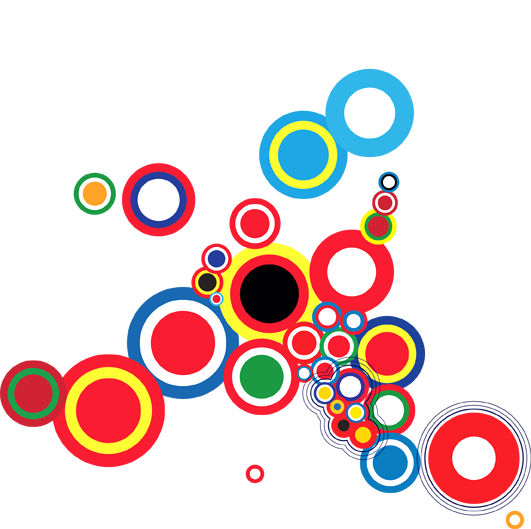
2021-2027 IPA III

Cross-border Cooperation Programme

*Bosnia and Herzegovina - Montenegro*

*1st draft, 02 December 2020*



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# Programme synopsis

|  |  |
| --- | --- |
| Programme title | IPA-III Cross Border Cooperation Programme between "Bosnia and Herzegovina - Montenegro" for the period 2021-2027 |
| Programme area | **Bosnia and Herzegovina**: Breza, Olovo, Vareš, Grad Visoko, Foča (FBiH), Grad Goražde, Pale (FBiH), Fojnica, Kiseljak, Kreševo, Grad Čapljina, Čitluk, Jablanica, Konjic, Grad Mostar, Neum, Prozor-Rama, Stolac, Ravno, Grude, Grad Ljubuški, Posušje, Grad Široki Brijeg, Centar Sarajevo, Hadžići, Ilidža, Ilijaš, Novi Grad Sarajevo, Novo Sarajevo, Stari Grad Sarajevo, Trnovo, Vogošća, Kupres, Grad Livno, Tomislavgrad, Berkovići, Bileća, Višegrad, Gacko, Istočni Mostar, Istočna Ilidža, Istočni Stari Grad, Istočno Novo Sarajevo, Pale, Sokolac, Trnovo, Kalinovik, Kupres, Ljubinje, Nevesinje, Novo Goražde, Rogatica, Rudo, Grad Trebinje, Foča, Čajniče.  **Montenegro**: Berane, Bijelo Polje, Kolašin, Mojkovac, Petnjica, Pljevlja, Plužine, Šavnik, Žabljak, Danilovgrad, Nikšić, Herceg Novi, Kotor, Tivat. |
| Programme overall objective | The cross-border cooperation programme between Bosnia and Herzegovina and Montenegro aims at fostering good neighbourly relations by promoting sustainable, vibrant, resilient and connected communities. |
| Programme thematic clusters, thematic priorities and specific objectives per thematic priority | TP0: Technical Assistance  TC 2: Greener and Improved resource efficiency  TP2: Environment protection, climate change adaptation and mitigation, risk prevention and management  Specific objective:  To improve the resilience of communities to climate change and natural and man-made risks.  TC 4: Improved business environment and competiveness  TP5: Tourism and cultural and natural heritage  Specific objective:  To develop and promote sustainable tourism based on cultural and natural heritage. |
| Total EU Financial allocation 2021-2027 |  |
| Management Implementation mode | Direct management |
| Contracting Authority | Delegation of the European Union to Bosnia and Herzegovina |
| Relevant authorities in the participating beneficiaries | **Bosnia and Herzegovina**: Directorate for European Integration - Unit for Territorial Cooperation Programmes  **Montenegro**: European Integration Office – Sector for European Funds |
| JTS/Antenna Offices of the joint technical secretariat (JTS) | JTS main office: Sarajevo, Bosnia and Herzegovina  JTS antenna office: Nikšić, Montenegro |

# List of Acronyms

BiH Bosnia and Herzegovina

CBC Cross-border cooperation

CBIB Cross-border institution building

CSO Civil society organization

EC European Commission

EU European Union

EUSAIR EU Strategy for the Ionian Adriatic Region

EUSDR EU Strategy for the Danube Region

FBiH Federation of Bosnia and Herzegovina

IPA Instrument for pre-accession assistance

ISCED International standard classification of education

JTF Joint task force

JTS Joint technical secretariat

MBT Mechanical-biological treatment

ME Montenegro

OS Operating Structure

PA Policy area

R&D Research and Development

SME Small and medium size enterprise

SWOT Strengths, weaknesses, opportunities, threats

TC Thematic cluster

TP Thematic priority

UNECE United Nations Economic Commission for Europe

UNESCO United Nations Educational, Scientific and Cultural Organization

# Programme Summary

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

The legal basis for the drafting of the cross-border programme:

* Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Instrument for Pre-accession Assistance (IPA III), COM(2018) 465 final, June 2018.

Besides the legal framework, the *IPA III Cross-border cooperation between beneficiaries: CBIB+ advice for programming* was used as a key guidance for the preparation of the programme document.

## Summary of the Programme

The 2021-2027 IPA III cross-border cooperation programme between Bosnia and Herzegovina and Montenegro is based on the findings from the situation analysis, SWOT analysis and lessons learned from the previous generations of the programme, all presented in the Annex 1 to this document.

The programme area comprises territories in the south-eastern part of Bosnia and Herzegovina and the north-western part of Montenegro and stretches over 30 022 km2 with over 1.4 million inhabitants living in 70 cities and municipalities, of which 56 in Bosnia and Herzegovina and 14 in Montenegro. The programme area is predominantly rural with dispersed small towns and rural settlements, and Sarajevo as the largest urban agglomeration. The economy of the programme area is characterised by agriculture and forestry, coal mining, energy production, processing industries, construction and services. The area is one of the most biodiverse in Europe and also one of the most sensitive to climate change.

The main challenges of the programme area include rural/urban disparities, increasing shortage of employment opportunities in remote and rural parts, the need for further activation of local economic potentials and improving the resilience of the communities to climate change and related risks.

The intervention strategy is thus based on:

* Reducing regional and urban/rural disparities by activation of local potentials for sustainable development which can connect local and regional stakeholders across the border through a very tangible cooperation
* Pooling resources across the borders to strengthen capacities to cope with future environmental and climate change challenges
* Strengthening the governance capacities to work across the borders.

The programme general objective aims at fostering good neighbourly relations by promoting sustainable, vibrant, resilient and connected communities.

The main areas of intervention relate to two thematic clusters (TC) and thematic priorities (TP):

* **TC: Greener and improved resource efficiency**

TP: Environment protection, climate change adaptation and mitigation, risk prevention and management

* **TC: Improved business environment and competitiveness**

TP: Tourism and cultural and natural heritage

The thematic cluster *Improved capacity of local and regional authorities to tackle local challenges* will be mainstreamed in the implementation of the selected thematic priorities.

The total IPA funding available for the programme implementation is € <xxxx>.

## Preparation of the programme and involvement of the partners

The programme was prepared in cooperation with many stakeholders from the programme area. During the preparation of the situation analysis, around 440 representatives of the local and regional authorities, CSOs, universities, development organizations, chambers of crafts and economy were directly invited to take part in a survey aimed at collecting opinions on the strengths, weaknesses, opportunities and threats to cooperation as well as the identification of development potentials and priorities to be addressed with the new programme. Seventy-five (75) respondents provided their views.

A joint task force (JTF) was nominated with representatives of both countries and was supported by the EU-funded multi-beneficiary project ‘Cross-border Institutional Building – CBIB+ Phase III’. Due to the Covid-19 pandemic the meetings of the JTF were conducted online.

The first meeting was organised on 19 October 2020, on which the rules of procedures were established, and the programme area was agreed. The results of the survey were presented and discussed.

The 2nd JTF meeting held on 2 November 2020 was devoted to the presentation of the situation and SWOT analyses and a preliminary discussion on the strategic choices.

At the 3rd meeting on 6 November 2020, the JTF members discussed the possible scenarios of the programme strategy. Based on additional justifications and argumentation from the line ministries, an agreement on the programme focus was reached.

At the 4th meeting held on 30 November 2020, the first draft of the programme strategy was discussed and approved.

Due to time constraints, the public consultation process will be carried out based on the 1st draft after its submission to EC in December 2020 and eventual comments will be incorporated into subsequent version of the programme document.

Table 1: Important milestones and programme meetings

|  |  |  |
| --- | --- | --- |
| Meeting | Date | Purpose/Conclusions |
| Letter from DGNEAR | 22.4.2020 | A letter from the European Commission (EC) regarding IPA III and starting the programming process was received by the NIPAC Offices of both countries |
| Introductory meeting | 5.5.2020 | A kick-off meeting held between the BiH OS and CBIB+3 on the IPA III CBC programming process (proposed steps and working plan) |
| Introductory meeting | 5.5.2020 | A kick-off meeting held between the MNE OS and CBIB+3 on the IPA III CBC programming process (proposed steps and working plan) |
| Bilateral OS’s meeting | 11.5.2020 | The meeting included initial discussion between OSs and EUD to BiH on IPA III programming process (proposed steps and time frame) |
| Establishment of the JTF | beginning of September | The process of appointing JTF members was finalized |
| Dispatching of questionnaires | 4-6.8.2020 | The JTS dispatched the questionnaires to the relevant CBC stakeholders |
| Mobilisation of expert | 01.09.2020 | Mobilisation of the programming expert for the programme BA-ME |
| Deadline for the questionnaires | 11.9.2020 | 2nd deadline for the collection of the completed questionnaires in MNE |
| Deadline for the questionnaires | 16.9.2020 | 2nd deadline for the collection of the completed questionnaires in BiH |
| Submission of aggregated answers | 21.9.2020 | The aggregated answers from the collected questionnaires were delivered to the programming expert for further elaboration and analysis |
| Training on Strategy formulation and Development | 5.10.2020 | Training on strategy development and formulation for the members of the JTF, and OS, JTS in Bosnia and Herzegovina |
| Training on Strategy formulation and Development | 13.10.2020 | Training on strategy development and formulation for the members of the JTF, and OS, JTS in Montenegro |
| 1st meeting of the JTF | 19.10.2020 | Initial discussions related to planning of activities  Definition of timeframe and steps in the process |
| 2nd meeting of the JTF | 2.11.2020 | Presentation and discussion related to PESTLE and SWOT analysis. Initial discussions related to the selection of thematic priorities |
| 3rd meeting of the JTF | 06.11.2020 | Selection of thematic priorities |
| 4th meeting of the JTF | 30.11.2020 | Discussion and approval of the programme strategy |
| 1st draft Programme document | 02.12.2020 | Submission of the 1st draft of the programme to DG NEAR |
| Public consultation | XX.12.2020 | Presentation of the programme strategy |

# Programme Area

## Situation Analysis[[1]](#footnote-1)

### The territory and demography

The programme area comprises territories in the south-eastern part of Bosnia and Herzegovina and the north-western part of Montenegro. The land border between the countries is 225 km long[[2]](#footnote-2) and mainly runs along a mountainous terrain. The area stretches over **30 022 km2**, of which 20 782 km2 (69 %) belongs to Bosnia and Herzegovina and 9 240 km2 (31 %) to Montenegro. The eligible area represents 40 % of the territory of Bosnia and Herzegovina and 67 % of Montenegro.

According to the last census (2013-BiH, 2011-ME), in total there were **1 436 422 people** living in the programme area. The population on the Bosnian and Herzegovinian territory amounted to 1 141 317 (79 %), which was 3.8 times larger than the size of population on the Montenegrin side (295 105 inhabitants, 21 %).

Figure 1: Map of the programme area

Map

Description automatically generated

* **70 cities and municipalities, of which 54 % with up to 15 000 inhabitants**

The programme area comprises 70 cities and municipalities, of which 56 in Bosnia and Herzegovina and 14 in Montenegro. More than half of the municipalities (54 %) can be considered small; 27 % have less than 5 000 inhabitants and 27 % between 5 001 and 15 000 inhabitants. 37 % are medium-sized (between 15 001 and 50 000 inhabitants) and 9 % are considered large (4 municipalities with up to 100 000 and 2 above that size).

Table 2: Municipalities and cities in the programme area

|  |  |
| --- | --- |
| Bosnia and Herzegovina | Montenegro |
| *Federation of Bosnia and Herzegovina*:   * Zeničko-dobojski kanton: Breza, Olovo, Vareš, Grad Visoko * Bosansko-podrinjski kanton: Foča (FBiH), Grad Goražde, Pale (FBiH) * Srednjobosanski kanton: Fojnica, Kiseljak, Kreševo * Hercegovačko-neretvanski kanton: Grad Čapljina, Čitluk, Jablanica, Konjic, Grad Mostar, Neum, Prozor-Rama, Stolac, Ravno * Zapadno-hercegovački kanton: Grude, Grad Ljubuški, Posušje, Grad Široki Brijeg * Kanton Sarajevo: Centar Sarajevo, Hadžići, Ilidža, Ilijaš, Novi Grad Sarajevo, Novo Sarajevo, Stari Grad Sarajevo, Trnovo, Vogošća * Kanton 10: Kupres, Grad Livno, Tomislavgrad   *Republika Srpska:*  Berkovići, Bileća, Višegrad, Gacko, Istočni Mostar, Istočna Ilidža, Istočni Stari Grad, Istočno Novo Sarajevo, Pale, Sokolac, Trnovo, Kalinovik, Kupres, Ljubinje, Nevesinje, Novo Goražde, Rogatica, Rudo, Grad Trebinje, Foča, Čajniče. | * *Northern region:*  Berane, Bijelo Polje, Kolašin, Mojkovac, Petnjica, Pljevlja, Plužine, Šavnik, Žabljak * *Central region:*  Danilovgrad, Nikšić * *Coastal region:* Herceg Novi, Kotor, Tivat. |

* **Geographically diverse area rich in water and forests**

The area is predominantly mountainous, with many mountain peaks above 2 000 m accompanied by glacial lakes and canyons. The main rivers in the area are Neretva, Bosna, Drina, Sutjeska, Tara, Piva, Lim and Ćehotina, flowing either into the Adriatic or the Black Sea. There are around forty natural and seven artificial lakes in the area. The coastal areas include 20 km of coast (Neum), which is the only access of Bosnia-Herzegovina to the Adriatic Sea, and 164 km of coast in Montenegro (Herceg Novi, Kotor and Tivat).

The area has different climates; in general, the northern part is characterised by continental climate, with cold winters and hot, relatively humid summers with well distributed rainfall patterns and heavy inland snowfall, while the southern part enjoys a Mediterranean climate with hot, dry summers and autumns and mild winters.

* **Sparsely populated area with one larger urban agglomeration**

The programme area is predominantly rural with dispersed small towns and rural settlements. The population density of the programme area on both sides is below their country averages. The territory in the northern part of Montenegro is very sparsely populated, with less than 10 inhabitants/km2, in contrast to the much denser coastal part. Dispersion of small and middle-sized settlements is also characteristic for most of the territory in Bosnia-Herzegovina.

The programme area however includes the country capital Sarajevo, a large urban agglomeration with approximately 275 000 population within its administrative units and about 555 000 with its nearby municipalities. Other important urban centres in the programme area are Mostar and Nikšić - the second largest city in Montenegro. The share of urban population is also high in the cities/municipalities of Bileća, Ljubinje, Trebinje, Pale, Goražde, Kupres and in the coastal municipalities of Tivat, Herceg Novi and Neum.

* **Unfavourable demographic trends in most of the programme area**

The programme area has been facing a general decline of population. According to population estimates, the number of inhabitants in 2019 decreased by 21 312 or 1.52 % compared to the year 2014. The decrease is most notable on the Montenegrin side (-3.65 %) and minor on the Bosnian and Herzegovinian (-0.96 %).

Looking at the share of population aged 65+ compared to the population aged up to 14 years, there are substantial differences between municipalities of the programme area. On the part of Bosnia and Herzegovina, the population in the FBiH has a relatively favourable age structure across most of its cantons. The population is relatively young in the municipalities of Sarajevo agglomeration, where the ageing index is far below 100, with the exception of Stari Grad Sarajevo (255). In all municipalities of the Republika Srpska the ageing index is above 100, whereas Kupres (608), Trnovo (386) and Kalinovik (322) have significantly higher shares of 65+ aged people. Such an unfavourable age structure is also characteristic for most of the territory on the Montenegrin side of the programme area. Negative population trends are more intense in rural municipalities, where the quality of life is usually lower and job opportunities are scarce, what results in emigration of (young) population to more dynamic urban centres or even abroad.

### Economy and labour market

* **Similar economic sectors developed on both sides**

The economy of the programme area is characterised by agriculture and forestry, coal mining, energy production, processing industries, construction and services. Trade constitutes the main proportion of services, whereas tourism is particularly dominant on the coastal areas on the Montenegrin side.

There were 48 019 business entities registered in the programme area in 2019, of which 10 955 (23 %) in Montenegro and 37 064 (67 %) in Bosnia and Herzegovina.

With regard to the creation of a business support environment, a number of state and donor sponsored business support structures have been established at several locations in the programme area; however, their accessibility and quality are still insufficient (business incubators, business support centres, advisory services). SMEs are an important generator of jobs in the programme area, despite the lack of access to finance.

* **Importance of agriculture and forestry**

The majority of agricultural land comprises meadows and pastures. Cattle, sheep and goat breeding is developed in these parts. Beekeeping and herb collection are also important for the area. In the plains and coastal parts, the land is optimal for vegetable production and fruit growing, including subtropical fruits and olives, wine and field crop production. Vineyards are mainly represented in the municipalities of the Hercegovina-Neretva and West Herzegovina Cantons and coastal parts on the Montenegrin side.

There are some larger agricultural producers in the programme area, like cooperatives and private companies, especially in Bosnia and Herzegovina. However, the sector comprises mainly family holdings, which are relatively small and offer limited quantities of agricultural products for the market. In addition, an unfavourable age structure, along with a low level of knowledge and use of modern technologies, results in low productivity. Both countries have a good basis for processing agricultural products.

Forests are an important natural resource of the programme area in terms of economy, ecosystem services, biodiversity, recreation, etc. Forests cover 55 % of the land in Bosnia and Herzegovina and 70 % in Montenegro (2017)[[3]](#footnote-3). Forests are vulnerable to climate changes but also to human made damages, such as illegal logging. One of the common challenges of both countries is land abandonment, followed by urbanisation, which also changes the landscapes and affects the management of forest (and agricultural) land. The level of processing and production finalisation is rather low, in particular in Montenegro. In order to increase the economic value of forests, the value chains on both sides of the border need to improve.

* **Tourism sector has been expanding in recent years, most visits and overnight stays generated by foreign tourists**

Tourism has been in expansion in recent years, particularly in Montenegro where it has become the country’s key industry. The programme area has around 40 000 beds and generated approximately 1.9 million tourist arrivals and 6.9 million overnight stays in 2019[[4]](#footnote-4), of which 85 % of the arrivals and 90 % of the overnight stays were made by foreign tourists. 38 % of the arrivals and 66 % of the overnight stays were generated on the Montenegrin side of the territory. Comparing recent data with those of 2015, a significant rise in the arrivals (146 %) and overnight stays (135 %) was recorded, with above average rates also in rural parts.

The main tourist destinations in the programme area are currently linked to urban/city tourism and coastal tourism. There are initiatives in the development of outdoor, green and rural tourism in the mountainous areas and the related national parks. Tourist products in the programme area are promoted in a rather dispersed way, including some of the most recognised destinations in both countries. Potentials for creation and promotion of thematic cross-border offers are not yet sufficiently explored.

The Covid-19 pandemics negatively affected the tourism figures in 2020. It will be important for the future to take into account the changed visitors’ requirements and expectations as well as opportunities thereof.

* **Increase in employment, manufacturing, trade, public administration and public services generate most jobs**

In 2018, there were 365 806 employed in the programme area, out of whom the share of women was 45 %. In some municipalities, the share of employed women is much lower than the average of the programme area. The majority of employment is generated in manufacturing, trade, public administration and public services.

One of the common challenges in the wider region is to improve labour skills to match the needs of the labour market. The concept of lifelong learning needs to be further developed in order to strengthen the employability of workers.

The programme area includes some of the most remote regions of both countries where employment opportunities are scarce. Labour mobility is rather low, in particular with regard to cross-border mobility of workers. The latter is to a large extent linked to issuing work permits for the non-residents needed on the Montenegrin coastal areas during the tourist season. An additional challenge for the programme area can be found in the ‘brain drain’ of skilled workers either to urban centres or out of the Western Balkans region.

* **Unemployment remains a challenge, in particular for the young**

At the end of 2019 and beginning of 2020, there were close to 160 000 registered unemployed in the programme area, out of whom 141 000 (89 %) in the territory of Bosnia and Herzegovina. The absolute number on the Montenegrin part is much smaller, close to 18 000, however it represents 50 % of all unemployed in the country, reflecting a more severe situation in the northern region compared to the central and coastal. A comparison between the number of unemployed in 2019 and latest data in 2020 shows that in most parts of the programme area the situation worsened. It can be assumed that Covid-19 and its effects on local and regional economies contributed to a loss of jobs. Characteristic groups of unemployed in the programme area are long-term unemployed, workers with low level or incomplete education, young unemployed, women and disabled persons.

### Education, research and innovation

* **Relatively well-developed network of primary and secondary level education institutions, concentration and imbalance of R&D infrastructure**

The programme area has a relatively well-developed network of primary and secondary/vocational schools. The education systems of Bosnia and Herzegovina and Montenegro are similar, with compulsory primary education and non-obligatory secondary education. Tertiary level education is quite well developed. Besides public universities and their faculties and academies, the offer of private universities and colleges have increased in recent years, especially in Bosnia and Herzegovina. There is a strong concentration of tertiary education institutions in Sarajevo and Mostar. Research institutes can be found within the most relevant higher education institutions providing an important base for research and innovation, in particular in the areas of smart specialisation.

There are still needs for improvement of education infrastructure at all educational levels as well as improving the teaching methods and teachers’ capacities, including the use of digital competence. There is also a need for more intense cooperation between the education and business sectors, as the competences of school graduates do not match real work requirements.

* **Educational structure of the population is improving**

The educational structure of the population is improving in both countries, although in the overall population the share of persons with completed only primary education remains high. The proportion of 20-24 years old who have achieved at least secondary education attainment level (ISCED 3) was 83.3 % at EU-27 level 2018. In both countries these shares are above the EU average, reaching 95.1 % in Montenegro and 93.9 % in Bosnia and Herzegovina. The tertiary education attainment of persons aged 30-34 years is below the EU-27 average at 10.5 %. In Bosnia and Herzegovina, the share was 5.4 % and in Montenegro 4.6 %. In Montenegro the share of women was slightly higher (4.9 %) than men’s (4.4 %), while in Bosnia and Herzegovina the share of men was 5.6 % and of women 5.2 %.

### Health and social care

* **Risk of poverty or social exclusion is still high**

In both countries the social care systems and services are in place. Overall, the risk of poverty rate is above the EU average. In general, living standards of the population are still moderate. Most population has low-income levels. According to Monstat, the risk of poverty in rural areas is twice higher than among the urban population. The groups which are more vulnerable to social exclusion are the unemployed, persons with disabilities and elderly. In both countries informal work exists and contributes to maintaining inequality and poverty (social contributions not paid, low paid work).

* **Health services better accessible in urban areas**

In both countries, the risk factors driving to most deaths and disabilities are similar, what reflects the need for promotion and improvement of a healthy lifestyle and encouraging the population to be more responsible for their own health. Besides the gender gap in life expectancy, one can also assume that the health condition of the population depends on overall socio-economic development, education, differences in living standard, etc.

The health systems are below the EU-average in terms of availability of doctors and hospital beds. The network of primary health centres and pharmacies in the region is relatively well developed; however, differences still exist in geographical accessibility, particularly in dispersed rural settlements. Municipalities in more remote areas are facing difficulties in attracting enough medical doctors.

### Cultural and natural heritage

* **Rich cultural and natural heritage and challenges related to its conservation and valorisation**

Important cultural heritage includes old towns, fortresses, bridges, monasteries, churches, mosques, archaeological sites, ethnological heritage, and museum pieces. UNESCO World Heritage list includes: Old bridge area of the Old City of Mostar, Mehmet Paša Sokolović Bridge in Višegrad, Stećci – medieval tombstone graveyards situated in several locations on both sides of the programme area, the natural and culture-historical region of Kotor and the Durmitor National Park. The state of the immovable cultural heritage in the area improved, but needs for renovation and valorisation are still significant.

Cultural cooperation is of high importance for promotion of people-to-people cooperation between municipalities in the border area, which share many similar traditions and customs. One of the unique assets of multi-culturalism is the existence of a large number of cultural, minority associations trying to preserve local traditions.

* **The programme area has exceptional natural values and common pressures on its biodiversity**

The programme area is one of the most biodiverse in Europe. There are several types of nature protection established in both countries, out of which one should single out three national parks (Durmitor, Sutjeska and Biogradska gora) and several nature park areas. UNESCO protected areas include Kotor-Risan Bay, Tara River Basin, NP Durmitor with the river Tara, while Tivat’s salina, Hutovo blato and Livanjsko polje belong to Ramsar sites.

Biodiversity faces several pressures on both sides, ranging from conversion of habitats, over-exploitation or illegal use of resources, pollution, climate change, invasive species, uncontrolled urbanisation and tourism development in natural habitats. The cumulative effect of these threats to biological diversity is the loss of rare or endangered habitats and their associated (often endemic) species. This has the potential to cause a reduction in the functionality and stability of natural ecosystems, particularly of forest and water ecosystems.

According to the national strategy for sustainable development of Montenegro and the Bosnia and Herzegovina environment performance review (UNECE, 2018), the capacities and resources for conservation and management need to improve. For many of the existing protected areas the management structures do not exist yet and protection measures, outside protected areas, are rarely implemented. Awareness regarding biodiversity among population is still low.

### Climate change and environment

* **The programme area is very vulnerable to climate change**

Overall, analyses of the climate change in the region recognise that human health, safety and life quality are highly vulnerable to natural hazards and sectorial weather-related losses, while also identifying sectors that will experience the biggest impacts:

* Agriculture (food quality decrease, land erosion and degradation, etc.);
* Forestry (high risk of widespread forest degradation, disappearance of present taxa, etc.);
* Water resources (deficiency in drinking water, etc.); and
* Human health (increase of heat waves, intrusion of new vector-borne diseases, etc.)[[5]](#footnote-5).
* **High level of natural and manmade risks**

The programme area is most vulnerable to earthquakes (urban centres), flooding, landslides and high snow. Many parts of the programme area are assessed with high risk of fires.

CSOs are of particular importance in raising awareness on disaster risks and prevention, including humanitarian organisations, firefighters, mountaineering rescue, speleology, etc. In this field, it is necessary to improve the technical capacities of the personnel and to modernise the intervention equipment. There is an agreement between Bosnia and Herzegovina and Montenegro on the cooperation in the prevention against natural or other disasters.

* **Investments in public infrastructure in recent years, needs still remain**

In recent years, the cities and municipalities in the programme area made progress in this field. The water supply network is relatively well developed in urban areas; however, water supply capacity and quality are still a concern in many rural areas. Many dispersed rural households have their own water supply (local springs, wells and cisterns), which is not (regularly) monitored, and the quality of water is not known.

According to the 2019 benchmarking report on solid waste management in South-East Europe (NALAS), landfilling is still the predominant method of dealing with waste. Effective separation of solid waste is not sufficiently put in place and recycling rates are low; only a small fraction of total waste generated in the country is treated in mechanical-biological treatment (MBT) plants in the City of Mostar and the Municipality of Konjic. Circular economy principles have not yet been introduced in the waste management framework, the knowledge as well as operators at local level are insufficient.

Sewerage networks are relatively well developed in urban centres. In many municipalities, the sewerage system is not capable of processing the volume of wastewater generated, which overflows as untreated sewage. In parts of the area direct discharging of untreated sewage into streams, tanks, and septic dumps occurs. Only a few larger municipalities possess efficient wastewater processing facilities.

* **Environmental hotspots present in the area**

Air pollution in the Western Balkans remains one of the highest in Europe and has a direct impact on citizens’ health. The very high concentrations of particulate matter pollution are mainly due to emissions from industrial installations (such as coal power plants), domestic heating (notably wood and coal fired stoves and boilers as well as domestic burning of waste) and traffic (older and technically obsolete vehicles)[[6]](#footnote-6).

Monitoring of the air quality in the programme area is limited and focuses on the main industrial centres. The town of Pljevlja is a dominant ecological hot spot on the Montenegrin side, but also Nikšić (due to waste disposal by the steel plant) and Tivat (waste grit deposit in the port)[[7]](#footnote-7). In the programme area of Bosnia and Herzegovina, Gacko with its thermal powerplant is a generator of air pollution.

### Connectivity

* **The main transport connection between the countries is by road**

The programme area itself is not generating any major transport and mobility flows compared to other more strategic connections within the countries; however, connectivity is an important aspect for the people living in the area and for tourism purposes.

The main road transport routes connecting the programme area are Sarajevo – Foča – Nikšić – Podgorica; Mostar – Trebinje – Nikšić – Podgorica; Sarajevo – Trebinje – Herceg Novi. International **road border crossings** are Metaljka-Metaljka, Vitine-Šula, Hum – Šćepan Polje, Deleuša - Vraćenovići, Klobuk - Ilino Brdo, Zupci – Sitnica. Other border crossings for border traffic are Aranđelovo – Nudo, Biteljica – Biteljica, Krstac – Krstac, Meštrevac – Meštrevac[[8]](#footnote-8). There are three international airports in the area: Sarajevo, Mostar and Tivat. All international airports have in recent years recorded growth in passenger transport. Seaports are located in Kotor and Tivat. The Port of Kotor welcomes large cruisers and commercial boats, while the marina in Tivat has positioned itself as a major Adriatic gateway for yachts. Railways however make up a less significant part of the overall transport infrastructure and connectivity as there are no direct rail connections between the participating countries.

* **Growing number of internet users, differences in the infrastructure between rural and urban areas**

The telecommunication network in the programme area is composed of several systems offering both fixed and mobile telephony. The capacities of the fixed network are well developed, and the mobile network has good signal coverage, throughout the area. Subscriptions to mobile phone were increasing rapidly in recent years.

The number of households with access to computer raised as well and reached 64 % in Bosnia and Herzegovina and 36 % in Montenegro (whereby a decline was indicated). In the programme area it is assumed that internet is still less accessible in the remote and mountainous parts where commercial providers have less interest to provide broadband infrastructure.

## Main findings

Based on the situation analysis and a detailed SWOT analysis, which are included in Annex 1 of this document, the following **findings, needs and challenges** were identified:

* **Addressing rural/urban disparities, depopulation and ageing trends**

In terms of territory and population, the programme area is much larger on the side of Bosnia and Herzegovina, which includes the capital of Sarajevo, a densely populated urban agglomeration, quite in contrast to many scarcely populated rural and mountainous parts, which usually lag behind. This is particularly notable when observing the access to public services and infrastructure, overall economic activity, risk of poverty and social exclusion.

According to official estimates, the overall population growth in the programme area is negative and this trend is more acute in rural areas. However, in Sarajevo’s agglomeration and the coastal towns of Montenegro, the population growth is still positive. Comparing the population estimates between 2019 and 2014, the population has decreased by around 21 000 inhabitants, of whom the share is almost equal on both sides and thus indicating a much more severe situation on the Montenegrin side. Shrinking communities in less developed rural parts on one side and ageing of the population on the other pose several challenges to socio economic development and make those areas unattractive to live and work for the young generations who look for better opportunities in urban centres or abroad.

The rural/urban character of the area is thus also reflected in specific differences, such as urbanisation vs. depopulation of rural parts.

* **Tackling unemployment through activation of local potentials**

In 2019, there were close to 160 000 registered unemployed persons in the programme area. The main challenges of this situation remain the creation of sustainable jobs, especially for the young and those living outside urban centres. Besides job creation, upskilling or reskilling among the active population is most required to better match the existing and future needs of the labour market demand. Activation of local employment potentials would thus require a cooperation of diverse actors both locally and across the border.

Agriculture and forestry are important activities of the programme area, not only from an economic point of view, but also from a social and environmental. The common challenges are multiple, namely: abandonment of farming activities, low productivity and value added, weak promotion of local value chains and insufficient diversification of economic activities on small farm households along with unsustainable farming practices. Tourism has also gained importance outside traditional tourist destinations and has potential for job creation, especially through a wider range of offers along the main common themes and their integration into visible cross-border destinations (e.g. culture, nature, outdoor, city, hiking, biking).

The R&D capacities in the programme area in general are low. The main R&D centres are in Sarajevo and Mostar. Relevant partners on the Montenegrin side would not be found in the eligible area but outside. The major challenges of the programme area in this respect would be how to increase the innovation and research capacities, strengthen knowledge transfer, add further value to existing economic activities and create more green jobs.

* **Improving the resilience to climate change and protecting the environment and natural assets of the programme area**

The programme area’s exceptional biodiversity faces several challenges, ranging from climate change effects to pressures caused by unsustainable use of resources, which could produce the loss of rare or endangered habitats and their associated endemic species. There is a need to increase the awareness of the general population as well as to upgrade management capacities, including systemic monitoring and the introduction of relevant conservation measures.

Increasing resilience to climate change represents one of the key challenges in the programme area, evident in several sectors and posing risks also to citizens’ safety and health. There is a need to raise awareness of the population in general and of the local authorities and relevant actors to plan and improve preparedness in case of natural or man caused disasters.

Regarding environmental protection, there has been some improvement in water supply efficiency, extension of the waste collection services and wastewater management. Some areas are still in need to improve the accessibility of public services and improve their efficiency. Recycling and promotion of circular and green economy needs to be promoted.

* **Improving governance capacities of actors to address local challenges**

The programme area has diverse administrative systems. At local level, the main challenges relate to increasing the capacities of the local authorities to effectively and efficiently cope with local challenges. This is of great importance for the smaller municipalities with fewer human resources. In terms of cross border cooperation, an additional challenge relates to the implementation arrangements set by the programme. It should be noted that there are different capacities among local and regional actors to engage in cross-border cooperation and that those actors on the Montenegrin side are relatively few.

# Programme Strategy

## Rationale - Justification for the selected intervention strategy

The common needs and challenges of the programme area have been identified in the preceding section and are manifold. Taking into account the recommendations from the 2007-2013 final evaluation and the 2014-2020 interim evaluation of the CBC programmes to increase the focus of future programmes, the requirement to select up to two thematic clusters and a similar financial envelope as in the 2014-2020 programme, the programme’s emphasis on the most relevant needs was necessary, whereby the following was considered:

* IPA III programming framework
* Findings from the situation analysis
* Opinions collected from the field survey
* Lessons learned from the implementation of the IPA I and IPA II cross-border cooperation programmes
* An assessment of thematic clusters and priorities in view of the common needs, expected added value through CBC, implementation capacities, as well as expected effects on the people and territory
* Coherence and compatibility with other EU and other donors’ programmes.

The overall approach in addressing the needs identified in the programme area is the following:

* Reducing regional and urban/rural disparities by activation of local potentials for sustainable development which can connect local and regional actors across the border by a very tangible cooperation
* Pooling resources across the borders to strengthen capacities to cope with future climate change challenges
* Strengthening the governance capacities to work across the borders.

**Overall objective**

**The cross-border cooperation programme between Bosnia and Herzegovina and Montenegro aims at fostering good neighbourly relations by   
promoting sustainable, vibrant, resilient and connected communities.**

**Justification of thematic priorities**

Against the foregoing background, the programme focuses on two thematic priorities and **two** specific objectives.

Table 3: Synthetic overview of the justification for selection of thematic priorities

|  |  |
| --- | --- |
| Selected thematic priorities | Justification for selection |
| Thematic cluster: Greener and improved resource efficiency | |
| **Thematic priority 1:** Environment protection, climate change adaptation and mitigation, risk prevention and management | * The area is highly vulnerable to climate change (raising temperatures, more frequent extreme weather events) * The area is among the most biodiverse in Europe and climate changes are affecting these ecosystems * The awareness and capacities to adapt to climate changes are still quite weak on both sides among the population in general and in terms of cross-sectoral cooperation * There is a shortage of good practice cases on how to adapt to climate change, especially regarding the economic functions of agriculture and forestry, as well as environmental protection * The risks of natural, climate-related changes, and human made disasters in the programme area are high (floods, fires, landslides, earthquakes, extreme weather events) and the area has already heavily suffered from these incidents * The need to further improve risk management, preparedness and response at all levels is pressing * Both sides have structures to address these issues and a cooperation agreement in the area of civil protection |
| Thematic cluster: Improved business environment and competitiveness | |
| **Thematic priority 2:** Tourism and cultural and natural heritage | * Tourism is a sector that can mobilise a wide range of local actors and improve the visibility of offers when connected and promoted at cross-border level and managed in a sustainable way * The area has exceptional cultural and natural heritage that provide a foundation for the development of integrated tourist products and destinations; however, competences in product development and destination management need to be improved * Positive trends and increasing numbers of arrivals and overnight stays were also observed outside the most popular and internationally recognised destinations, providing economic and employment opportunities for less dynamic areas in the hinterland * Uncertain times due to Covid-19 pandemic require better preparedness and innovation to ensure safety of visitors/tourists * Tourism is seen as a sector with potential to support the recovery of small businesses in relation to the crisis * There is interest on the part of potential beneficiaries to engage in CB-cooperation in this sector and the programme can build on the results achieved in the previous two programmes. |

**Justification of the financial allocation to each thematic priority:**

Approximately 45 % of the IPA III CBC funds will be allocated to the thematic priority *Environment protection, climate change adaptation and mitigation, risk prevention and management,* because substantial needs under this priority have been identified and, besides soft actions, operations will require investments in climate change adaptation and risk management measures, including small scale infrastructure and equipment.

Approximately 45 % of the IPA funds will be allocated to the thematic objective *Tourism and cultural and natural heritage,* because of a relatively high potential for mobilisation of local actors across the programme area and high interest for this theme in previous cooperation, including the need for small scale infrastructural investments in conservation of the natural and cultural heritage and related equipment for its valorisation.

## Description of programme priorities

### Thematic cluster: Greener and improved resource efficiency

This thematic cluster is of high relevance and importance for the programme area, considering its vulnerability to climate change and extreme weather events that know no borders. In addition, cross-border operations could have a larger potential for better addressing challenges under this priority.

**Thematic priority: Environment protection, climate change adaptation and mitigation, risk prevention and management**

**Specific objective 1: To improve the resilience of communities to climate change and natural and man-made risks**

The intention is to bring together all relevant actors (local authorities, climate change experts, disaster prevention, preparedness and response services, CSOs…) across the border to work jointly to build upon shared knowledge and understanding of climate change and its related consequences for the living and working in areas with high level of risk of floods, draughts, landslides, fires, heavy snow fall, and hailstorms. The reduction of this risk and the strengthening of preparedness to mitigate its effects would be instrumental for this priority. Furthermore, it would seek to increase awareness of the local population in general and professionals across different sectors (agriculture, forestry, biodiversity, health, tourism, water resources) on the situation and possible solutions in order to reduce the vulnerability of communities and businesses to climate change effects.

Operations would be expected to improve capacities for monitoring climate change effects, action planning as well as strengthening capacities in terms of cross-border risk prevention, preparedness and response in disaster events. The local population will benefit from concrete prevention measures and will be empowered on how to prepare and act during disaster situations. It is also envisaged that operations would increase the knowledge on possible solutions to adapt to climate change, in particular with regard to the most affected local economic activities, such as agriculture, forestry and tourism as well as environment and nature protection, which represents one of the key assets of the programme area.

**Result 1: ‘The ability to respond to natural and manmade disasters is enhanced’**

**Types of activities:**

* Generation of knowledge on disaster risks, such as small-scale research, monitoring, mapping, risk assessment in areas vulnerable to floods, landslides, fires, snow, etc.
* Rescue protocols and/or operational procedures for civil protection services and other bodies involved in risk management
* Design and implementation of early warning systems and communication exchange
* Investments in equipment for prevention, preparedness, rescue and recovery, including ICT solutions and technology improvements and training for the use of equipment
* Capacity building for disaster prevention, preparedness, response and recovery services, including professionals and volunteers
* Small scale investments[[9]](#footnote-9) in protection measures in the areas with high risk of floods, landslides, fires, droughts or other extreme weather events, which will improve the safety of the local population and ensure environmental protection
* Exchange of experience and dissemination of good practices related to risk management
* Awareness raising of the local population living and working in areas of high risk of natural or man-made hazards on how to prepare for and act in emergency situations

**Result 2: ‘The capacity of communities to adapt to climate change is enhanced’**

**Types of activities:**

* Generation of knowledge on the climate change effects to the living and working in the programme area, as well as on the potential for green and circular economy, and green and sustainable jobs
* Capacity building and knowledge dissemination and mainstreaming adaptation approaches in decision-making, where possible with a cross-sectoral approach
* Development of local strategies and action plans for strengthening resilience and assessing risks and vulnerabilities to climate change
* Investments and solutions to promote climate change adaptation and mitigation, including specific measures in forestry and agriculture, tourism, biodiversity, water systems
* Promotion of green and circular economy and promotion of green jobs by reducing the use of resources
* Support to climate change adaptation of urban areas with green infrastructure
* Exchange of experience and dissemination of good practices on possible solutions in identifying adaptation options to climate change
* Awareness raising of the local population in general and specific groups (agriculture and forestry sector, nature protection, homeowners, seniors and other vulnerable groups, etc.), living and working in areas of climate change effects and possible adapting strategies

**Main target groups:**

* Staff of all levels of administration in both countries and in particular those sectors and departments bearing responsibility for climate change, risk management and civil protection
* Volunteer organisations/bodies active in the area of climate change and emergency response
* Social partners and civil society organisations
* Agricultural landowners, forest owners, local businesses, staff of national parks and other nature protected areas
* Students and staff in training and education organisations and institutions
* Local population in general.

**Main beneficiaries:**

* Public authorities/institutions with competencies/responsibilities regarding climate change, risk prevention and management, such as flood/fire/landslides risk management, civic protection, water management, hydrometeorology, nature protection, agriculture and forestry, spatial planning.
* Local and regional governments/authorities and their institutions.
* Local and regional development agencies.
* Non-profit private organisations, including CSOs, active in the field of climate change, nature protection, humanitarian aid, agriculture, forestry, tourism.
* Education and training organisations and institutions.
* Scientific and research organisations and institutions.

Table 4: Outline of the intervention logic for thematic priority 1

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Thematic cluster: Greener and improved resource efficiency | | | | | | |
| Thematic priority 1:  Environment protection, climate change adaptation and mitigation, risk prevention and management | | | Indicators | Baseline value (2020) | Target value (2029) | Data source |
| Specific objective(s) | Results | Types of activities  (please see full descriptions of activities in the text) | **Impact**  Percentage of population in the programme area benefitting from protection measures supported by the programme, disaggregated by type (flood, fire, landslides, other) | 0 % | 0.1 % | Project reports/  Monitoring system |
| **1.1.**  To improve the resilience of communities to climate change and natural and man-made risks | **1.1.1.**  The ability to respond to natural and manmade disasters is enhanced | Generation of knowledge on disaster risks  Rescue protocols and/or operational procedures for civil protection services and other bodies  Design and implementation of early warning systems and communication exchange  Investments in equipment for prevention, preparedness, rescue and recovery  Capacity building for disaster prevention, preparedness, response and recovery services  Small scale investments in protection measures  Exchange of experience and dissemination of good practices  Awareness raising of the local population | **Outcome**  Number of service units with improved capacities to respond to cross-border disaster situations | 0 | 6 | Project reports/  Monitoring system |
| **Output**  Number of joint rescue protocols and operation procedures adopted    Number of units with enhanced technical equipment  Number of protection measures implemented  Number of people participating in awareness raising on risk prevention actions | 0  0  0  0 | 3  5  5  300 | Project reports/  Monitoring system |
| **1.1.2**  The capacity of communities to adapt to climate change is enhanced | Generation of knowledge on the climate change effects to the living and working in the programme area  Capacity building and knowledge dissemination and mainstreaming adaptation approaches in decision-making  Development of local strategies and action plans  Investments and solutions to promote climate change adaptation and mitigation  Promotion of green and circular economy and promotion of green jobs  Support to climate change adaptation of urban areas with green infrastructure  Exchange of experience and dissemination of good practices  Awareness raising of the local population in general and specific groups | **Outcome**  Number of organisations and institutions with raised capacity on climate change adaptation as a result of the programme | 0 | 8 | Project reports/  Monitoring system |
| **Output**  Number of practical demo/pilot actions and measures implemented  Number of participants to capacity building activities with increased understanding of climate change  Number of awareness raising campaigns | 0  0  0 | 3  300  3 | Project reports/  Monitoring system |

### Thematic cluster: Improved business environment and competitiveness

Within this cluster, the programme focuses on one thematic priority. Tourism and cultural and natural heritage were recognised as key potentials to foster local economies across the programme area. The implementation of the current CBC programmes also confirmed the presence of common interests and meaningful forms of cooperation.

**Thematic priority: Tourism and cultural and natural heritage**

**Specific objective 1: To develop and promote sustainable tourism based on cultural and natural heritage**

The cultural and natural heritage represents one of the potential driving forces of tourism, yet a largely untapped potential. Recent positive tourism trends show potential for further advancement and diversification of tourism and tourism related products and services not only in traditional tourism hotspots, but also in less dynamic, rural hinterlands and small towns.

The focus of the specific objective is to work jointly across the border in promoting sustainable tourism based on smart valorisation of cultural and natural values and activation of complementary local resources which can increase quality and create new economic and employment opportunities. The intention is to mobilise local actors and support them to develop innovative, unique, authentic tourist experiences, which build on or complement the natural and cultural heritage, promote local traditions and activate local resources in new and sustainable ways, whereby taking into account the new safety challenges posed by the recent Covid-19 pandemic.

The programme would thus expect to achieve cross-border integration of local offers along specific commonly identified themes or products (e.g., cross-border cultural and heritage routes, hiking, biking, national & nature parks, regional food), increased visibility and more visitors and tourists attracted to the programme area. Further changes would be expected in terms of quality and capacity to manage destinations and/or products, including increased attention to ensuring balance between preservation of cultural and natural heritage and development.

**Result 1: ‘The presence of natural and cultural heritage assets in the tourism offer is enhanced’**

**Nota bene**: Specific focus should be given to the activation of rural territories and/or their linkage with well-established traditional tourist destinations, which can become gateways for visiting the hinterlands. Among target groups, the young population and people in rural areas should be supported as to generate new employment opportunities.

**Type of activities:**

* Creation of new tourist experiences based on local cultural, natural and other resources, using innovative methods and technical approaches
* Small scale cross-border research related to tourism product/service development and innovation
* Small scale investments in conservation, restoration and preservation of the cultural and natural sites and values
* Investments in enhancing visitors’ infrastructure (e.g. interpretation centres, info points, physical access to cultural and natural sites) and necessary accessibility measures, including special needs for people with disabilities
* Establishment or improvement of visitor management
* Supply of equipment to improve visitors’ experience, specific measures to enable experience to people with disabilities or other specific vulnerable groups
* Development of complementary offers based on local resources, such as local food, handicrafts products, etc.
* Creation, improvement and connection of local offers in specific cross-border thematic products (e.g. hiking, biking, culture, nature, food)
* Development of itineraries and packages, including links between urban and rural offers
* Capacity building for the actors of local/regional tourism ecosystems, such as training, mentoring, awareness raising, exchange of good practices, mobility, study visits in relation to relevant areas, including:
  + Product innovation and development, regional branding, digital marketing, cooperation, cross-border product and destination management, internationalization
  + Understanding the customers and their needs, quality of services, standards, hospitality, safety
  + Use of new interpretation methods
  + Mapping and valorization of cultural and natural heritage in a sustainable way, ensuring balance between protection and development
  + Awareness raising and motivational activities for potential tourist providers, tourism and tourism related business start-up support based on local potentials and needs
* Connecting operators of cultural and natural sites, businesses, tourist organizations and other actors in cross-border cooperation and management forms, like value chains, clusters, networks, product-based management
* Development of innovative marketing concepts and (digital) promotion tools, implementation of joint promotion/marketing actions to address domestic and international markets
* Promotion of new tourism offers through collaboration with already established destinations

**Nota bene**: potential beneficiaries should consider existing regional initiatives and build synergies. Attention should be given to securing sustainable cross-border partnerships and structures beyond project completion.

**Main target groups:**

* Small businesses, farmers, heritage and nature protected area managers, tourist guides, artists and cultural workers, other professionals in tourist organizations
* Potential tourism or tourism related providers (rural population, tourism start-ups, young, unemployed, students)
* Local and regional organizations responsible for development and promotion of sustainable tourism
* Students, teachers and staff in educational/training organizations and institutions
* Visitors and local population in general

**Main beneficiaries**:

* Local and regional authorities
* Local and regional organisations engaged in tourism or tourism related activities
* Organisations, institutions and authorities responsible for protection and management of the cultural and natural heritage
* Organisations and institutions working in the field of rural development
* Education and training organisations and institutions
* Research organisations and institutions
* CSOs active in the field of cultural or natural heritage, education, rural development and other related fields.

Table 5: Outline of the intervention logic for thematic priority 2

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Thematic cluster: Improved Business Environment and Competitiveness | | | | | | |
| Thematic priority 2:  Tourism and cultural and natural heritage | | | Indicators | Baseline value (2020) | Target value (2029) | Data source |
| Specific objective(s) | Results | Types of activities  (please see full descriptions of activities in the text) | **Impact**  Number of visitors to supported sites,  of which visitors to rural hinterlands | TBD | 3%  Increase | Project reports/  Monitoring system |
| **2.1.**  To develop and promote sustainable tourism based on cultural and natural heritage | **2.1.1.**  The presence of natural and cultural heritage assets in the tourism offer is strengthened | Creation of new tourist experiences based on local cultural, natural and other resources  Small scale cross-border research related to tourism product/service development and innovation  Small scale investments in conservation, restoration and preservation of the cultural and natural sites and values  Investments in enhancing visitors’ infrastructure  Establishment or improvement of visitor management  Supply of equipment to improve visitors’ experience  Development of complementary offers based on local resources  Creation, improvement and connection of local offers in specific cross-border thematic products  Development of itineraries and packages  Capacity building for the actors of local/regional tourism ecosystems  Connecting tourism actors in cross-border cooperation and management forms  Development of innovative marketing concepts and (digital) promotion tools and implementation of joint promotion actions  Promotion of new tourism offers through collaboration with already established destinations | **Outcome**  Number of upgraded natural and cultural assets integrated in tourism offers  Number of cross-border partnerships formalised and operational beyond project completion | 0  0 | 8  4 | Project reports/  Monitoring system |
| **Output**  Number of joint tourist products  Number of participants to capacity building on sustainable tourism, of which young and from rural areas  Number of tourist providers with increased capacities  Number of natural and cultural sites rehabilitated and made accessible to visitors  Promotion and visibility actions/campaigns | 0  0  0  0  0 | 4  200    30  8  8 | Project reports/  Monitoring system |

### Technical assistance

Technical Assistance (TA) will aim to ensure the effective, efficient and accountable management of the cross-border programme.

**The specific objective of the technical assistance** is twofold:

1. to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme; and
2. to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.

It also supports awareness-raising activities at country level in order to inform citizens in both IPA III beneficiaries. 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.

Technical assistance will also cater for the needs of those applying and implementing CBC operations for the sake of high quality project development and its subsequent effectiveness and sustainability.

The technical assistance allocation will be used to support the work of the national Operating Structures (OS) and of the Joint Monitoring Committee (JMC) in ensuring the efficient set-up, implementation, monitoring and evaluation of the programme, 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 of Bosnia and Herzegovina and an Antenna Office in Montenegro. The JTS will be in charge of the day-to-day management of the programme and will be reporting to the OS and JMC.

**Expected results:**

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

Table 6: Outline of the intervention logic for technical assistance

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | |
| Technical assistance | | | Indicators | Baseline value (2020) | Target value (2029) | Data source |
| Specific objective(s) | Results | Types of activities | **Impact**  Percentage of funds available under the programme that are contracted | 0 | 95 % | AIR,  Monitoring system |
| **0.1.**  To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area | **0.1.1.**  The administrative capacity for CBC reinforced | Establishment and functioning of the Joint Technical Secretariat and its Antenna  Organisation of JMS and OS meetings  Support to the work of the Joint Task Force in charge of preparing the programme cycle 2028-2034  Monitoring of project and programme implementation, including the establishment of a monitoring system and related reporting  Organisation of evaluation activities, analyses, surveys and/or background studies | **Outcome**  Percentage of JMC and OSs decisions implemented in a timely manner (as prescribed in the minutes of meetings)  Percentage of projects covered by monitoring missions[[10]](#footnote-10) | 0  0 | 90 %  100 % | AIR,  Monitoring system  AIR, project reports Monitoring system |
| **Output**  Number of JTS/antenna offices newly equipped and functional  Number of events organized in relation to programme management  Number of project monitoring missions implemented | 0  0  0 | 2  3  At least 1 per project | AIR  AIR  Monitoring system  AIR, project reports Monitoring system |
| **0.1.2**  Potential applicants and grant beneficiaries supported | Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives  Preparation of internal and/or external manuals/ handbooks  Assistance to potential applicants in partnership and project development (partners search forums etc.)  Advice to grant beneficiaries on project implementation issues | **Outcome**  Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support | 0 % | 95 % | AIR, project reports Monitoring system |
| **Output**  Number of capacity building events for potential applicants, grant beneficiaries and programme structures’ employees  Number of internal/external manuals or handbooks prepared  Number of queries of grant beneficiaries resolved | 0  0  0 | 25  2  TBD | AIR, project reports Monitoring system    AIR and other reports  AIR and other reports |
|  | **0.1.3**  The visibility of the programme and its outcomes is guaranteed | Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc. | **Outcome**  Number of people reached by information/promotion campaigns | 0 | 6000 | AIR and other reports |
| **Output**  Number of information/promotion campaigns implemented  Number of promotional and visibility events organized  Number of publications produced and disseminated | 0  0  0 | 3  12  3 | AIR and other reports |

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

* Programme management structures
* Potential applicants
* Grant beneficiaries
* Final project beneficiaries
* Wider public

**Main beneficiaries:**

* Operating Structures
* Joint Monitoring Committee

## Horizontal and cross-cutting issues

Environmental protection requirements, resource efficiency (climate change mitigation and adaptation), and risk prevention and risk management are at the focus of the cross-border programme strategy. These are explicitly supported within the *thematic priority: Protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management*. Environmental protection requirements are also integrated in the thematic priority *Tourism and cultural and natural heritage*, where sustainable development is the fundamental principle of development. No project that could potentially harm the environment or disregard the principle of resource efficiency shall be supported. All these considerations will be integrated in the quality assessment criteria.

Equal opportunities and prevention of discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation shall be observed during the preparation, design and implementation of the cooperation programme. In all phases, equal opportunities will be respected by the programme structures as well as by project applicants and beneficiaries. In the programme preparation, disparities between the urban and rural areas have been identified mainly in the quality of life, access to public services and employment opportunities. Young unemployed were recognised as one of the most vulnerable groups, especially in the mountainous, remote and rural areas where employment opportunities are scarce. They will be regarded as target group under the thematic priority *Tourism and cultural and natural heritage*, among other aiming at their activation through sustainable tourism. In all activities and investments regarding cultural and natural heritage, access for people with disabilities should be taken into consideration.

Promotion of equality between men and women is another fundamental principle to be respected in all phases of the programme cycle, both on the part of the programme management structures as well as project beneficiaries. The situation analysis showed that in most parts of the programme area the share of unemployed women is higher than that of men. Potential applicants shall be encouraged to examine gender issues, where appropriate and separately address the needs of women and men. In the monitoring of activities, gender data will be analysed where suitable (e.g., in the attendance of capacity building actions).

Governance principles applied to the management of the programme and the enhancement of civil society and inter-sectoral cooperation when implementing operations will be observed. Good governance in the programme implementation concerns the design, implementation and monitoring of the rules and procedures that should allow for effective, efficient, transparent and accountable implementation of the programme.

Specific attention shall be put to cross-sectoral aspects of the programme implementation. Both selected thematic priorities are notably dependent on the vertical and horizontal cooperation of actors from different sectors and across the border. Where required, the appropriateness of cross-sectoral partnerships will be observed in the assessment of the project quality.

## Coherence with other programmes and macro regional strategies

Bosnia and Herzegovina and Montenegro are part of the EU Strategy for the Danube Region (EUSDR) and EU Strategy for the Adriatic and Ionian Region (EUSAIR).

The specific objective “To improve the resilience of communities to climate change and environmental risks” will specially contribute to the EUSDR Priority area 5 ‘environmental risks’. The contribution is likely to happen in relation to increasing the knowledge base on climate change in the programme area, which is rather sensitive to flood, fires, landslides and other disaster risks. Furthermore, the programme will support actions to increase awareness raising in the population and specific target groups, such as farmers, forest owners and local authorities. It is also expected that through increased capacities for risk assessment and measures promoting risk preparedness and response the programme will contribute to the EUSDR.

The specific objective “To promote sustainable tourism based on cultural and natural heritage” is expected to contribute to both strategies:

* EUSDR – PA3 Culture and tourism: the main contribution of the CBC programme is expected in the development of integrated tourist products, based on cultural routes and sustainable preservation of cultural heritage and natural values. These could be the basis for the development of common offers by developing cooperation of local actors in relevant cross-border clusters and networks, including museums, interpretation and visitors’ centres, which are targeted in the PA3.
* EUSAIR – Pillar 4 Sustainable tourism: the contribution is expected to both topics – 1 Diversified tourism offer (products and services) and 2 – Sustainable and responsible tourism management (innovation and quality). The cross-border cooperation programme is namely targeted at valorising cultural and natural heritage and values through new offers and activation of other local resources (food, handicrafts, specific experiences) into sustainable tourist products, connecting local providers from both sides of the border in the most appropriate way, for instance, within networks, clusters or other cooperation forms.

# Financial Plan

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

Table 7: Indicative financial allocations per year for the period 2021-2027

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **IPA II CBC PROGRAMME BOSNIA AND HERZEGOVINA - MONTENEGRO** | | | | | | | **Total (EUR)** | |
| **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | | **2021-2027** |
| **CBC Operations** *(all thematic priorities)* |  |  |  |  |  |  |  | |  |
| **Technical Assistance** |  |  |  |  |  |  |  | |  |
| **TOTAL (EUR)** |  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |

Table 8: Indicative financial allocation per priority and rate of Union contribution

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **CLUSTERS** | **PRIORITIES** | **IPA II CBC PROGRAMME BENEFICIARY X- BENEFICIARY Z** | | | |
| **European Union funding** | **Co-financing** | **Total funding** | **Rate of Community contribution** |
| (a) | (b) | (c) = (a)+(b) | (d) = (a)/(c) |
| **Greener and improved resource efficiency** | **Environment protection, climate change adaptation and mitigation, risk prevention and management** |  |  |  |  |
| **Improved business  environment and  competitiveness** | **Tourism and cultural and natural heritage** |  |  |  |  |
| **Technical Assistance** | |  |  |  |  |
| **GRAND TOTAL** | |  |  |  |  |

The European Union contribution has been calculated in relation to the eligible expenditure, which is based on the total expenditure, as agreed by the participating beneficiaries and laid down in the cross–border programme. The European Union contribution at the level of [thematic priority shall not exceed the ceiling of 85%] of the eligible expenditure. The co-financing under thematic priorities 1-4 will be provided by the final grant beneficiaries and it can be from public and private funds. Final grant beneficiaries should contribute with a minimum of 15% of the total eligible cost of the project, both for investment and institution building projects. The co-financing under the priority ‘technical assistance’ will be provided by the national authorities.

# Implementing Provisions

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

## Financing agreement

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

## Indicative implementation period

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

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

## Implementation Method

***Direct management***

See responsibilities and tasks under section 5.4 below

**Delivery Methods**

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

**[Procurement]** *(where relevant; i.e. in case of Strategic Projects)*

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

<…>

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

Theglobal budgetary envelope reserved for procurement:EUR <…>

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

***[Grants]***

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

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

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

1. Type of applicants targeted:

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

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

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

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

1. Direct grant award: *(where relevant; i.e. in case of Technical Assistance)*

Direct grant award for technical assistance to the Operating Structure:

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

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

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

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

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

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

1. Exception to the non-retroactivity of costs:

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

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

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

## Programme Management Structure

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

## Project development and selection and implementation

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

## Payments and financial control

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

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

- Financial flows and procedures from project to programme level>

## Reporting, Monitoring and Evaluation

<Brief description of the reporting, monitoring and evaluation requirements and modalities>

## Information and visibility

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

# LIST OF ANNEXES

## ANNEX 1: Description and Analyses of the Programme Area

**Situation and SWOT/PESTLE analysis**

1. This chapter comprises a summary of the situation analysis. For more details, please see Annex 1. [↑](#footnote-ref-1)
2. Montenegro in figures 2019, Monstat. [↑](#footnote-ref-2)
3. Key figures on enlargement countries 2019, Eurostat. [↑](#footnote-ref-3)
4. Data for Montenegro are for year 2018. [↑](#footnote-ref-4)
5. https://www.rcc.int/news/383/rcc-publishes-study-on-climate-change-in-the-western-balkans-alarming-increase-of-temperature-over-the-whole-territory [↑](#footnote-ref-5)
6. Guidelines for the Implementation of the Green Agenda for the Western Balkans, Commission Staff Working Document, SWD (2020) 223 final, 6.10.2020. [↑](#footnote-ref-6)
7. 2030 National Strategy for sustainable development of Montenegro. [↑](#footnote-ref-7)
8. http://www.granpol.gov.ba/interactivemap/ [↑](#footnote-ref-8)
9. Small scale investments should complement other cross border activities of the beneficiaries and not be the sole purpose of the proposed projects. [↑](#footnote-ref-9)
10. This refers to the visits of the JTS to the project beneficiaries. [↑](#footnote-ref-10)