in Prijepolje (Serbia), with its Antenna in Bijelo Polje (Montenegro). Function of the JTS is to ensure efficient Programme implementation across the programme area and providing technical assistance to potential applicants and grant beneficiaries.



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