**Annex 1**

**2021-2027 IPA III CBC Serbia – Montenegro**

Situation analysis and SWOT

November 2020

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# INTRODUCTION

This situation analysis provides an overview of the eligible area for the strategic planning process under the IPA III CBC programme Serbia-Montenegro. The analysis relies on information obtained from various sources, including primary and secondary sources alike.

The foundation of the analysis has been established using statistical data, and then its content has been further complemented and enriched based on information from the analysis of country/region/district/municipality level documents; other strategic documents delivered from national sources, both in the Republic of Serbia and Montenegro; the 2014-2020 IPA II CBC programme document; an overview of projects supported under the latter programme and the analysis of responses from the received questionnaires: in total 42 questionnaires filled out by programme stakeholders were collected and analysed.

# 1. SITUATION ANALYSIS

## Programme area

**24 municipalities and towns in an area of 17 402 km2 with 664 522 inhabitants**

The programme area of the IPA III cross-border cooperation programme Serbia – Montenegro encompasses 10 municipalities/cities in the Republic of Serbia and 14 municipalities in Montenegro.

**In Serbia,** theeligible area includes the cities and municipalities located in three districts: the entire Raški District with 5 municipalities/cities of Kraljevo, Vrnjačka Banja, Raška, Novi Pazar and Tutin; four out of the ten municipalities/cities of the Zlatiborski District (Nova Varoš, Priboj, Prijepolje and Sjenica); and the municipality of Ivanjica, out of the four ones from the Moravički District.

**In Montenegro,** the eligible territory includes the municipalities located in the northern and central part of the country, namely: Andrijevica, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Nikšić, Petnjica, Plav, Pljevlja, Plužine, Rožaje, Šavnik and Žabljak.

Table 1: Programme area

|  |
| --- |
| **SER MNE I 7 jun crop** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Montenegro** | | | | **Republic of Serbia** | | | |
| **Eligible area (km2):** | | | **Total**  **9 369** | **Eligible area (km2):** | | | **Total**  **8 033** |
| Andrijevica | 283 | Petnjica | 173 | Zlatiborski District: | | Raški District: | |
| Berane | 544 | Plav | 329 | Nova Varoš | 581 | Kraljevo | 1 530 |
| Bijelo Polje | 924 | Pljevlja | 1 346 | Priboj | 553 | Novi Pazar | 742 |
| Gusinje | 157 | Plužine | 854 | Prijepolje | 827 | Raška | 670 |
| Kolašin | 897 | Rožaje | 432 | Sjenica | 1 059 | Tutin | 742 |
| Mojkovac | 367 | Šavnik | 553 | Moravički District: | | Vrnjačka Banja | 239 |
| Nikšić | 2 065 | Žabljak | 445 | Ivanjica | 1 090 |  | |
| **Total programme area (km2):** | | | | **17 402** | | | |
| **Total border (km):** | | | | **249.5** | | | |
| **Border crossings:** | | | | **6** | | | |

The total programme area covers 17 402 km2, of which 46 % belong to the Serbian territory (8 033 km2) and 54 % to the Montenegrin one (9 369 km2). Compared with the national territories, the eligible area on the Serbian side represents 9 % of the total country surface, while in Montenegro it includes 68 % of the country’s territory.

The border length between Montenegro and Serbia amounts to 249.5 km. It mainly stretches along a mountainous territory with 10 km of a river border.

Along the programme eligible area there are six border crossings, five for road traffic (Špiljani – Dračenovac, Gostun – Dobrakovo, Godovo-Vuča, Vrbnica, Jabuka – Ranče) and one rail border crossing Prijepolje - Vrbnica.

The programme area is also part of two European macro-regions, to wit: the Danube’s and the Adriatic Ionian’s.

## 1.2 Political aspects

**Both beneficiaries are EU candidate countries**

In December 2010, the European Council granted candidate status to Montenegro. The accession negotiations were formally opened at the first Intergovernmental Conference in June 2012. Since the opening of Montenegro’s accession negotiations, all 33 negotiation chapters have been opened, of which three have been provisionally closed. Chapter 8 (Competition), the last one, was opened in June 2020.

In March 2012, the European Council granted candidate status to the Republic of Serbia. The accession negotiations were formally opened at the first Intergovernmental Conference in January 2014. Since the opening of Serbia’s accession negotiations, 18 out of 35 chapters have been opened, two of which have been provisionally closed. In 2019, two negotiation chapters were opened.

The European Commission adopted a strategy for “A credible enlargement perspective for and enhanced EU engagement with the Western Balkans” in February 2018. A revised methodology, to drive forward the enlargement process with a stronger political steer and in a more credible, predictable, dynamic way, was presented by the Commissionin February 2020. In October 2020, the Commission proposed the Economic and Investment Plan to support and bring the Western Balkans closer to the EU.

## 1.3 Geographical features

**Variety of geographical features**

**Mostly a mountainous area with water, forest and mineral resources**

The programme area is located in the Balkan Peninsula, in the central and south-west of Serbia and northern and central part of Montenegro. It is predominately mountainous. The Dinaric Alps stretch across with mountain peaks above 2 000 m (e.g. Bobotov kuk – 2 522 m).

**Climate:** The climate in the programme area is diverse. In the southern and northern part of the programme area, it is alpine and in the central part is continental. In the mountainous areas in the southern part, summers are relatively cool and humid, while winters are long and harsh, with frequent frosts and low temperatures. In the north part of the programme area the climate is mostly humid with a continental fluvial regime. Summers are moderately warm, winters are moderately cold. A humid continental climate is characteristic for mountains with an altitude below 1 000 m. Basins and river valleys have some specifics in relation to the climate. In winter seasons, temperature inversion could cause the air temperature to be lower in the valleys than on the summits.

The Western Balkans is one of the regions in Europe that is most heavily affected by the impact of climate change and this trend is projected to continue, with estimates of temperature increases of 1.7 – 4.0°C, and even exceeding 5.0°C by the end of the century, depending on the global effort in greenhouse gasses emission reduction[[1]](#footnote-1).

**Waters:** The rivers in the region flow either to the Adriatic or to the Black Sea drainage basin. The main rivers in the programme area are: Ibar, Lim, Tara, Ćehotina, Morača, West Morava and Uvac. These rivers with their tributaries have great hydroelectric potential. According to the Energy Development Strategy of Montenegro by 2030, the available (theoretically) hydropower potential of the main watercourses in Montenegro is about 9 846 GWh/year. Only 17% of this potential has been used.

The river Uvac is very important by its hydroelectric potentials. There are 3 hydroelectric powers on this river, creating 3 artificial lakes: Uvačko, Zlatarsko and Radoinjsko. Its hydroelectric potential is almost completely used, and for the river Lim there are still some possibilities to have new hydroelectric power stations constructed and the energy sector expanded. There are many beautiful and attractive natural and artificial lakes in the programme area. The biggest and best known are: Biogradsko, Plavsko, Crno, Perućac, Zlatarsko, Potpeć and Sjenica Lakes. These larger artificial lakes are multifunctional and are used for electric power production, irrigation, fishing, water supplying, tourism and recreation. Smaller lakes are mostly used for the purposes of tourism and recreation.

Mineral and thermal springs also offer a great potential for development of wellness and spa tourism in the area. Several brands of bottled water (Rada, Vrnjci, Diva) are produced in the programme area.

**Forests:** According to the World Bank collection of development indicators, the forest area (as a percentage of the land area) in Montenegro was reported to amount to 61.49 % (8 270 sq. km), while the forest area in Serbia was reported at 31.12 % (27 214 sq. km) in 2016. Montenegro is one of the most afforested countries in Europe. Forests in 10 municipalities on the Serbian side of the programme area make 17 % of the total forestland in Serbia or 373 499 ha. In total, 364.27 ha were planted (reforestation) in the abovementioned municipalities during 2018.

Forests have an irreplaceable role in mitigating anthropogenic climate change, connected with the absorption of carbon. As the largest storehouse of carbon after the oceans, forests already absorb and store about 30 percent of the current levels of carbon emissions and have the potential to store much more. It is necessary to pay attention that the capacity of forests in this respect is continually increased.

**Mineral resources:** The programme area has reserves of mineral resources that are being exploited for commercial purpose. Zones of ores and minerals are numerous and spread over large areas in Montenegro. Previous investigations of the terrains of Montenegro discovered 28 different kinds of mineral resources. It is estimated that 23 minerals are of economic importance, such as metallic and non-metallic minerals, coal. The area under peat is 1 400 ha, and open pit mines near Pljevlja spread over several hundred acres. The reserve of the coal around Pljevlja is above 216 million tons. In the basin of the river Ćehotina a reserve of micro-lignite has been detected (about 232 million tons). The reserve of brown coal is estimated at around 160 million tons, deposits of brick clay and china clay around 6 million m3. There are also lead, zinc and copper in the north part of Montenegro. Non-metallic mineral raw material - architectural and building stone has a few locations: near Andrijevica (limestone breccias marble and volcanic rocks) and near Pljevlja (decorative rock). The Zlatiborski District is rich in mineral resources of metals, metalloids, and other natural wealth important for further economic and entire socio-economic development. The whole area is rich in decorative stone sites, black and dark limestone, as well as cement stone sites. The area is very rich in iron and medium quality nickel. Mines of copper, lead-zinc, chrome and manganese are registered at a few locations. Latest research confirmed that there are significant quantities of copper, lead, gold and zinc. Bauxite sites are also registered, as well as magnesium sites. Raški and Moravički districts are rich in coal, magnetite, dolomite, boron, asbestos, lead, zinc, which are exploited. The Ibarski mine has exploitation reserves of 2.5 million tons of hard coal. Revitalization of existing mines and opening of new ones are primary related to extraction of magnetite, lea, zinc, dolomite, boron and white rocks.

**Key findings**

|  |  |
| --- | --- |
| **positive** | **negative** |
| * Variety of geographical features * Forests and water resources * Mineral resources | * The programme area is affected by climate change and natural hazards (floods, forest fires) |
| **Challenges for cross-border cooperation** | |
| * Mobilising the area’s geographic and natural assets for sustainable development | |

## 1.4 Demography

**Close to 670 000 people live in the programme area**

**Emigration and ageing of population**

**Population density is bellow national average**

The total population of the programme area according to the projections in 2019 was 664 522 of which 65 % (432 289 inhabitants) lived in Serbia and 35 % (232 233 inhabitants) lived in Montenegro. In the country context, inhabitants on the Serbian part of the programme area account for about 6 % of the total population of Serbia, whereas the people in the Montenegrin part account for about 37 % of the country’s population.

**Table 1: Territory and population**

| **Territory** | **Surface** | **Population census** | | **2019 projection** | **Population density** | **Population density** |
| --- | --- | --- | --- | --- | --- | --- |
|  |
| **2019** | **2002-RS** | **2011** | **2011** | **2019** |  |
| **2003-ME** |  |
| km² | number | number | number | Inhab/km2 | Inhab/km2 |  |
| **Serbia** | **88 499** | **7 498 001** | **7 186 862** | **6 945 235** | **81** | **78[[2]](#footnote-2)** |  |
| **Zlatiborski district** |  |  |  |  |  |  |  |
| Nova Varoš | 581 | 19 982 | 17 429 | 14 319 | 30 | 25 |  |
| Priboj | 553 | 30 377 | 26 914 | 23 847 | 48 | 43 |  |
| Prijepolje | 827 | 41 188 | 38 781 | 34 465 | 47 | 42 |  |
| Sjenica | 1 059 | 27 970 | 27 655 | 25 690 | 26 | 24 |  |
| **Moravički district** |  |  |  |  |  |  |  |
| Ivanjica | 1 090 | 35 445 | 32 516 | 29 490 | 30 | 27 |  |
| **Raški district** |  |  |  |  |  |  |  |
| Kraljevo | 1 530 | 121 707 | 117 701 | 117 168 | 77 | 77 |  |
| Vrnjačka Banja | 239 | 26 492 | 26 296 | 25 964 | 124 | 109 |  |
| Novi Pazar | 742 | 85 996 | 98 992 | 107 071 | 134 | 144 |  |
| Raška | 670 | 26 981 | 24 657 | 22 429 | 36 | 33 |  |
| Tutin | 742 | 30 054 | 32 191 | 31 846 | 43 | 43 |  |
| **Programme area RS** | **8 033** | **446 194** | **443 132** | **432 289** | **55** | **54** |  |
| **Montenegro** | **13 812** | **620 145** | **620 029** | **622 028** | **45** | **45** |  |
| Andrijevica | 283 | 5 785 | 5 071 | 4 585 | 18 | 14 |  |
| Berane[[3]](#footnote-3) | 717 | 35 068 | 33 970 | 26 632 | 47 | 53 |  |
| Bijelo Polje | 924 | 50 184 | 46 051 | 42 191 | 50 | 46 |  |
| Gusinje |  |  |  | 3 998 |  | 25 |  |
| Kolašin | 897 | 9 949 | 8 380 | 7 228 | 9 | 8 |  |
| Mojkovac | 367 | 10 066 | 8 622 | 7 553 | 23 | 21 |  |
| Nikšić | 2 065 | 75 282 | 72 443 | 69 203 | 35 | 33 |  |
| Petnjica |  |  |  | 5 242 |  | 34 |  |
| Plav[[4]](#footnote-4) | 486 | 13 805 | 13 108 | 8 319 | 27 | 26 |  |
| Pljevlja | 1 346 | 39 806 | 30 786 | 27 006 | 23 | 20 |  |
| Plužine | 854 | 4 272 | 3 246 | 2 613 | 4 | 3 |  |
| Rožaje | 432 | 22 693 | 22 964 | 23 024 | 53 | 53 |  |
| Šavnik | 553 | 2 947 | 2 070 | 1 558 | 4 | 3 |  |
| Žabljak | 445 | 4 204 | 3 569 | 3 081 | 8 | 7 |  |
| **Programme area MNE** | **9 369** | **274 061** | **250 280** | **232 233** | **27** | **24** |  |
| **Total PROGRAMME AREA** | **17 402** | **720 255** | **693 412** | **664 522** | **40** | **38** |  |

Sources: Statistical Office of the Republic of Serbia, Census 2011 and projections for 2019

Statistical Office of Montenegro, Monstat, Census 2011 and projections for 2019

In the programme territory, the majority of municipalities recorded a population decline, with the exception of the population in Novi Pazar in Serbia and Rožaje in Montenegro that are growing. Compared to the previous period and census in 2011, when the total population of the programme was 693 412, the current data show a population decline of almost 29 000 inhabitants in the whole programme area (a decline of 18 047 inhabitants in Montenegro and 10 843 in Serbia).

The population of the whole area has been decreasing dramatically, more than 4 % in just 8 years (census 2011 – projections 2019).

**Table 2: Population density**

|  |  |  |  |
| --- | --- | --- | --- |
| **Territory** | **Surface** (km2) | **Population** | **Density** |
|  |
| **Serbia** | **88 499** | **6 945 235** | **78** |  |
| Serbian part of the programme area | 8 033 | 432 289 | 54 |  |
| **Montenegro** | **13 812** | **622 028** | **45** |  |
| Montenegrin part of the programme area | 9 369 | 232 233 | 24 |  |

Sources: Statistical Office of the Republic of Serbia, projections for 2019;

Statistical Office of Montenegro, Monstat, projections for 2019

The population density is much lower than country averages. On the Serbian side only Novi Pazar (144 inhabitants/ km2) and Vrnjačka Banja (109) have a population density above the national average (78). The municipalities of Sjenica (24), Ivanjica (27), Nova Varoš (25) and Raška (33) are far below. The population on the Montenegrin side is settled even more sparsely. Its density in mountainous municipalities is extremely low, in Šavnik (3), Žabljak (7) and Kolašin (8). In the municipalities of Berane and Rožaje (53) and Bijelo Polje (46), the population density is over the national average (45).

Overall, the population density in 15 municipalities out of 24 is lower than the programme territory average (38).

The entire programme area can be defined as rural according to OECD typology.[[5]](#footnote-5)

People in the programme area are mainly residents in smaller settlements and a few urban centres/towns. These are Kraljevo, Novi Pazar and Prijepolje on the Serbian territory and Nikšić, Bijelo Polje, Pljevlja and Berane on the Montenegrin side. Apart from the concentration of the population, these centres are also the main driving force of the programme area.

In the eligible area there are 11 centres with a population larger than 25 000 inhabitants, and among them just two centres, Kraljevo and Novi Pazar, larger than 100 000 inhabitants (the threshold of 200 000 inhabitants is considered in the OECD and EU methodology for the analysis of the urban – rural structure at regional level).

Unfavorable demographic trends on both sides of the border are migration and aging of the population in the programme area. The consequences of emigration and population aging are numerous and far reaching, and they lead to depopulation and demographic extinction of certain (rural) areas.

A comparison of the average age of the population in the programme area with the national average shows that the programme area population is older on both sides of the border. The exception would be the Raški District with “young” communities in Tutin with an average age of 33.12 years and Novi Pazar (34.94 years), which is significantly lower than the Serbian average (43.16 years). On the Montenegrin side, the municipality of Rožaje has the youngest population in the whole programme eligible territory with an average of 31.7 years (according to the Montenegrin census of 2011).

According to the census data from 2011, in terms of ethnic groups, the majority of population in the programme area consists of Serbs (45%), followed by Montenegrins (24%) and Bosniacs (21%). Minorities on both sides enjoy equal treatment granted by the constitution.

All abovementioned phenomena signal an intensive process of structural transformation of the social and demographic structure of the programme area. The younger population and the young families are moving toward the urban poles (inside both countries or abroad). The population ageing and thus the decline of the number of active persons in the rural and remote areas are changing the needs and the potential of these areas, increasing the economic dependency of these communities, and reducing the capacity of development.

**Key findings**

|  |  |
| --- | --- |
| **positive** | **Negative** |
| * Diversity of national and ethnic groups (tradition of respect among ethnic groups) * Existence of “young” municipalities | * The population of the whole area has been decreasing * 22 municipalities recorded population decline * Emigration (mainly youth and working age population) * Ageing |
| **Challenges for cross-border cooperation** | |
| * Urban - rural divide (differences in quality of living) * Due to migratory trends huge number of inhabitants living abroad (with familiar economic and social connections in the programme) could be considered as opportunity and common issue for cooperation | |

## 1.5 Economy

**Generally, the programme area is among least developed economic areas on both sides of the border**

**Potentials for sustainable tourism development, agricultural and industrial production, development of SME sector**

### 1.5.1 Economic development in general

The economic development in the programme area was weak and additionally affected by the COVID-19 pandemic in 2020. The COVID-19 pandemic is a global shock that also affected Serbia and Montenegro. It represents a burden on their health and social protection systems. The final extent of the COVID-19 pandemic crisis in terms of loss of human lives and damage to the economies is not possible to assess, but early estimates foresee a drop of between 4-6 % of gross domestic product (GDP) in the region. Large number of citizens are at risk of losing their jobs, and temporary government support measures have an important fiscal impact. Montenegro's economic outlook deteriorated substantially since the second quarter of 2020, as the COVID-19 quarantine measures were introduced. Public finances are under significant pressure in 2020 due to fast growing costs to finance the authorities' policy response to the pandemic combined with a sharp decline in budget revenue due to lower economic activity (particularly the loss in tourism revenue). Regarding Serbia, prior to the COVID-19 crisis, the pace of GDP growth speeded up. By reducing the budgetary deficit and maintaining a prudent fiscal stance, Serbia had significantly improved debt sustainability. Labour market performance had improved, with the lowest unemployment rates in the last decade, however, this was also due to large emigration. The COVID-19 crisis is projected to strongly deteriorate the economic outlook in 2020, as regards GDP growth, public finances, and employment.[[6]](#footnote-6)

Table 3: Countries’ GDP

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **GDP real growth, % change compared to previous year** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| **EU-27** | 0.6 | -4.3 | 2.2 | 1.8 | -0.7 | -0.1 | 1.6 | 2.3 | 2.1 | 2.7 | 2.1 |
| **Montenegro** | 7.2 | -5.8 | 2.7 | 3.2 | -2.7 | 3.5 | 1.8 | 3.4 | 2.9 | 4.7 | 5.1 |
| **Serbia** | 5.7 | -2.7 | 0.7 | 2.0 | -0.7 | 2.9 | -1.6 | 1.8 | 3.3 | 2.0 | 4.4 |
| **GDP per capita (in EUR)** |  |  |  |  |  |  |  |  |  |  |  |
| **EU-27** | 25 260 |  |  |  |  |  |  |  |  |  | 30 160 |
| **Montenegro** | 5 030 |  |  |  |  |  |  |  |  |  | 7 490 |
| **Serbia** | 4 860 |  |  |  |  |  |  |  |  |  | 6 140 |

Source: Eurostat (online data codes: nama\_10\_gdp and nama\_10\_pc)

Gross domestic product of Montenegro in 2018 was € 4 663 mil while in Serbia in 2018 at current prices amounted to RSD 5 068 588.5 mil.

The economy in the programme eligible area is among the least developed when compared to the national levels of development for the participating countries as a whole.

The Government of Serbia tracks disparities within local economies and communities each year through a composite index: the level of Economic Development of Local Self-government Unit (EDLSU). It is defined according to an approved methodology that takes account of economic and social factors and which assigns every local self-government unit (LSU) to one of four groups.[[7]](#footnote-7) Out of the ten Serbian municipalities situated in the programme area, six municipalities (Nova Varoš, Priboj, Prijepolje, Raška, Sjenica and Tutin) are considered as highly underdeveloped and three of them (Prijepolje, Sjenica and Tutin) are devastated.

The Government of Montenegro uses a development index to measure the level of development of local self-governments. This composite indicator is calculated by the following ones: the unemployment rate, income per capita, income budget of local governments per capita, general movement of population and level of education. According to this index, four municipalities (Plav, Gusinje, Andrijevica and Petnjica) belong to the second group (below 50% of national average)[[8]](#footnote-8), six municipalities (Kolašin, Mojkovac, Šavnik, Bijelo Polje, Berane and Rožaje) belong to the third group (between 50 % and 75 %), while four municipalities (Nikšić, Žabljak, Plužine and Pljevlja) belong to the fourth group (between 75 and 100%).

In the programme area, 7 municipalites out of 24 are considered as severely underdeveloped (devasted), with a development index below 50 % of national average.

**International agreements on cooperation:** Montenegro and Serbia have signed a number of agreements allowing the programme area to exploit opportunities of international trade and cooperation. Both countries are members of CEFTA and EFTA and have restored the Most-Favored Nation status with the USA. Both Serbia and Montenegro have also been designated as a beneficiary developing countries under the U.S. Generalized System of Preferences (GSP) program, which provides duty-free access to the U.S. market in various eligible categories, including jewelry, ores, stones, and various agricultural products.

Outside the Commonwealth of Independent States, Serbia is the only country with a Free Trade Agreement with Russia. Serbia has also signed the free trade agreements with Belarus, Turkey and Kazakhstan. A Free Trade Agreement between the Eurasian Economic Union (EAEU) and the Republic of Serbia was signed at the meeting of the Eurasian Intergovernmental Council (EIC) in 2019. This new Trade Agreement not only fully harmonizes trading conditions of Belarus, Kazakhstan and Russia with Serbia, as they have already had bilateral free trade agreements, but also creates a similar regime for the Armenian and Kyrgyz goods, which had no preferences when accessing the Serbian market.

Montenegro also signed a free trade agreement with Turkey in 2008 that has been in force since March 2010. A year later, in November 2011, Montenegro signed a free trade agreement with Ukraine. Montenegro had a free trade agreement with Russia, although that agreement is currently not in force and is being renegotiated. As part of its negotiations with Russia, Montenegro is working on free trade agreements with Kazakhstan and Belarus. Montenegro has signed numerous Agreements on Economic Cooperation with the following countries: Azerbaijan, Qatar, China, UAE, Turkey, Macedonia, Serbia, Croatia, Austria, Bulgaria, Czech Republic, Greece, Abruzzo Region (Italy), Hungary, Germany, Slovenia, Spain, Ukraine. 22 Agreements on Investment Protection and Promotion were concluded with Austria, Azerbaijan, Czech Republic, Finland, France, Greece, Netherlands, Israel, Qatar, Cyprus, Macedonia, Malta, Germany, Poland, Spain, Serbia, UAE, Turkey, Denmark, Belgium-Luxemburg Economic Union, Ukraine, Hungary.

Montenegro is a WTO member, while Serbia started accession to the WTO in 2005 but has not yet completed this process.

### 1.5.2 Business sectors and competitiveness

There were 26 741 businesses in the programme area in 2019. Most of them were micro[[9]](#footnote-9) enterprises and sole traders, with small practical accumulative power and formed in order to provide economic means for the founders and employees.

In comparison to year 2012 when 17 328 businesses were registered in the programme area, the number of businesses in 2019 increased by 9 413. As for the Montenegrin businesses, only 0.10 % of all business are large sized enterprises. Thus, it can be considered that the 99.9 % of all business on the Montenegrin side of the territory were either micro-enterprises or small and medium -sized enterprises (SME).

**Table 4: Structure of the businesses by size in 2019 in Montenegro**

| **Territory** | **Number of active businesses by size** | | | | | **Newly established in 2019** | **Newborn businesses that  survived the 5th year-2019** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Total active businesses** | **Micro** | **Small** | **Medium** | **Large** |
| **Montenegro** | **28 695** | **26 993** | **1 367** | **288** | **47** | **3 168** | **2 083** |
| Andrijevica | 68 | 63 | 5 |  |  | 4 | 9 |
| Berane | 549 | 520 | 19 | 10 |  | 59 | 34 |
| Bijelo Polje | 1 190 | 1 118 | 63 | 7 | 2 | 122 | 67 |
| Gusinje | 29 | 27 | 2 |  |  |  | 1 |
| Kolašin | 229 | 218 | 9 | 2 |  | 26 | 16 |
| Mojkovac | 151 | 142 | 8 | 1 |  | 13 | 8 |
| Nikšic | 1 878 | 1 753 | 95 | 27 | 3 | 162 | 118 |
| Petnjica | 27 | 25 | 2 |  |  | 3 |  |
| Plav | 111 | 108 | 2 | 1 |  | 13 | 7 |
| Pljevlja | 605 | 565 | 31 | 8 | 1 | 27 | 32 |
| Plužine | 31 | 29 | 2 |  |  | 2 | 3 |
| Rožaje | 610 | 583 | 25 | 2 |  | 56 | 32 |
| Šavnik | 35 | 33 | 2 |  |  | 2 | 2 |
| Žabljak | 132 | 122 | 10 |  |  | 11 | 9 |
| **Programme area Montenegro** | **5 645** | **5 306** | **275** | **58** | **6** | **500** | **338** |

Source: Statistical Office of Montenegro

**Table 6: Structure of the businesses by size in 2019 in Serbia**

| **Territory** | **Total active businesses** | **Number of companies** | **Newly established in 2019** | **Number of entrepreneurs** | **Newly established in 2019** |
| --- | --- | --- | --- | --- | --- |
| **Serbia** | **386 913** | **119 481** | **9 029** | **267 432** | **36 920** |
| **Zlatiborski district** |  |  |  |  |  |
| Nova Varoš | 626 | 94 | 7 | 532 | 106 |
| Priboj | 943 | 151 | 13 | 792 | 94 |
| Prijepolje | 1 674 | 321 | 55 | 1 353 | 206 |
| Sjenica | 877 | 148 | 11 | 729 | 121 |
| **Moravički district** |  |  |  |  |  |
| Ivanjica | 2 321 | 484 | 34 | 1 837 | 303 |
| **Raški district** |  |  |  |  |  |
| Kraljevo | 6 153 | 1 350 | 81 | 4 803 | 747 |
| Vrnjačka Banja | 1 477 | 344 | 19 | 1 133 | 147 |
| Novi Pazar | 4 848 | 1 168 | 109 | 3 680 | 508 |
| Raška | 1 144 | 239 | 18 | 905 | 152 |
| Tutin | 1 033 | 194 | 20 | 839 | 164 |
| **Programme area Serbia** | **21 096** | **4 493** | **367** | **16 603** | **2 548** |

Source: Serbian Business Register Agency

According to data from 2019, the area is characterised by a number of small businesses that can represent employment creation potential. In the Serbian eligible area, registered businesses represent 5.4 % of all businesses in the country, while on the Montenegrin side the registered businesses represent 19.6 % of all businesses in Montenegro. The total of newly established businesses within the programme area in 2019 was 3 145. The largest number of businesses on the Serbian territory are in Kraljevo (6 153), Novi Pazar (4 848) and Ivanjica (2 321), while on the Montenegrin side in Nikšić (1 878), Bijelo Polje (1 190), Rožaje (610) and Pljevlja (605).

The number of active businesses per 1 000 inhabitants in the programme area is lower than the national average of each of the participating countries.

**Table 7: Active businesses per 1 000 inhabitants, 2019**

|  |  |  |  |
| --- | --- | --- | --- |
| Republic of Serbia | 56 | Montenegro | 46 |
| Programme area RS | 49 | Programme area ME | 24 |
| **Total programme area: 40** | | | |

Own calculation by using data from the Statistical Offices of both countries

SME development is a one of the major pillars of both governments’ policies as a means for achieving the dynamic levels of economic expansion needed in the eligible area to reach economic parity with its European neighbours. Nevertheless, a culture of entrepreneurial spirit is not well developed throughout the eligible area. SMEs in the programme area are characterised by low level of internationalisation and integration in transnational chains or trade channels. Many of them operate as small family businesses. Cooperation with research and development institutions is underdeveloped as well as innovation capacity. According to data from 2019, the largest numbers of businesses by sector on the Montenegrin side of the programme territory are as follows: wholesale and retail trade (2 056), manufacture (834), accommodation and food service activities (688), transport and storage (408), professional, scientific and technical activities (361) and agriculture forestry and fishing (182). Regarding the percentage of the total active businesses by sector in the Montenegrin programme territory compared with total active businesses by sector in Montenegro, the situation is the following: agriculture forestry and fishing (49 %), mining and quarrying (38 %), manufacture (37 %), water supply, sewerage, waste management (36 %), transport and storage (28 %), supply of electricity, gas (27 %), activities of human health and social work (25 %) and wholesale and retail trade (22 %).

Industry and energy production have an important role in the overall economic structure of the programme territory. Larger-scale industry is found mainly in the urban centres - textile production, copper and aluminum production, wood processing, construction, food industry (milk, meat and fruit processing), electric power supply and mining. Light industrial production in sectors such as forestry and timber (wood processing, furniture), textile (fur and leather), food processing (milk, meat, grain mills, bakeries, beer and fruit production).

The industry is mainly concentrated in the regional centres (Leoni Kraljevo, Tai Group Kraljevo, Free zone Priboj, FAP Livnica Prijepolje, Drinsko-Limske HPP Nova Varoš, Toscelik Nikšić, Electric company of Montenegro Nikšić, Coal mine Pljevlja). Also, the wood processing companies (Euroles Bijelo Polje, Becom Bijelo Polje, Zlatarsped Nova Varoš, Merser trade Nova Varoš, Seenergy Timber Vrnjačka Banja, Dalas Tutin, Numanović Novi Pazar) and textile industry (Cvetex Vrnjačka Banja, Stilex Prijepolje, Konik Prijepolje, Classic jeans Novi Pazar, Ceco line Novi Pazar, Exelit Novi Pazar, Kens Novi Pazar).

There is a number of food processing companies located in the region (Franca Bijelo Polje, Meat-trade Bijelo Polje, Meat industry Goranović Nikšić, Trebjesa Nikšić, Mlekara Zornić Tutin, Farmad Kraljevo, Zlatarka Nova Varoš, Turković Sjenica, Sjeničanka Sjenica, Beni komerc Novi Pazar).

Energy production is well represented in the programme area. The hydro potential of the programme area contributes to its development and plays an important role in economic results. A large share of hydro potential is not explored, which provides possibility for increasing electricity production. The Company Drinsko-limske Hydro Electric Power Plants located in Bajina Bašta operates the power plants Uvac, Kokin Brod, Bistrica, and falling water hydroelectric power plant Potpeć. Annually this company produces around 2 700 GWe (30 % of total production of hydro electric energy in Serbia) and delivers more than 800 GWe to the consumers.

Furthermore, the programme area has significant capacities for production of energy from renewable energy resources (RES). The energy sector is characterised by a large natural potential (coal, hydropower, biomass potential, wind and solar potentials), which is insufficiently exploited.

### 1.5.3 Agriculture and forestry

The programme area is characterised by its rural landscape, mainly pastures and meadows. Small average size of agricultural holdings, ageing of the farm holders, low level of education and lack of interest of the young people to remain in rural areas are inhibiting factors of development. The small size farm holdings cannot secure sufficient income and have to complement agriculture with other activities. The main characteristics of this production are fragmentation of farms, age structure (old households), outdated mechanization, insufficient practice of new agricultural techniques, lack of funds and disorganized production. A predominant agricultural activity is animal breeding (cattle, sheep, goats). Fruit and vegetable production is mainly characteristic of the Raški district.

Traditional agricultural products include cow’s milk and dairy products (mainly cheese), lamb meet, processed beef and pork (dried and smoked) meats (ham, bacon, sausage), fruits (plums, apples, raspberries), and potatoes. Several innovative farm households and companies have developed new or adapted traditional products to the market requirements.

The majority of farm holdings are family owned and of small size, predominantly owned by men. In Montenegro, 31 % of farm households have less than 0.5 ha of agricultural land. And 47 % are specialized in livestock breeding. The highest number of farms using pastures and meadows are in the programme area – Nikšić, Bijelo Polje, Pljevlja and Berane.[[10]](#footnote-10) Livestock production is a significant contributor to Montenegro's agricultural economy. Ruminant breeding allows for utilization of less productive areas as the most common in the structure of total agricultural land. After 2011, the size of the flock is increasing. Among cattle, dual purpose breeds prevail with a tendency for an increase in the presence of dairy breeds. Goats are primarily used for milk and cheese production while sheep are primarily for meat. Pig and poultry production is only on a small scale and tends to be largely for home consumption.

In the programme area, several products have been protected by geographical indications. In Serbia these products are water Vrnjci, Zlatar cheese, Sjenica lamb and Sjenica cheese. In Montenegro, products protected by the designation of origin at national level are Kolašin cheese, Durmitor clotted cream and Pljevlja cheese.

Compared with other European countries the share of organic agriculture in the Balkan countries is very low, however increasing. Organic farming holds good potential for Montenegrin and Serbian agriculture, considering favorable natural conditions and the continuity of family farms.

The programme area’s comparative advantage lies in the agri-food sector, deep rooted in tradition and favorable natural conditions, whose development is nevertheless held back by fragmentation and constraints on access to land.

**Forests** are considered an important natural as well as economic resource of the area and a provider of numerous ecosystem services. Exploitation and processing of timber, use of biomass, forest fruits collection, hunting, but also outdoor and recreation activities are important. Also, forest goods provide an important “[hidden](https://www.worldbank.org/en/news/infographic/2016/03/16/forests-provide-vital-resources-to-13b-people) harvest” for rural populations, keeping many people out of extreme poverty. Forests are an important aspect of rural livelihoods, with rural households living near forested areas deriving as much as 22 % of their income from forest sources according to the Poverty and Environment Network (PEN).

Sustainable use of forest resources and improving the competitiveness of forestry is important for both sides. Efficient forests use and management can have positive socio-economic and environmental impacts, as well as an important role in the adjustment to climate change.

### 1.5.4 Tourism

The programme area has very good potential for the development of sustainable tourism. Well preserved environment in general, areas of high nature value and rich cultural heritage are its main assets. Popular tourist centres on the Serbian side include the mountains Kopaonik, Zlatar, Goč, Golija; spa centres in Vrnjačka Banja, Mataruška Banja, Bogutovačka Banja, Novopazarska Banja, Pribojska Banja; rivers Lim, Uvac; lakes Perućac, Zlatar, Potpeć, Radonja; and historical and cultural monuments Studenica, Žiča, Mileševa, Stari Ras with Sopoćani, and others. Major tourist centres on the Montenegrin side include Kolašin, Žabljak, Mojkovac and Plav. Due to favourable climate Kolašin and Žabljak attract visitors all year around. Biogradsko Lake located in the National park “Biogradska Gora” and one of three preserved virgin forests of Europe are of special interest for tourists. Mojkovac is located between the mountains Bjelasica and Sinjajevina. Žabljak is situated in the very heart of the Durmitor National Park, at 1 456 m above the sea level. It is the town at the highest altitude in the Balkans. The town is surrounded by 48 mountain peaks higher than 2 000 m, with 18 mountain lakes of which the most attractive is the Black Lake.

According to the Regional Development Strategy of Montenegro for the period 2014-2020, in order to create the conditions for a better valorization of potentials in the northern part of Montenegro, a spatial plan for Bjelasica and Komovi was adopted. This spatial planning document identified several mainstays of tourism development in the region and defined the eight new greenfield projects for the construction of modern, market-oriented mountain centres/resorts. The main focus is on the concept of mountain resort development in accordance with international professional standards regarding construction planning of top-class centres of tourist infrastructure oriented to year-round business. These centres are: the mountain ones named Žarski, Cmiljača, Torine, Kolašin 1450, Kolašin 1600, Jelovica with golf resort, Komovi and Eco Adventure Park Komovi.

**Table 8: Tourism arrivals and overnight stays (Programme area - municipalities)**

| **Montenegro -data for 2019** | **Tourist arrivals** | | | **Overnight stays** | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Total arrivals** | **Domestic** | **Foreign** | **Total overnights stays** | **Domestic** | **Foreign** |
| **Montenegro** | **2 645 217** | **135 592** | **2 509 625** | **14 455 920** | **522 382** | **13 933 538** |
| Andrijevica | 1 043 | 345 | 698 | 5 782 | 440 | 5 342 |
| Berane | 6 749 | 3 230 | 3 519 | 11 866 | 4 303 | 7 563 |
| Bijelo Polje | 7 161 | 2 381 | 4 780 | 21 749 | 4 114 | 17 635 |
| Gusinje | 130 | 30 | 100 | 171 | 39 | 132 |
| Kolašin | 52 818 | 7 591 | 45 227 | 99 960 | 16 207 | 83 753 |
| Mojkovac | 4 780 | 372 | 4 408 | 8 218 | 652 | 7 566 |
| Nikšić | 16 606 | 2 001 | 14 605 | 28 916 | 4 392 | 24 524 |
| Petnjica | 165 | - | 165 | 589 | - | 589 |
| Plav | 1 557 | - | 1 557 | 13 605 | - | 13 605 |
| Pljevlja | 7 830 | 2 892 | 4 938 | 15 133 | 5 701 | 9 432 |
| Plužine | 4 357 | 270 | 4 087 | 7 900 | 411 | 7 489 |
| Rožaje | 2 399 | 230 | 2 169 | 13 823 | 374 | 13 449 |
| Šavnik | 1 704 | 85 | 1 619 | 3 810 | 138 | 3 672 |
| Žabljak | 49 365 | 6 313 | 43 052 | 113 209 | 15 787 | 97 422 |
| **Programme area Montenegro** | **156 664** | **25 740** | **130 924** | **344 731** | **52 558** | **292 173** |
| **Serbia - data for 2018** | **Tourist arrivals** | | | **Overnight stays** | | |
| **Total arrivals** | **Domestic** | **Foreign** | **Total overnights stays** | **Domestic** | **Foreign** |
| **Serbia** | **3 430 522** | **1 720 008** | **1 710 514** | **9 336 103** | **5 678 235** | **3 657 868** |
| **Zlatiborski district** |  |  |  |  |  |  |
| Nova Varoš | 17 387 | 15 382 | 2 005 | 52 932 | 48 875 | 4 057 |
| Priboj | 3 960 | 2 711 | 1 249 | 17 768 | 9 929 | 7 839 |
| Prijepolje | 1 994 | 1 419 | 575 | 2 768 | 2 037 | 731 |
| Sjenica | 3 689 | 2 315 | 1 374 | 5 622 | 3 510 | 2 112 |
| **Moravički district** |  |  |  |  |  |  |
| Ivanjica | 19 134 | 17 166 | 1 968 | 80 857 | 77 318 | 3 539 |
| **Raški district** |  |  |  |  |  |  |
| Kraljevo | 25 355 | 18 100 | 7 255 | 79 214 | 65 103 | 14 111 |
| Vrnjačka Banja | 250 621 | 203 255 | 47 366 | 837 486 | 714 612 | 122 874 |
| Novi Pazar | 20 280 | 12 978 | 7 302 | 34 763 | 23 462 | 11 301 |
| Raška | 111 319 | 89 270 | 22 049 | 441 451 | 349 090 | 92 361 |
| Tutin | 282 | 278 | 4 | 601 | 597 | 4 |
| **Programme area Serbia** | **454 021** | **362 874** | **91 147** | **1 553 462** | **1 294 533** | **258 929** |

Sources: Statistical Office of Montenegro, Monstat, Statistical Office of the Republic of Serbia

Table: Tourism in the programme area 2011

Sources: Statistical Office of Montenegro, Monstat, Statistical Office of the Republic of Serbia

**Table 9: Tourism in the programme area 2018 and 2019**

| **Tourist arrivals 2018 RS and 2019 MNE** | | | **Overnights 2018 RS and 2019 MNE** | |
| --- | --- | --- | --- | --- |
|  | **total** | **foreign** | **total** | **foreign** |
| **Serbia (2018)** | **3 430 522** | **1 710 514** | **9 336 103** | **3 657 868** |
| **Programme area RS** | **454 021** | **91 147** | **1 553 462** | **258 929** |
| **Programme area RS (% of Serbia)** | **13 %** | **5 %** | **17 %** | **7 %** |
| **Montenegro (2019)** | **2 645 217** | **2 509 625** | **14 455 920** | **13 933 538** |
| **Programme area MNE** | **156 664** | **130 924** | **344 731** | **292 173** |
| **Programme area MNE (% of Montenegro)** | **6 %** | **5 %** | **2 %** | **2 %** |
| **TOTAL PROGRAMME AREA** | **610 685** | **222 071** | **1 898 193** | **551 102** |

Sources: Statistical Office of Montenegro, Monstat, Statistical Office of the Republic of Serbia

Comparing data from 2011 and 2018/2019 (for Serbia 2018 and for Montenegro 2019) related to tourism in the eligible programme territory, positive trends are observed. There were 610 685 tourist arrivals recorded in the programme area (357 432 in 2011). In the programme territory in Serbia 454 021 tourist arrivals were recorded in 2018. These arrivals account for 13 % of all tourist arrivals in Serbia. As reported by the Statistical Office of the Republic of Serbia most tourist arrivals as well as overnight stays were recorded in the municipalities of Vrnjačka Banja and Raška. Regarding all overnights stays in Serbia, 17 % of them were realised in the programme area.

The contribution of tourism on the Montenegrin side of the eligible area to overall tourist figures is smaller; however, a slight increase in percentages regarding all categories being compared (tourist arrivals total and foreign, overnights total and foreign) is noticed. Tourist arrivals account 6 % of all arrivals to Montenegro in 2019 and 2 % to total overnight stays. In Montenegro most tourist arrivals as well as overnight stays were recorded in Žabljak and Kolašin.

As in the previous period, the Serbian side mainly attracts domestic tourists (80 % arrivals, 87 % overnight stays in 2018) while foreign tourists dominate on the Montenegrin side (83 % of arrivals, 85 % of overnights in 2019).

The tourism industry has well established tradition in some parts of the area, but its potential is not yet sufficiently exploited. There is a relevant potential for the development of various types of tourism (ecotourism in the protected areas, cultural tourism attracted by historical heritage, business tourism, health tourism, adrenaline tourism). Most of the tourism potential is shared on the two sides of the borders, and its development could benefit from a stronger cross-border cooperation.

Even though considerable potential exists, there are severe obstacles to more dynamic development of the tourism sector. The main obstacles are better access to/and through the programme area, modernisation of the tourist infrastructure, improvement of the quality of accommodation and other services, generally not adequately trained personnel in tourist sector, lack of human resources, seasonal pattern of tourism offer, etc.

Tourism was also identified by most municipalities in the programme area as one of the key potentials and generator for development, what is also reflected in national, regional and local strategic documents. The quality and quantity of resources available and their distribution in the eligible area lead to identify the main challenge in the creation of a common image of the area, a territorial brand capable to attract a significant flow of demand, and to exploit the synergy between single tourism attractions.

**1.5.5 Business support environment and R&D**

There are four Regional Development Agencies in the programme area:

* Regional Development Agency for Bjelasica, Komovi and Prokletije
* Regional Agency for Spatial and Economic Development of Raska and Moravica Districts
* Regional development Agency Zlatibor
* Sandžak Economic Development Agency- SEDA

Business support is provided also by other institutions at regional level: the Chamber of Economy of Montenegro – Regional Offices in Nikšić and Bijelo Polje, the Chamber of Commerce and Industry of Serbia – Regional Chamber of Commerce Kraljevo and Užice. Moreover, the role of local self-governments in the programme area is important in terms of development of the business infrastructure as well as in terms of provision of local subsidies. Local economic development offices are very important business support structures at local level in Serbia.

Within the programme area, municipalities, chambers of commerce, development agencies and other organisations established certain level of support services and instruments to support the SME sector, however there is room for improvement of the quality, effectiveness and efficiency of those services.

Improving conditions for business development and strengthening of competitiveness through increased technology development and innovation are priorities of both cooperating countries.

Business locations: Attracting new businesses into the programme area is a priority for its municipalities. Business zones are important economic generators. They are chances to increase exports, employment, balance between manufacturing and services sectors and a stimulus to activities that will be a support to the production capacities developed in the zones. The main industrial/business zones operate in Berane, Nikšić, Kolašin and Kraljevo. Other municipalities also developed smaller business locations and provided support to potential investors. Business incubators are not so developed in the programme area. Currently, several business incubators operate in the programme area in Bijelo Polje, Berane and Nikšić. Free zones represent highly developed centers of technology, telecommunications, modern infrastructure and industry and logistic support. Preferential customs treatment, tax relief and simplified administrative procedure make free zones investment attractive. In the programme area there is one free zone in Priboj, on a crossroad between Serbia, Montenegro and Bosnia-Herzegovina. The zone encompasses 26 hectares 90 acres and 69 square meters of land. It possesses 27 213 square meters of production space, 10 770 square meters of closed storage space, 9 084 square meters of open storage space and 5 183 square meters of office space.

**Research and development:** In the Serbian part of the programme territory, a research center for natural sciences was opened in Goč at the suggestion of the local self-government of Kraljevo to use the old capacities of the children's resort on Goč for a research center. Based on the Program of Support to the Opening of Regional Innovation Startup Centers (so-called “mini” science and technology parks), two Regional Innovation Startup Centers opened in Priboj and Novi Pazar in 2020.

On the Montenegrin side there is the Black Metallurgy Institute in Nikšić, a licensed scientific research institution which deals with research and development in technical sciences.

The Innovation and Entrepreneurship Center Tehnopolis in Nikšić was opened in 2016 as a part of the Science and Technology Park. Technopolis will contribute to linking science and business sectors; improving the competitiveness of SMEs and promoting entrepreneurship; and support for new companies.

According to the data of the Statistical Office of the Republic of Serbia for 2018, 2 679 employees on the Serbian part of the territory work in the professional, scientific, innovation and technical activity. According to the data of the Statistical Office of Montenegro for 2019, 5 774 employees in Montenegro work in the professional, scientific, innovation and technical activity (no data at municipal level).

The Smart Specialisation Strategy (S3) is an important instrument for improving the innovation and research ecosystem in the given country, as well as for the development of innovation and knowledge-based economy. Montenegro was the first non-EU country that adopted the S3 in June 2019. The objective of this strategy is an integrated approach and focused action in areas where Montenegro has competitive advantages in a European context. By focusing on science, innovation and research, identified strategic priorities- sustainable agriculture, energy and health tourism- should strengthen the competitiveness and internationalization of the economy. Serbia adopted the S3 in February 2020. The priority areas identified through the preparation of this document, which represent competitive advantages for Serbia and as such require further investments, include information and communication technologies, food for the future, creative industries, machines and production processes of the future.

**Key findings**

|  |  |
| --- | --- |
| **positive** | **negative** |
| * High number of SMEs * Municipalities are developing instruments for attracting new businesses * Long tradition in metal and wood processing and energy and textile production * Potential for RES * Potential for development of agro-food industry * Potential for sustainable tourism development * Existence of R&D institutions in the programme area (the number of R&D institutions increased) | * 7 municipalites severely underdeveloped (devasted) * Entrepreneurship underdeveloped * Low level of internationalization * Small size of agricultural holdings * Tourism potential not activated * R&D generally at law level |
| **Challenges for cross-border cooperation** | |
| -Identifying the most relevant topics for cross-border cooperation (e.g. considerable potentials in tourism (cooperation in destination development) and agro food  -Focus from regional perspective on S3 competitive advantages | |

## 1.6 Labour market

**Positive employment trends at the national level**

**Long-term, youth and structural unemployment**

According to the official statistical information, the situation in Montenegro and Serbia regarding labour market has improved in previous years with positive employment trends on a state level. However, labour market activity in the programme area is rather low, characterised by unemployment, a mismatch between demand and supply and the situation is similar in both countries, considering their geographical, economic, social and other similarities. Seven municipalites in the programme area are classified as severely underdeveloped (devasted), with a development index below the 50 % of the national average, and the programme area is generally affected by emigration and aging population. Although some foreign investments generated new job creations, the lack of economic operators that could offer sustainable and satisfactory employment opportunities is evident. In addition, it is estimated that labour market will be negatively influenced by the COVID-19 crisis.

### 1.6.1 Employment

According to the official data[[11]](#footnote-11) of the Statistical Office of the Republic of Serbia for 2018, the total number of employees was 2 131 079, what represented 67.7 % of active population in the country with a 46.6 % employment rate**.** In 2018 the employment rate of programme area in Serbia was 35.7 %.

As far as the official statistics[[12]](#footnote-12) of Montenegro is concerned (source: Statistical Office of Montenegro – Labour source survey 2019), there were 287.3 thousand of people in the active population of Montenegro, out of whom there were 243.8 thousand of employed persons or 84.9 % and 43.4 thousand of unemployed or 15.1 %. The activity rate for the 2019 is 57.4 %, the employment rate is 48.7 %, the unemployment rate is 15.1 % and the inactivity rate is 42.6 %.

**Table 10: Employment**

| **Territory** | **Total number** | **Female** | **% of women** |
| --- | --- | --- | --- |
| **Montenegro-data for 2019[[13]](#footnote-13)** | **203 545** | **91 545** | **45** |
| Andrijevica | 542 | 191 | 35 |
| Berane | 5 106 | 2 208 | 43 |
| Bijelo Polje | 8 259 | 3 530 | 43 |
| Gusinje |  |  |  |
| Kolašin | 1 333 | 668 | 50 |
| Mojkovac | 1 224 | 553 | 45 |
| Nikšic | 14 605 | 6 604 | 43 |
| Petnjica |  |  |  |
| Plav | 1 403 | 530 | 38 |
| Pljevlja | 5 863 | 2 466 | 42 |
| Plužine | 477 | 158 | 43 |
| Rožaje | 3 068 | 1 141 | 37 |
| Šavnik | 287 | 113 | 39 |
| Žabljak | 708 | 332 | 47 |
| **Programme area Montenegro** | **42 875** | **18 494** | **43** |
| **Serbia-data for 2018** | **2 131 079** | **975 592** | **46** |
| **Zlatiborski district** |  |  |  |
| Nova Varoš | 3 604 | 1 455 | 40 |
| Priboj | 5 277 | 2 201 | 39 |
| Prijepolje | 8 031 | 3 507 | 44 |
| Sjenica | 5 022 | 2 022 | 39 |
| **Moravički district** |  |  |  |
| Ivanjica | 8 533 | 3 683 | 43 |
| **Raški district** |  |  |  |
| Kraljevo | 32 349 | 14 023 | 39 |
| Vrnjačka Banja | 7 371 | 3 482 | 47 |
| Novi Pazar | 19 721 | 8 401 | 43 |
| Raška | 6 346 | 2 642 | 42 |
| Tutin | 5 077 | 1 883 | 37 |
| **Programme area Serbia** | **101 331** | **43 299** | **43** |
| **Total PROGRAMME AREA** | **144 206** | **61 793** | **43** |

Sources: Statistical Office of Montenegro,

Ministry of Labour and Social Welfare of Montenegro,

Statistical Office of the Republic of Serbia

Employment trends in both countries are positive, comparing official statistical data for 2015 and 2018. In this period, the employment rate in the Republic of Serbia raised from 42.5 % to 46.6 %, while in Montenegro the increase recorded was from 44.3 % to 47.5 %.

A total of 144 206 were employed in the programme area in 2018/2019 (available data for Serbia refer to year 2018 and for Montenegro 2019). Out of total number of employed, on the Serbian side there were 101 331 employed and 42 875 on the Montenegrin side. The employed on the Montenegrin side of the programme represent 21 % of the country’s total employment, while on the Serbian side this share is about 5 %.

In the programme area in 2018/2019 the biggest employment centres were Kraljevo with 32 349 employed, Novi Pazar 19 721, Ivanjica 8 533 Nikšić 14 605 and Bijelo Polje 8 259.

The average percentage of employed women (of total employed) in Serbia is 46 % and in Montenegro 45 %. Observing this percentage in the programme area, only three municipalities on the Montenegrin side (Kolašin 50 %, Mojkovac 45 % and Žabljak) have the same or higher percentage as the national average, while on the Serbian side there is only one municipality (Vrnjačka Banja).

In Montenegro in 2019 the structure of persons in employment by sectors of activity shows that the highest share of them works in the service sector, 73.4 %; then in industry and construction, 19.4 % and 7.1 % in agriculture, forestry and fishing[[14]](#footnote-14).

On the Serbian part of the programme area, most people are employed in the manufacturing sector (21 573 or 22.3%), whole sale and retail trade (14 557 or 15 %), while an important share of jobs (23.6 %) is provided by the public sector-public administration (6 950), education (8 160) and health and social services (7 742). Additionally, about 6 % of the employment was created in transport and storage, and construction and about 5 % in accommodation and food service activities.

There is no reliable data accessible on cross-border mobility of labour. The legislation framework of both countries restricts cross-border work (e.g. administrative obstacles in providing work permits, customs control, etc.).

### 1.6.2 Unemployment

One of the biggest challenges in both countries is unemployment. There were 552 513 unemployed in 2018 in the Republic of Serbia, what represented 20.6 % of the total active population. The unemployment rate in Montenegro was 15.1 % in 2019[[15]](#footnote-15). Regarding the programme area, unemployment is more critical than at national level. The unemployment rate in the programme area in Serbia is 37.8 % which is much higher than the country’s average rate.

**Table 11: Unemployment**

| **Territory** | **Total number unemployed** | **Female/ total** | **% of women** |
| --- | --- | --- | --- |
| **Montenegro-data for 2019[[16]](#footnote-16)** | **35 292** | **20 452** | **58.0** |
| Andrijevica | 800 | 414 | 51.8 |
| Berane | 4 270 | 2 411 | 56.5 |
| Bijelo Polje | 3 584 | 2 119 | 59.1 |
| Gusinje | 565 | 315 | 55.8 |
| Kolašin | 688 | 357 | 51.9 |
| Mojkovac | 572 | 329 | 57.5 |
| Nikšic | 3 259 | 2 036 | 62.5 |
| Petnjica | 1 009 | 575 | 57.0 |
| Plav | 1 707 | 952 | 55.8 |
| Pljevlja | 1 925 | 1 086 | 56.4 |
| Plužine | 157 | 78 | 49.7 |
| Rožaje | 3 497 | 1 925 | 55.0 |
| Šavnik | 65 | 20 | 30.8 |
| Žabljak | 65 | 31 | 47.7 |
| **Programme area Montenegro** | **22 163** | **12 648** | **57** |
| **Serbia – data for 2018** | **552 513** | **294 978** | **53.4** |
| **Zlatiborski district** |  |  |  |
| Nova Varoš | 1 864 | 953 | 51.1 |
| Priboj | 4 582 | 2 378 | 51.9 |
| Prijepolje | 4 196 | 2 077 | 49.5 |
| Sjenica | 4 990 | 2 382 | 47.7 |
| **Moravički district** |  |  |  |
| Ivanjica | 3 449 | 1 741 | 50.5 |
| **Raški district** |  |  |  |
| Kraljevo | 10 459 | 6 089 | 58.2 |
| Vrnjačka Banja | 3 005 | 1 591 | 52.9 |
| Novi Pazar | 18 906 | 9 232 | 48.8 |
| Raška | 2 174 | 1 210 | 55.7 |
| Tutin | 7 985 | 4 237 | 53.1 |
| **Programme area Serbia** | **61 610** | **31 890** | **52** |
| **Total PROGRAMME AREA** | **83 773** | **33 100** | **39.5** |

Sources: Statistical Office of Montenegro, Monstat, Ministry of Labour and Social Welfare of Montenegro,

Statistical Office of the Republic of Serbia

Unemployment remains one of the greatest challenges of the programme area, what leads to decreased standard of living and depopulation of border regions. It is characterised by structural unemployment, unemployment of the young, unemployment of people aged 50+, long term unemployment, unemployment of vulnerable groups (Roma, persons with disabilities, etc.). A total of 83 773 were unemployed in the programme area in 2018/2019 (available data for Serbia refer to year 2018 and for Montenegro 2019). Out of the total number of unemployed, on the Serbian side there were 61 610 unemployed and 22 163 on the Montenegrin side. It is striking that unemployed on the Montenegrin side of the programme represent 62,7 % of the country’s total unemployed, and on the Serbian side this share is 11.1 %.

Among the unemployed in the Serbian part of the programme area, 26 202 or 43 % are seeking a job for the first time, while 39 % have no qualifications. The gender structure shows that 52 % of the unemployed in the programme area or 31 890 were women.

In Montenegro, according to the Labour Force Survey 2019 (MONSTAT), the educational structure of the unemployed shows that 63.1 % of them have finished the secondary education, followed by persons who have graduated tertiary education 21.7 % and persons who finished the primary school or lower education 15.2 %. There were 9.1 thousand or 21.0 % of unemployed persons who searched for work for less than 12 months; 7 thousand or 16.1 % of unemployed searching for work up to 2 years, while 27.3 thousand or 62.9 % of unemployed searched for work 2 years and over.

The mismatch in the labour market between supply and demand is present in both countries and could be illustrated by the fact that in 2014, the supply exceeded the demand by 24.6 %. Also, for low-qualified (non-qualified and semi-qualified) workers the offer was lower than the demand, while the demand for all other levels of education was lower than the supply. The largest number of job vacancies are recorded in the sectors of trade, administrative support, tourism and hospitality industry, most frequently seeking secondary vocational education professionals. Also, new educational profiles need to be introduced in secondary vocational schools in the field of tourism as well as in lifelong learning programmes (e.g. tourist animator, food designers, wellness organizer, etc.).[[17]](#footnote-17)

Unemployment is also a characteristic of vulnerable groups. They are generally poorly educated and without competencies for certain types of jobs. At the same time, they are in a poor financial situation in the long run and have little chance of finding a job due to a lack of skills and are more often dependent on social assistance.

In both countries active employment policy measures and instruments are implemented encompassing advice and education, public works schemes, self-employment programmes, apprenticeship and other. It can be concluded that a higher amount of funds should be allocated for implementing active labour market policy measures in order to meet challenges such as: population inactivity, high non-formal employment, youth (un)employmnet, gender gap, territorial disparities, unmet employer needs, further improve the employment conditions for hard-to-employ categories of unemployed persons, etc.

**Informal economy:** An important feature of the labour market in Serbia and Montenegro is a large share of employment provided by the informal economy. In Montenegro, the large informal sector persists as an important structural challenge. The proportion of the informal economy to total GDP is estimated at around 28 % to 33 %, while over 20 % of work is informal[[18]](#footnote-18). In Serbia, around 463 000 working age people were non-formallyemployed in 2018. According to 2018 data, nearly one in six working persons are employed non-formally (the non-formal employment rate is 17.2 %)[[19]](#footnote-19).

The main causes of informal employment are reflected in labour market inflexibility, high unemployment rate, low profit rate, high tax rate burdens on employers, but also in the overall culture of informal business developed over the last decades.

**Key findings**

|  |  |
| --- | --- |
| **positive** | **Negative** |
| * Positive employment trends on a state level | * High unemployment * Poorly skilled labour * Informal economy * Low level of job vacancies on the market |
| **Challenges for cross-border cooperation** | |
| * Adjusting the skills of the labour force to the demands of the labour market * Generating attractive jobs for the young people * Increase skills and competencies and creating jobs for vulnerable groups | |

## 1.7 Nature, environment and climate change

**Rich biodiversity and nature protected areas**

**Wastewater systems and waste management poorly developed**

### 1.7.1 Nature protected areas and biodiversity

The programme eligible area has a well-preserved environment and a significant surface under protection. Landscape diversity including geo diversity are the bases for the rich biodiversity of the area, including numerous endemic species. There are four national parks covering 675.8 km2 or around 4 % of the programme area: National Park Kopaonik (119 km2), Biogradska gora (56 km2), Prokletije (166 km2), and Durmitor (334 km2). Durmitor national park is under UNESCO protection. There is also a Ramsar site (wetland of international importance) called Peštarsko polje in Serbia.

The parks are important assets for sustainable tourism development and have potential to improve the income of those living in the park areas. Other nature-protected areas include strict nature reserves, special nature reserves, nature parks, areas of high nature value, nature monuments and protected areas around cultural monuments.

Human activities still pose the biggest threat to natural biodiversity in the area. Misuse of chemicals in agriculture, mining, uncontrolled exploitation of natural resources, just to name a few. Fortunately, some positive steps have been taken by the population in preserving the endangered areas and species, because it is important for sustainable tourism development. Besides, there is a rising awareness amongst the inhabitants of the programme area that the environmentally protected areas not only contribute to climate regulation but can also support local and national economies through the supply of fish, forest products and other resources.

Regarding the rules of **Natura 2000**, Serbia and Montenegro as EU candidate countries, have yet to make their contribution, not only in increasing the area of the network, but also in developing their environmental protection systems. Over the years, the types of habitats that are present in Serbia, as well as plant and animal species from Annex II of the Habitats Directive have been identified, and the list of bird species in accordance with the Birds Directive determined. In Montenegro, some projects were implemented that had the goal to prepare the foundations for the Natura 2000 network, focusing on the conservation of the ecologically most valuable and most endangered species of animals, plants and habitats, including birds, as required by the relevant provisions of the EU Nature Directives.

### 1.7.2 Air, soil, water

**Air quality:** Air pollution in the Western Balkans is 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 vehicles)[[20]](#footnote-20). According to 2019 and 2020 data from the Ministry of the Environmental Protection of the Republic of Serbia and the Agency for Nature and Environment Protection of Montenegro the most polluted zones in the programme area are Kraljevo, Bijelo Polje and Nikšić.

**Soil:** Soil erosion is one of the main processes of soil degradation in the Republic of Serbia and the cause of deteriorating land quality. It is estimated that soil erosion with varying degrees affects about 80 % of agricultural land. In the central and mountainous areas, water erosion predominates. Some parts of the territory are endangered by landslides. Soil quality is also affected by uncontrolled and inadequate waste disposal and pollution within industrial complexes. In the Serbian part of the programme area, soil is degraded the most in Kraljevo, especially due to the existence of large industrial plants. The soil contains traces of nickel, arsenic, lead and chromium. Furthermore, in the same zone there is increased risk from landslides[[21]](#footnote-21). In Montenegro, a research was performed in some of the cities within the programme area. The data was collected from the locations near the cities, mostly industrial zones and landfills. The analysis identified numerous metals present in the soil in quantities above the limits set by law. In Berane (nickel and arsenic), in Bijelo Polje (zinc, copper and lead), in Kolašin (lead, nickel and chromium), in Mojkovac (cadmium and copper) in Nikšić (zinc and cadmium), in Pljevlja (nickel, arsenic and lead) and in Žabljak (lead, nickel and zinc)[[22]](#footnote-22).

Contaminated land is a consequence of the growth in industrial production, but also of a poor waste management system. Besides, an important factor is agriculture. The soil is exposed to excessive use of agrichemicals and inappropriate use of pesticides and fertilisers; for this reason, monitoring needs to be strongly improved.

**Water**: Water quality from public waterworks in urban settlements satisfy the physical-chemical and microbiological thresholds, hence most of the households are being supplied with clean water through the existing waterworks infrastructure. However, data from 2018 report on the condition of the environment in the Republic of Serbia shows that in 2017, 28.6 % of public water supply systems had a physical and chemical defect in drinking water of the urban settlements in the Republic of Serbia. Microbiologically, there was 31.8 % of the drinking water above the healthy limits in public supply systems in the same period[[23]](#footnote-23).Water pollution still represents a serious matter in Serbia. Using the BOD[[24]](#footnote-24) (biochemical oxygen demand) as contamination indicator, measurements actually show there were only 7 % of the measurement points with negative (growing) trend in the period 2008-2017 for the BOD-5 substance. Insignificant traces of ammonium were identified in the rivers, however the situation slightly worsened in the 2014-2017 period. When it comes to priority hazardous substances, some traces of mercury are present in river Ibar (Raška) and nickel in river Zapadna Morava (Kraljevo). Regarding the groundwaters, the concentration of nitrates was below the set limits of 50 (mg/l) in groundwaters for every year during the 2008-2017 measurement period[[25]](#footnote-25). The natural quality of groundwater in the Republic of Serbia is quite unbalanced, and ranges from exceptional quality that does not require treatment, to waters that require very complex conditioning procedures before it can be used for public water supply[[26]](#footnote-26).

In Montenegro, the highest pollution levels were measured in Ibar next to Rožaje. The water was slightly less polluted in the lower course of Lim (Bijelo Polje), waters of the Crnojević River close to Gusinje and Tara river close to Mojkovac. At some points there are sources of underground water from the wells in Montenegro that provide drinkable-clean water without any additional treatment[[27]](#footnote-27). Montenegro, in general has satisfying quality of waters considering that most of the wastewater have not been treated before their discharge into the rivers.

### 1.7.3 Communal infrastructure

**Water supply:** The percentage of residents connected to the public water supply was constantly growing in the 2000-2017 period in Serbia. In 2000, this percentage was 65 %, which passed to 86.9 % in 2017[[28]](#footnote-28). According to the national strategy on water management up to 2034, in the Republic of Serbia, public water supply is marked as the subject of public interest and has priority over all other forms of water use in cases where it supplies drinking water to households or is meant to supply other public needs (e.g. supply of schools, hospitals, institutions, washing the streets, watering green areas, etc).

On the Serbian side of the programme terrritory, around 90 % of the households[[29]](#footnote-29) are connected to the public water supply network. According to statistical data for 2018, the number of households connected to the water supply system on the Serbian side of the programme area makes 7.86 % of total number of connected households in Serbia. The amount of supplied drinking water for the 10 municipalities on the Serbian side was 5 % (21 235 m3) of the total supplied drinking water in Serbia, while the total quantity of water intake was 5.4 % (35 827 m3) of the total quantity in the country (653 894 m3).

On the Montenegrin side of the programme area, however there is much less waterworks infrastructure since many of the housholds are scattered too wide, especially in the rural settlements.

There are three types of water supply in Montenegro:

1. Centralized, public water supply systems managed and operated by municipal utility companies.
2. Water supply schemes for rural communities, usually led by appointed representatives of the local community (not under the monitoring/control of the municipal utility company).
3. Settlements/population with the so-called "individual supply" from local sources (water intakes and wells) that are not connected to either public or rural water supply systems.

**Table 12: Drinking water supply service coverage per LSGU**

| **Municipality** | **Population**  **(2015)** | **People connected to public supply** | **People connected to rural supply** | **Individual supply** | **Public supply coverage (%)** |
| --- | --- | --- | --- | --- | --- |
| Andrijevica | 4 917 | 1 302 | 2 645 | 970 | 26.5% |
| Berane | 27 753 | 24 295 | 1 388 | 2 070 | 87.5% |
| Bijelo Polje | 44 510 | 23 973 | 9 306 | 11 231 | 53.9% |
| Gusinje | 3 949 | 2 678 | 197 | 1 074 | 67.8% |
| Kolašin | 7 830 | 5 044 | 392 | 2 394 | 64.4% |
| Mojkovac | 8 156 | 5 737 | 514 | 1 905 | 70.3% |
| Petnjica | 5 114 |  | 4 839 | 275 | 0.0% |
| Plav | 8 799 | 6 337 | 440 | 2 023 | 72.0% |
| Pljevlja | 29 047 | 21 458 | 4 969 | 2 619 | 73.9% |
| Plužine | 2 885 | 1 716 | 450 | 719 | 59.5% |
| Rožaje | 23 128 | 13 521 | 6 800 | 2 807 | 58.5% |
| Šavnik | 1 817 | 993 | 784 | 39 | 54.7% |
| Žabljak | 3 337 | 3 104 | 167 | 66 | 93.0% |
| Nikšić | 71 166 | 68 914 | 1 290 | 962 | 96.8% |
| **Programme area MNE** | **242 408** | **179 072** | **34 181** | **29 154** | **73.8%** |

Source: Ministry of sustainable development and tourism Montenegro, Revision of the Master Plans for Municipal Wastewater Management Measures and preparation of the first draft of the Plan for the Implementation of the Specific Directive on Urban Wastewater Treatment 91/271 / EE

**Wastewater/sewage systems:** According to available data for 2018, the number of households connected to sewage system in the 10 municipalities on the Serbian part of the programme area represents 5 % (77 812) of the total number of connected households in Serbia (1 528 161).

There was a growing trend of the population covered by wastewater treatment in Serbia in the 2008-2017 period. In 2017, it amounted to a maximum of 13.85 % of the total population and compared to 2007, it increased by 5.89 %. The percentage of population covered by wastewater treatment depending on the type of treatment also grew in the 2008-2017 period for all three types of treatment (primary, secondary and tertiary). In 2016 and 2017, the tertiary treatment significantly increased as the most advanced purification treatment and 3.42 % of the population was covered by this treatment in 2017.[[30]](#footnote-30) In the region of Western Serbia, 44.5 % of wastewater discharged into the public sewer is processed (cleaned) before discharge to recipients[[31]](#footnote-31). There is also a certain level of households in the Moravički and Raški districts (20-50 %) that use wastewater treatment systems, while in the Zlatiborski district that number is insignificant, and therefore the biggest percentage of polluted waters is measured in this district.

The current status of wastewater collection services in Montenegro shows low service coverage. It is assessed that current system require substantial rehabilitation and upgrade[[32]](#footnote-32). The basic structure/organization of municipal wastewater management is based on local self-government units and these tasks are usually performed by a water supply company (provider of regulated communal activities - municipal wastewater and water supply) founded by local self-government units, while some local governments have decided to hire a private operator through a concession agreement for the performance of a certain part of wastewater operations. The current coverage of the population with wastewater collection services is very different by municipality, while it is estimated that this coverage at the national level is about 47.5 % of the total population. Rates of connection to the wastewater collection system also vary from region to region, and they are quite low in the northern region - about 38 % while significantly more in the coastal region - about 52 % of the population[[33]](#footnote-33). At the moment, there are eight wastewater treatment facilities plants in the programme territory (on Montenegrin side of the programme these are located in Nikšić, Mojkovac, Žabljak, Šavnik, Berane and Pljevlja and on Serbian side in Raška and Kraljevo).

The programme area in general has insufficient wastewater treatment facilities, and plans for construction of new wastewater treatment facilities are under progress.

**Solid waste management:** In spite of the fact that national legislation and strategic directions for proper waste management have been developed and defined in Serbia and Montenegro, the provision of well-developed and properly equipped waste collection systems remains as one of the main challenges facing this sub-sector.

Based on the reports received from the public utility companies (PUC), 11.6 million tons of waste were produced in the Republic of Serbia in 2018, of which 2.23 million was municipal waste reported by the PUC which collect waste. Business entities that report waste production and treatment to the Serbian Environmental Agency reported the production of 9.37 million tons of waste in the same year. According to the data obtained from the 93 local self-governments, PUCs dispose waste at 82 unsanitary landfills located in 72 municipalities. These are mostly landfills that are envisaged for closure or remediation as stated in the Serbian Waste Management Strategy.

Sanitary landfills are used for the disposal of non-hazardous waste. These types of landfills represent a sanitary-technical space where waste generated in public areas, households, production, service activities and trade are disposed. This type of waste does not have the properties of hazardous substances and cannot be processed or rationally used as an industrial raw material or energy fuel. By the end of 2018, 11 regional sanitary landfills had been built on the territory of the Republic of Serbia.

In the Zlatborski district, there is one sanitary landfill Duboko, that serve nine municipalities (Čačak, Užice, Bajina Basta, Požega, Arilje, Čajetina, Kosjerić, Lučani and Ivanjica). The Duboko site is located in the Northeast part of Užice, approximately 4 km from the city centre along the Uzice-Kosjerić regional road. The landfill capacity is 553 000 m³ for solid waste disposal after pre-sorting of recycled material with an estimated lifespan of 12 to 15 years. At the moment, another regional sanitary landfill is under construction in Nova Varoš.

According to the data published by MONSTAT on communal waste in 2018, 330 839 tons of municipal waste were generated, which is 2.1 % more than the previous year. According to the statistics, each inhabitant of Montenegro produced an average of 531.7 kg per year, or 1.46 kg of waste per day. Also, 96.1% of the total amount of municipal waste, collected in 2018, was collected by PUCs. The largest share in the structure of this waste is divided into other municipal waste (84.3%), waste from gardens and parks (8.1%), separately collected fractions (7.6%) and packaging waste (0.04%).

In the programme area, the majority of municipal waste landfills are full - the legal landfills are overburdened and should be closed. In the rural areas in particular, there are many illegal, uncontrolled garbage dumps (hot spots). They are a source of soil and underground water pollution, but also of wildfires, due to the accumulation of methane gas.

On the Montenegrin side of the programme area there are plans to build a regional sanitary landfill at Čelinska Kosa, 20 km south-eastern of Bijelo Polje, that will serve eleven municipalities (Bijelo Polje, Berane, Pljevlja, Rožaje, Plav, Andrijevica, Petnjica, Gusinje, Mojkovac, Kolašin and Žabljak).

### 1.7.4. Climate change

Due to the ongoing climate change, the incidence of natural risks like floods, forest fires, landslides, or extreme weather events, such as strong winds or snowdrifts, has increased over the last decades. Both mountain areas and valleys are vulnerable. The importance of cross-border cooperation in response to emergency event rises in mountain areas, zones under forestation, desolate and remote areas and areas with lower level of accessibility of social or emergency services. The programme territory’s potential for renewable energy sources (RES) has not been properly assessed. In the programme area climate change is especially affecting the most climate vulnerable sector - agriculture. Increased severity and irregularity of rainfalls is being observed and is expected to increase as temperature rises. This will put pressure on both livestock (heat stress) and crop production (water scarcity and flooding), with numerous small farm holders being particularly exposed. Moreover, extreme weather events can also have negative effects on the programme region’s infrastructure, with many gravel roads being eroded by flooding and heavy rainfalls.

**Key findings**

|  |  |
| --- | --- |
| **positive** | **negative** |
| * Protected areas of nature and landscapes * Well preserved biodiversity * Solid waste treatment plans * Wastewater treatment plans (increased number in Montenegro) * Potential for RES | * Lack of communal infrastructure * Insufficient number of wastewater and solid waste treatment facilities * Environmentally degraded areas due to industrial activities * Vulnerability of the region to climate change * RES insufficiently exploited |
| **Challenges for cross-border cooperation** | |
| * Raising awareness of the population on the importance of the conservation of nature and environmental protection in general * Provision of public utility services in rural areas * Building joint risk assessment and management plans for protection of people and nature against climate change caused disasters (floods, wildfires, draughts, etc.) | |

## 

## 1.8 Transport and ICT infrastructure

Local roads and railway in poor condition

Highway projects under preparation

Increased number of internet and digital technology users

### 1.8.1 Road infrastructure

The road network in the programme area consists of national, regional and local roads, but the extent of the network on both sides of the border is insufficient and the quality of roads is to a large extent poor. There is no highway which passes through the eligible area. However, highway construction is in progress on both sides. The planned total length of the Belgrade-Bar highway is 427 km, out of which 258 km will pass through Serbia and 169 km through Montenegro. On the Serbian side, in August 2019 a complete section of 103 km from Obrenovac to Preljina was opened to traffic. The section Preljina-Požega is under construction. The last section is the one from Požega to the border with Montenegro near Boljare. This section will be more than 100 kilometers long. In Montenegro, as of June 2018, the only built part of the motorway was the Sozina tunel and the associated road immediately north of it. The section between Smokovac near Podgorica and Mateševo near Kolašin is under construction, and it will be Montenegro’s first full motorway section. Initially, the construction was expected to be finished in May 2019. Later this was revised, and now it is expected to be opened at the end of 2020.

Both countries are participating in the work of Transport Community Treaty (TCT) which coordinates the development of core regional infrastructure network including roads, rails and ports.

The Western Balkans Transport network has been divided into two categories: comprehensive (of regional importance) and core (of European importance). Serbia has a quite dense network (both core and comprehensive) in the TCT network. According to the data from the Ministry of Construction, Transport and Infrastructure, in the period up to the year 2020 the Republic of Serbia was planning to additionally invest close to € 6 billion into transport infrastructure projects.

### 1.8.2 Railways

The biggest railway connection that runs through the programme area is the Belgrade-Bar railway which is 476 km long, out of which 301 km was built on the Serbian side while 157 km run on the Montenegrin side. The railway was opened in 1976 and has not fully reconstructed since then. Due to the complexity of the terrain, 254 tunnels and 234 bridges were built on this track. The reconstruction of the railway started and the first section of 77.6 km on a Serbian side, between Resnik and Valjevo, has been completed. The total length of non-reconstructed sections of the railway from Valjevo to the border with Montenegro is 209.48 km. In October 2019, the Serbian Minister of Construction, Transport and Infrastructure signed an agreement with the general director of the Russian Railways on the continuation of this railway line modernization. In September 2020, an arrangement has been made for preparation of technical documentation in the amount of EUR 21 million, with the deadline for the completion of technical documentation being 24 months.

Montenegro has a specific geographical position being placed relatively aside on the Balkan peninsula. The main goods and passengers flow to Montenegro comes from the railway Bar-Belgrade. This is the Route 4 in SEETO network and is currently the only network that connects Montenegro, through Belgrade, to the European railway network and is of strategic importance for Montenegro. Furthermore, it connects the port of Bar with the economies of Serbia and Central Europe, that is, the port of Bar with Podunavlje and Danube ports. Because of its importance, by 2015 Montenegro had refurbished one third of this railway in its territory[[34]](#footnote-34).

On the Vrbnica-Bar line, 250 km of overhead power line, four electric traction plants, seven sectioning plants and four plants with a neutral section have been installed. There are 9 stations, 8 intersections and 19 stops on this line. On the part of the railway from the state border with Serbia (Vrbnica) to the crossroad Kos, in the period from 2006 to 2017, the upper part of the railway was overhauled and the train speed was increased from 50 km/h to 80 km/h, which is the maximum possible speed for the existing line route, taking into account field and exploitation conditions. Also, works on the Sozina tunnel are in progress. 6 bridges and 3 tunnels were repaired. Works on the rehabilitation of 3 more tunnels and the electric traction plant Trebešica are in progress. Project documentation for the rehabilitation of 15 steel bridges has been prepared. A detailed inspection of 91 concrete bridges and 106 tunnels has been completed, showing that remediation measures are needed on 25 % of the bridges and 50% of the tunnels. Preliminary designs for the rehabilitation of 12 slopes for the section Trebešica - Lutovo have been prepared. Based on the mentioned preliminary design projects, a contractor was selected for the rehabilitation of 6 slopes, whose task is to carry out the main projects. By repairing this part of the railway and repairing slopes, tunnels, bridges and landslides, it is possible to establish a maximum train speed of 75 to 100 km/h. The complete line is one of the most difficult lines for maintenance and operation in Europe[[35]](#footnote-35).

With regard to the smart and sustainable mobility, the top priority in this respect remains the revitalisation of the rail network. The Regional Rail Strategy and its action plan aim at making rail a credible and sustainable alternative to road transport.

### 1.8.3 Airports

The main (international) airports on the Serbian side are located in Belgrade and Niš while Podgorica and Tivat are only international airports on the Montenegrin side. The airport “Morava”- the third international airport in Serbia was opened in 2019. This airport is geographically located in the heart of Serbia, 15 km away from Kraljevo, 16 km from Čačak, 32 km from Gornji Milanovac and 39 km from Kragujevac.

There are, however, smaller airports that could improve the airport traffic inside the programme area in case the governments decide and find the means to finance these type of projects (on the Serbian side Sjenica, on the Montenegrin side Berane, Žabljak and Nikšić).

### 1.8.4. Public transport

Public transport in the programme area is not well developed, apart from the transport in big city centres. Other municipalities mostly have only a couple of local bus lines to remote areas of the municipality, but this is far from sufficient for the inhabitants of these municipalities. Also, public transportation bus lines between the municipalities exist, but their frequency is not satisfactory.

### 1.8.5 Internet and communication

The survey on the usage of ICT in Serbia in 2019, conducted by the Statistical Office of Serbia, shows that 49 % of households have a laptop, which is an increase of 1.4 % and 5.3 % in relation to 2018 and 2017, respectively. The percentage of computers in households varies depending on the territory, concretely in the region of Šumadija and Western Serbia it amounts to 66.7 %. The survey shows that in Serbia 97.9 % of households have a TV set, and 93.7 % a mobile phone. In the Republic of Serbia 80.1 % of households have an Internet connection, which is an increase of 7.2 % and 12.1 %, when compared to 2018 and 2017, respectively. There are also considerable difference as to the percentage of Internet connection in urban and other settlements of Serbia: 85.8 versus 70.5 %. When compared to 2018, the growth rate in urban settlements of Serbia is 7.5 %, and in rural parts 6.6 %. 43.0% of Internet users have never bought/ordered goods or services over the Internet. When compared to 2018, the number of persons who bought or ordered goods/services over the Internet increased by some 20 000[[36]](#footnote-36).

According to the MONSTAT ICT usage survey in 2019, Internet access in households is achieved by different devices, such as personal computer (PC) – 42.1 % and portable computer (laptop, netbook, tablet) 65.9 %. In Montenegro, a constant and significant growth in terms of usage of mobile devices as Internet access platforms was recorded. In comparison with 2018 a growth of 7.2 % was recorded. The percentage of households that do not have Internet access at home was 25 %. The latter percentage was reduced by 2.0% compared to the previous year. Internet use in households differs across the country, thus computer use is the lowest in the North region 64.8 %, while it is the highest in the South region 79.2 %. Internet access in non-urban areas reaches 62.8 %, while in the urban settlements it revolves around 80 %. The percentage of respondents who have never bought or ordered goods or services over the Internet is 69 %, while the percentage of those who bought or ordered goods or services is 31%[[37]](#footnote-37).

**Key findings**

|  |  |
| --- | --- |
| **positive** | **negative** |
| * Progress in usage of ICT technologies * Highway under construction (Corridor 11) * New airport Morava * Railway reconstruction plans are in progress | * Poor condition of local roads and railway * Rural and remote areas have limited access to internet |
| **Challenges for cross-border cooperation** | |
| * Reaching the rural and distant areas with digital technologies and internet service * Improve the connectivity and mobility of inhabitants in the programme area | |

## 

## 1.9 Social and health services

Limited access to social care and health services in rural areas

High number of people in the rural areas are at the risk of poverty

The Republic of Serbia and Montenegro belong to the group of countries with high human development indexes (HDI). According to the 2019 Human Development Index Ranking, Serbia with a HDI of 0.799 occupies the rank 63, while Montenegro with a HDI of 0.816 is at the rank 52 in year 2018[[38]](#footnote-38).Life expectancy at birth is 75.8 in Serbia and 76.8 in Montenegro. In Serbia, the expected years of schooling amount to 14.8 but the mean years of schooling are 11.2, while these numbers are higher in Montenegro with 15 expected years of schooling and 11.4 mean years of schooling. Gross national income per capita in 2018 was $ 15 218 in Serbia and $ 17 511 $ in Montenegro.

### 1.9.1 Social services

**Pre-school education/services:** The network of kindergartens and pre-school education centres is quite well developed in the programme area. There are 12 kindergartens institutions in the Montenegrin programme area (out of 47 in total in Montenegro). In 2018/2019, the number of children that attended the 12 kindergartens was 5 801, while the number of educators in kindergartens was 386. On the Serbian part of the programme territory, there are 187 kindergartens and pre-school education centres. In 2017/2018, the number of children attending the kindergartens was 10 194, while the number of educators in kindergartens amounted to 860. In average, on the whole programme territory, statistics show that we have 1 educator per 13 children.

**Social care centres:** A network of social service centres is well spread across the programme area. On the Serbian part of the programme territory it consists of 10 centres for social welfare in each municipality. On the Montenegrin side, there are 6 centres for social welfare -Bijelo Polje, Rožaje, and 5 inter-minicipal as follows: for the municipalities of Plav and Gusinje, for the municipalities of Pljevlja and Žabljak, for the municipalities of Nikšić, Šavnik and Plužine, for the municipalities of Berane, Andrijevica and Petnjica and for the municipalities of Mojkovac and Kolašin. In Serbia CSOs as well as the private sector are fully involved in the system of social welfare services through standardization of services and the licensing procedures. The geographical coverage of the social welfare centres is relatively good, but there are still needs for improving the quality, accessibility and efficiency of the service, especially those targeting vulnerable groups. According to the data from the Ministry of Labour, Employment, Veterans and Social Affairs of the Republic of Serbia, on the Serbian side of the programme territory, the total number of social workers was 90, that is 1 social worker per 4 803 inhabitants.

**Services for elderly:** The population in the programme area in both countries is ageing faster than the national average. At present the level of services for the elderly is not yet well developed. There is potential for cooperation between the local governments, public sector and civil society for the establishment of intergenerational centres, home care, etc. This type of services are important for both urban and rural areas each with their specificities.

At present, there are a few public centres for elderly operating in the programme area- two on the Serbian side, the Gerontology Center Mataruška Banja and the Residential institutions for adults in Novi Pazar and two on the Montenegrin side, in Bijelo Polje and Pljevlja.

### 1.9.2 Health services

The widespread network of health care centres in both countries is relatively easily accessible for the population. However, significant differences exist between urban centres and remote areas. Health services are mainly well accessible in urban centres which is not the situation in peripheral rural parts. Needs in the long run may become even more critical. Rural areas in the programme territory face increased ageing and the demand for social care and health care services is expected to increase. Low access to services is also seen as one of the factors decreasing the quality of life and thus contributing to outmigration of the young.

In total there are 19 primary health centres in the programme area. On the Serbian part of the programme area, all municipalities provide primary health care services through a network of primary institutions (healthcare centers). On the Montenegrin side primary health centres are located in Andrijevica, Berane, Bijelo Polje, Kolašin, Mojkovac, Nikšić, Plav, Pljevlja and Rožaje. The programme area has a total of 15 hospitals, including specialized hospitals. On the Montenegrin side, the hospitals are in Berane, Bijelo Polje, Pljevlja and two in Nikšić. On the Serbian side, the hospitals are in Ivanjica, Tutin, Kraljevo, Novi Pazar (two), Vrnjačka Banja (two), Mataruška Banja, Priboj and Prijepolje.

There are 1 046 doctors (physicians, specialists and doctors on specialisation) working in hospitals in the Serbian part of the programme area for a population of more than 430 000. According to the Statistical Office in Serbia for 2018, the number of inhabitants per doctor is 349, while the situation is worse on the Serbian part of the programme area, with 413 inhabitants per doctor. Access to service for specialist treatment is problematic. There are 499 doctors ((physicians, specialists and doctors on specialisation) working in hospitals in the Montenegrin part of the programme area for a population of more than 230 000. According to the data from the Institute of Public Health of Montenegro for 2018, the number of inhabitants per doctor is 465 on the Montenegrin side of the programme area.

### 1.9.3 Index of Poverty

According to the Statistical Office of the Republic of Serbia, the at-risk-of-poverty rate was 24.3 % in 2018 (these persons are not necessarily poor, but are at a higher risk of poverty than others), and compared to 2017, it was lower by 1.4 %. The at-risk-of-poverty or social exclusion rate amounted to 34.3 % (these persons are at risk of poverty, or are severely materially deprived, or live in households with low work intensity), which was lower by 2.4 % relative to 2017’s. Observed by age, the at-risk-of-poverty rate shows that individuals aged 18-24 were the most exposed to the poverty risk (29.1 %), as well as individuals up to 18 years of age (28,8 %).The lowest at-risk-of-poverty rate was recorded for the group of persons aged 65 years and over (21.1 %). By the type of household, individuals in households composed of two adults with three or more dependent children were at the highest risk of poverty (53.6 %), followed by individuals below 65, living in single-person households (37.2 %). According to the activity status for persons aged 18 and over, the most exposed to the at-risk-of-poverty were unemployed persons (49 %), while the lowest at-risk-of-poverty rate was recorded for employees working for employers (6,8 %). In the case of self-employed persons, this rate amounted to 31 %. The at-risk-of-poverty rate for pensioners was 17.1 %.

According to MONSTAT, the at-risk-of-poverty rate was 23.8 % in 2018, which represents a share of persons whose equivalised income is below the relative poverty line, but it does not mean that they are necessarily poor, but that they are at higher risk to be poor. The at-risk-of-poverty rate compared to 2017 increased by 0.2 %. The at-risk-of-poverty or social exclusion rate in 2018 was 31.4 % and compared to 2017 it decreased by 2.3 %. The at-risk-of-poverty rate in 2018 significantly falls as the level of education rises: from 41.6 % for persons with unattained or attained primary school, over 19.2 % for persons with the secondary level of education attained, to 7.3 % for persons with high education. The at-risk-of-poverty rate by the most frequent activity status shows that 47.5 % of unemployed were exposed to the risk of poverty in 2018. Self-employed persons have an at-risk-of-poverty rate higher than employed by employers (16.4 % and 6.1 %, respectively), since this category covers farmers whose incomes in kind are not included in the income, as well as family workers in households with no income by definition. Among pensioners, 11.7 % of them were at-risk-of-poverty. The lowest risk of poverty affects to employed by employers, 6.1 % in 2018. In 2018, 40 % of the population of the northern region[[39]](#footnote-39) was at risk of poverty, while the population of the central region had the lowest risk of poverty 14.4 %. The risk of poverty is present for every third resident of rural areas (35.6 %). The at-risk-of-poverty rate in urban area was 17.3 % in 2018.

**Table 13: Social welfare assistance beneficiaries – 2018, 2019**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Territory** | **Total number of individuals in 2018** | **Number of families in 2018** | **Total number of individuals in 2019** | **Number of families in 2019** |
| **Serbia** | **/** | **/** | **/** | **/** |
| **Zlatiborski district** |  |  |  |  |
| Nova Varoš | 284 | 136 | 267 | 129 |
| Priboj | 210 | 129 | 230 | 138 |
| Prijepolje | 194 | 93 | 170 | 870 |
| Sjenica | 848 | 388 | 923 | 423 |
| **Moravički district** |  |  |  |  |
| Ivanjica | 165 | 94 | 141 | 83 |
| **Raški district** |  |  |  |  |
| Kraljevo | 3 011 | 1 251 | 2 680 | 1 128 |
| Vrnjačka Banja | 356 | 143 | 359 | 145 |
| Novi Pazar | 10 548 | 3 104 | 10 604 | 3 155 |
| Raška | 505 | 226 | 458 | 206 |
| Tutin | 2 714 | 767 | 2 755 | 782 |
| **Programme area Serbia** | **18 835** | **6 331** | **18 587** | **7 059** |

Source: Ministry of Labour, Employment, Veterans and Social Affairs

**Table 14: Social protection – 2018**

| **Territory** | **Material support for family in 2018** | | **Personal disability allowance in 2018** | **Care and support allowance**  **in 2018** |
| --- | --- | --- | --- | --- |
|  |
| **Number of families** | **Number of individuals** |  |
| **Montenegro** | **9 319** | **31 066** | **2 500** | **15 298** |  |
| Andrijevica | 110 | 372 | 24 | 185 |  |
| Berane | 932 | 3 177 | 134 | 1 144 |  |
| Bijelo Polje | 809 | 2 804 | 259 | 1 256 |  |
| Danilovgrad | 157 | 461 | 75 | 421 |  |
| Gusinje | 154 | 491 | 19 | 102 |  |
| Kolašin | 184 | 492 | 41 | 238 |  |
| Mojkovac | 155 | 471 | 42 | 412 |  |
| Nikšic | 1 413 | 4 507 | 275 | 1 734 |  |
| Petnjica | 125 | 455 | 3 | 29 |  |
| Plav | 325 | 1 227 | 56 | 412 |  |
| Pljevlja | 403 | 1 164 | 123 | 1 288 |  |
| Plužine | 33 | 67 | 12 | 89 |  |
| Rožaje | 1 334 | 5 285 | 135 | 744 |  |
| Šavnik | 39 | 89 | 9 | 56 |  |
| Žabljak | 43 | 56 | 15 | 181 |  |
| **Programme area MNE** | **6 216** | **21 118** | **1 222** | **8 291** |  |

Source: Statistical Office of Montenegro

It is evident that the percentage of the inhabitants benefiting from social welfare assistance on the Montenegrin side of the programme area is high (66.7 % of all families that are supported in Montenegro are located in the programme area, 67.9 % of all individuals are located in the programme area and 54.1 % of total beneficiaries that had the right to care and support allowance are located in the programme area).

One of the most vulnerable and often invisible groups in the programme area are the elderly living in rural parts without any income or pensions. Due to criteria involving property of real state in Serbia, they are not entitled to social welfare assistance and have no health insurance.

**Western Balkan route:** The programme area is a part of the Western Balkan route, which became a passageway into the EU in 2012 when Schengen visa restrictions were relaxed for five Balkan countries, including Serbia and Montenegro. In the programme area, there are two Centers for Asylum in Sjenica and Tutin. According to the available data from the Commissariat for Refugees and Migration of the Republic of Serbia, there were 201 migrants in the Center in Sjenica and 164 migrants in the Center in Tutin in January 2019.

**Key findings**

|  |  |
| --- | --- |
| **positive** | **negative** |
| * A network of health and social system is present in both countries * Influxes of migrants on the Serbian side have been supported by the EU and the Serbian government | * There is a limited access to health and social services in rural parts * Risk of poverty in rural areas * The programme area is part of the Western Balkan’s migrant route |
| **Challenges for cross-border cooperation** | |
| * Improving the quality of social and health services * Reaching the peripheral areas with social and health services | |

## 1.10 Culture and heritage

**One of the most culturally diverse areas in the Balkan region gives strong basis for sustainable tourism development**

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

Some of the important monasteries, churches, mosques and other historic sites located in the programme area are:

* **Serbia:** "Mother of all churches" - the Žiča monastery, Studenica monastery and Sopoćani monastery; Arguably the most significant site is Stari Ras and Sopoćani added to the UNESCO list of World Heritage in 1979. The site located 11 km of Novi Pazar in Raška district encompasses a number of monuments, fortresses, churches and monasteries. The region also features a unique design of mosque in the part of Europe, the Altun-alem Mosque in Novi Pazar that features the typical architecture of mosques in Istanbul and Amasya. The monastery of Mileševo, in the vicinity of Prijepolje, built in 1218-1219, was an endowment of King Vladislav.
* **Montenegro:** The Monastery of Ostrog is one of the most overwhelming, outstanding and beautiful sights in Montenegro. There are two monasteries, the Lower and the Upper Monastery. Carved into an almost vertically positioned mountain cliff, there cannot be a place more perfect and sublime for Montenegro’s spiritual treasure: the mortal remains of Saint Basil of Ostrog. Djurdjevi Stupovi Monastery is located not far from Berane, on a plain edge of a slope which immediately along the east side of the church goes down steeply and in whose foothill you can find the spring Vrelo (Hot); Monastery Morača was raised on the right bank of the River Morača, not far from Kolašin. The monastery Piva is located in Plužine, while the monastery Podmalinsko is located on Sinjajevina, in Boan, near Šavnik.

Access to the cultural offer in the programme area varies depending on whether we focus on rural or urban areas. According to the data from the Ministry of Culture of Montenegro, on the Montenegrin side of the programme area there are 44 religious buildings, 7 museums, 12 libraries, 7 archives, 16 concert halls, 1 theatre and 44 specific cultural events or festivals. Also, there are 262 sports associations and clubs.

**Key findings**

|  |  |
| --- | --- |
| **positive** | **negative** |
| * One of the most culturally diverse areas in Balkans * Culture and heritage presented up to a certain level via existing culture and religious tourism offers, and local cultural institutions | * Cultural diversity and heritage potentials has not been fully exploited for the purposes of the programme area development |
| **Challenges for cross-border cooperation** | |
| * Enabling full potentials of the cultural and historical heritage for sustainable tourism development * Positioning the programme area within the overall South-East Europe tourism offer | |

## 1.11 Education

**Institutions of all levels of education (up to a tertiary level) exist in the programme area**

Education in the regions of the programme area is provided at three levels: primary, secondary and university. Primary level of education is obligatory in Serbia and Montenegro.

### 1.11.1 Primary education

The total number of schools in the primary education for the programme area is 396 (302 in Serbia and 287 in Montenegro) attended by 65 677 pupils (40 994 in Serbia and 24 683 in Montenegro). In the programme area there is a sufficient number of primary education institutions. The three districts in Serbia have 9.01 % of total number of primary schools and 7.64 % of all pupils in Serbia, while the eligible municipalities in Montenegro have 58 % of the total number of primary schools and 36.46 % of all pupils in Montenegro.

**Table 15: Primary education**

| **Territory** | **# of primary schools** | **# of pupils** | **% of primary schools** | **% of pupils** |
| --- | --- | --- | --- | --- |
| **Montenegro-data for 2018/2019** | **162** | **67 700** | **100** | **100** |
| Andrijevica | 2 | 403 | 3.29 | 0.60 |
| Berane | 8 | 3 001 | 6.59 | 4.43 |
| Bijelo Polje | 17 | 4 811 | 13.65 | 7.11 |
| Gusinje | 1 | 306 | 1.41 | 0.45 |
| Kolašin | 5 | 647 | 3.29 | 0.96 |
| Mojkovac | 3 | 678 | 2.59 | 1.00 |
| Nikšic | 21 | 7 329 | 10.12 | 10.83 |
| Petnjica | 5 | 528 | 3.76 | 0.78 |
| Plav | 2 | 1 035 | 2.59 | 1.53 |
| Pljevlja | 14 | 2 225 | 8.71 | 3.29 |
| Plužine | 2 | 174 | 3.06 | 0.26 |
| Rožaje | 10 | 3 184 | 5.88 | 4.70 |
| Šavnik | 2 | 102 | 2.12 | 0.15 |
| Žabljak | 2 | 260 | 0.47 | 0.38 |
| **Programme area Montenegro** | **94** | **24 683** | **67.53** | **36.46** |
| **Serbia-data for 2017/2018** | **3 350** | **536 528** | **100** | **100** |
| **Zlatiborski district** |  |  |  |  |
| Nova Varoš | 18 | 993 | 0.54 | 0.19 |
| Priboj | 12 | 1 562 | 0.36 | 0.29 |
| Prijepolje | 33 | 3 040 | 0.99 | 0.57 |
| Sjenica | 35 | 2 798 | 1.04 | 0.52 |
| **Moravički district** |  |  |  |  |
| Ivanjica | 27 | 2 286 | 0.81 | 0.43 |
| **Raški district** |  |  |  |  |
| Kraljevo | 61 | 9 653 | 1.82 | 1.80 |
| Vrnjačka Banja | 13 | 1 936 | 0.39 | 0.36 |
| Novi Pazar | 41 | 12 538 | 1.22 | 2.34 |
| Raška | 19 | 1 872 | 0.57 | 0.35 |
| Tutin | 43 | 4 316 | 1.28 | 0.80 |
| **Programme area Serbia** | **302** | **40 994** | **9.01** | **7.64** |
| **Total PROGRAMME AREA** | **396** | **65 677** |  |  |

### 1.11.2 Secondary education

Overall, there were 57 secondary education institutions in the programme area (33 in Serbia and 24 in Montenegro) attended by 35 166 pupils (16 802 in Serbia and 18 364 in Montenegro). The three districts in Serbia have 6.48 % of total number of secondary schools and 6.84 % of all pupils in Serbia, while the eligible municipalities in Montenegro have 45.2 % of total number of secondary schools and 65.57 % of all pupils in Montenegro. Most secondary schools are located in Kraljevo (9), Novi Pazar (7), Nikšić (5) and Berane (4). Gusinje is the only municipality without secondary schools.

**Table 16: Secondary education**

| **Territory** | **# of secondary schools** | **# of pupils** | **% of secondar schools** | **% of pupils** |
| --- | --- | --- | --- | --- |
| **Montenegro-data for 2018/2019** | **53** | **28 008** | **100** | **100** |
| Andrijevica | 1 | 283 | 3.77 | 1.01 |
| Berane | 4 | 3 080 | 13.21 | 11.00 |
| Bijelo Polje | 3 | 3 233 | 9.43 | 11.54 |
| Gusinje |  |  |  | 0.00 |
| Kolašin | 1 | 466 | 3.77 | 1.66 |
| Mojkovac | 1 | 533 | 3.77 | 1.90 |
| Nikšić | 5 | 5 553 | 16.98 | 19.83 |
| Petnjica | 1 | 236 | 3.77 | 0.84 |
| Plav | 1 | 983 | 3.77 | 3.51 |
| Pljevlja | 2 | 1 931 | 5.66 | 6.89 |
| Plužine | 1 | 138 | 3.77 | 0.49 |
| Rožaje | 2 | 1 743 | 5.66 | 6.22 |
| Šavnik | 1 | 28 | 3.77 | 0.10 |
| Žabljak | 1 | 157 | 3.77 | 0.56 |
| **Programme area Montenegro** | **24** | **18 364** | **81.13** | **65.57** |
| **Serbia-data for 2017/2018** | **509** | **245 714** |  |  |
| **Zlatiborski district** |  |  |  |  |
| Nova Varoš | 2 | 395 | 0.39 | 0.16 |
| Priboj | 2 | 712 | 0.39 | 0.29 |
| Prijepolje | 3 | 1 058 | 0.59 | 0.43 |
| Sjenica | 2 | 919 | 0.39 | 0.37 |
| **Moravički district** |  |  |  |  |
| Ivanjica | 2 | 902 | 0.39 | 0.37 |
| **Raški district** |  |  |  |  |
| Kraljevo | 9 | 4 847 | 1.77 | 1.97 |
| Vrnjačka Banja | 2 | 1 086 | 0.39 | 0.44 |
| Novi Pazar | 7 | 5 101 | 1.38 | 2.08 |
| Raška | 2 | 706 | 0.39 | 0.29 |
| Tutin | 2 | 1 076 | 0.39 | 0.44 |
| **Programme area Serbia** | **33** | **16 802** | **6.48** | **6.84** |
| **Total PROGRAMME AREA** | **57** | **35 166** |  |  |

### 1.11.3 Universities and higher schools

The following universities (faculties) are present in the programme area:

* Faculty of Mechanical and Civil Engineering in Kraljevo
* State University of Novi Pazar, Novi Pazar
* International University, Novi Pazar
* Faculty of Hotel Management and Tourism in Vrnjačka Banja
* Faculty of Philology in Nikšić
* Faculty of Philosphy in Nikšić
* Faculty for Sport and Physical Education in Nikšić

In general, both countries are dedicated to improving the quality of higher education by increasing the compatibility with market demands. During the academic year 2017/2018 there were 3 540 students enrolled in the 4 faculties in Serbia (598 in Kraljevo, 498 in Vrnjacka Banja and 2 444 in Novi Pazar) which is 1.38 % of total number of students in Serbia and 2.21 % of total number of higher education institutions. During the academic year 2018/2019 there were 2 787 students on the Montenegrin side of the programme area enrolled in 3 faculties, all located in Nikšić. This number represents 12.27 % of total number of enrolled students in Montenegro and 6.38 % of total number of higher education institutions. According to these data higher education is not easily accessible to students in the programme area, which is why they often move in order to be able to continue education, leading further to migrations and brain drain.

**Lifelong learning (LLL):** The concept of lifelong learning is developed in Serbia and Montenegro. Aside from the main urban centres the access to lifelong learning opportunities is much weaker on both sides of the border. Life-long learning in Montenegro was supported by several measures, such as: measures for increasing basic skills achievements; measures for acquiring recognised qualifications in adulthood; measures focused on transition to the labour market; and other types of publicly subsidised measures for adult education. All programmes related to these measures are focused both on acquiring qualifications and on acquiring professional knowledge and key skills. According to the Strategy for Development of Education in Serbia by 2020, one of the key goals of the long term development of education in Serbia includes lifelong learning. The principles of lifelong learning have also been implemented in the field of labour market active policy measures and employment policy. According to the results from surveys in both countries, the share of adults in some type of formal or non - formal education or training is below the EU member states’ average (45.1 %).

**Key findings**

|  |  |
| --- | --- |
| **positive** | **negative** |
| * All levels of education covered (up to a tertiary level) * The number of faculties increased | * Networks of educational institutions in the programme have not been balanced in their distribution * Market demands have not been adequately met with the tertiary level curricula * Lifelong learning systems underdeveloped |
| **Challenges for cross-border cooperation** | |
| * Building the educational curricula that will meet the demands of the businesses and the labour market * Better distribution of the network of educational systems in the programme area (as well as increasing number of educational institutions) | |

## 1.12 Regional / local governance

**Public administration reforms aiming at further decentralisation are in progress**

The strategy of public administration reform in the Republic of Serbia, as one of the key reform goals, determined the need for further decentralisation, that would result in the improvement of the system of local self-government and more efficient distribution of competences between certain levels of government.

In Montenegro, the public administration reform is aimed at creating an efficient, effective and service-oriented public administration, that will increase citizens' trust in its work. In this way, public administration will have an impact on the improvement of business conditions and strengthening the competitiveness of the economy and the Montenegrin citizens’ quality of life.

The programme area consists of 24 municipalities and towns. In both countries the structure of government is divided between central government and local government. There is no other intermediate level of administration (e.g. in the form of regional authorities). The decentralisation process is very important for the cross-border programme as it allows local self-government units to be fully involved in all aspects of local development. In addition to decentralisation, the inter-municipal cooperation framework is developed and operational in both countries, allowing and creating an enabling environment for many local government units to be engaged in joint initiatives, and with a large number of participating entities.

Also, cooperation on regional level has been improved by the establishment of regional development agencies. There are three regional development agencies operating on the Serbian and one in the Montenegrin part of the programme territory.

In the previous period, through various technical assistance and funding programmes, local governments raised capacity in governance, development of services and related infrastructure. Still, a certain number of local self-government units is struggling in obtaining available EU funds, as they miss the necessary skills for project preparation and their optimal implementation.

Municipalities/towns showed high interest in cross-border cooperation. There are examples of inter-municipal cooperation particularly in the area of public services, tourism and environment by cooperation of municipal public utility companies.

**Key findings**

|  |  |
| --- | --- |
| **positive** | **negative** |
| * Local government administration is in the process of improving their capacities * Existing network of regional development agencies | * Underdeveloped capacities for project preparation and project management in programme area * Lack of financial resources and know-how to co-finance projects at local and regional level |
| **Challenges for cross-border cooperation** | |
| * Building capacities of the stakeholders in the programme area within areas of project preparation, implementation and financing | |

## 1.13 Civil society

**Potentials to increase the role of civil society sector in the programme area**

**Increased number of CSOs**

Civil society organisations (CSO) in the programme area should be further developed, especially outside urban centres. Their operational capacities are weak, faced with financial constraints. Possible alternatives on how to strengthen their role in society are not fully explored (e.g. social innovation and cooperation with the public sector). Employment in the CSO sector is minor, mainly focused on a project basis.

On the Serbian side of the eligible area, there were 2 055 registered CSOs in 2019, most of them in Kraljevo (616), Novi Pazar (449), Prijepolje (181) and Vrnjačka Banja (179). The number of CSOs in the Serbian side of the programme area represents about 4 % of all registered CSOs in the country.

In 2019, on the Montenegrin side there were 1 845 registered CSOs, most of them in Nikšić (492), Bijelo Polje (294), Berane (210) and Pljevlja (216). The number of CSOs in the Montenegrin side of the programme area represents more than 30 % of all registered CSOs in Montenegro.

It is evident that the number of CSOs is increasing in the programme territory comparing to the previous period, particularly on the Montenegrin side (in 2014, 1 843 CSOs were registered, out of which 915 CSOs were located on the Montenegrin side of the programme area).

In general, the civil society sector represents an important factor for the socio-cultural and economic development of the programme area. NGOs can be seen an important pool for innovation especially regarding development of social entrepreneurship initiatives. On the other side, there is a need for more cooperation with both the public and private sector.

Also, joint forces of CSOs and LGs are the best way to meet the needs of the citizens in the programme area. Besides fostering cooperation and joint activities between CSOs and LGs, it is also important to strengthen the CSOs’ role as watchdogs at local level.

The involvement of CSOs during the previous CBC programmes proved their high interest for cooperation and left behind a number of project proposals prepared.

**Key findings**

|  |  |
| --- | --- |
| **positive** | **negative** |
| * Certain experience with CBC programmes provided know-how and good professional capacities for some CSOs * Increase in number of CSOs | * Week financial capacities of the CSOs in general * Majority of CSOs jobs are created on a project basis |
| **Challenges for cross-border cooperation** | |
| * Increase the contribution of CSOs in cross-border cooperation | |

# 2. SOURCES

Statistical Office of the Republic Serbia

State Statistical Office of Montenegro (MONSTAT)

Ministry of Trade, Tourism and Telecommunications of the Republic of Serbia

Serbian Business Register Agency

Ministry of Labour, Employment, Veteran and Social Affairs of the Republic of Serbia

Serbian Environmental Protection Agency

Ministry of Construction, Transport and Infrastructure of the Republic of Serbia

Ministry of Economy of the Republic of Serbia

Employment Agency of Montenegro

Ministry of Labour and Social Welfare of Montenegro

Ministry of sustainable development and tourism of Montenegro

Ministry of Transport and Maritime of Montenegro

Institute of Hydrometeorology and Seismology of Montenegro

Agency for Nature and Environment Protection of Montenegro

Guidelines for the Implementation of the Green Agenda for the Western Balkans

Serbia 2020 EU Report

Montenegro 2020 EU Report

National strategy – Employment and human resource development 2016 – 2020 for Montenegro

Economic Reform Programme of Monenegro 2019-2021, Commission assessment

National empoyment action plan for 2020, Republic of Serbia

Government of the Republic of Serbia, Strategy for water management up to 2034

Human Development Report 2019, UNDP

Smart Specialisation Strategy of the Republic of Serbia for the period from 2020 to 2027

Smart Specialisation Strategy of Montenegro, 2019-2024

More sources can also be found as footnotes in various pages of this analysis

Databases:

<https://www.stat.gov.rs/en-US/>

<https://www.monstat.org/eng/index.php>

<http://pretraga2.apr.gov.rs>

https://ec.europa.eu/eurostat/statistics-explained/index.php/Enlargement\_countries\_-\_statistical\_overview

<http://frontex.europa.eu/trends-and-routes/western-balkan-route>

# 3. ANNEXES

**Annex 1: Outcomes of the questionnaires filled out by local self-governments**

|  |  |
| --- | --- |
| **Strengths** | |
| **Serbia** | **Montenegro** |
| **General aspects** | |
| Tourism, cultural and natural heritage (8)  Quality of the environment, including green economy initiatives, disaster resilience and disaster prevention, preparedness and response (5)  Educational, sports and youth services (3)  Labour market (3)  Governance, planning and administrative capacity (3) | Quality of the environment, including green economy initiatives, disaster resilience and disaster prevention, preparedness and response (12)  Tourism, cultural and natural heritage (12)  Governance, planning and administrative capacity (5)  Social care services (4)  Entrepreneurial support, including access to financing (3) |
| **Infrastructure** | |
| Leisure / sports / culture (facilities) (5) | Availability of business sites / premises (industrial zones, incubators) (4)  Leisure / sports / culture (facilities) (4)  Water supply (3) |

|  |  |
| --- | --- |
| **Weaknesses** | |
| **Serbia** | **Montenegro** |
| **General aspects** | |
| Health care services (2)  Entrepreneurial support, including access to financing (2)  Governance, planning and administrative capacity (2) | Research and technological development (7)  Development of digital economy and society (5)  Labour market (5)  Entrepreneurial support, including access to financing (5) |
| **Infrastructure** | |
| Waste management (dumps/landfills, separation, recycling) (8)  Wastewater treatment (5)  Roads (4)  Availability of business sites / premises (industrial zones, incubators) (3) | Waste management (dumps/landfills, separation, recycling) (8)  Availability of business sites / premises (industrial zones, incubators) (5)  Roads (5) |

| **Opportunities** | |
| --- | --- |
| **Serbia** | **Montenegro** |
| Efficient and sustainable use of natural resources (6)  Development of tourism offer connected with the promotion of culture/natural heritage (6)  Development of agricultural production and food processing (4)  Specific new tourism trends (4)  National policy for development of SMEs (3)  Standardisation and certification of local agricultural/agro-food products (3)  Improved solid waste collection and disposal systems, including recycling and green agenda (3)  Enhanced wastewater treatments (3) | Development of agricultural production and food processing (10)  Development of tourism offer connected with the promotion of culture/natural heritage (9)  Efficient and sustainable use of natural resources (8)  Increased maintenance / development of the existing infrastructure (5)  Specific new tourism trends (5)  National policy for development of SMEs (4)  Improved solid waste collection and disposal systems, including recycling and green agenda principles (4)  Enhanced wastewater treatments (4) |
|  | |

| **Threats** | |
| --- | --- |
| **Serbia** | **Montenegro** |
| Unresolved property issues (6)  Immigration (6)  Lack of qualified human resources (5)  Slow decentralisation (5)  Insufficient financial resources from the public budget for addressing the infrastructure shortages (transport, water, energy and other environmental issues) (4)  Permanent danger of various natural disasters (4) | Immigration (12)  Grey economy (9)  Insufficient financial resources from the public budget for addressing the infrastructure shortages (transport, water, energy and other environmental issues) (9)  Lack of qualified human resources (9)  Degradation of the environment (8)  Slow decentralisation (7) |
|  | |

| **Area of cooperation** | |
| --- | --- |
| **Serbia** | **Montenegro** |
| 6 municipalities (Nova Varos, Priboj, Vrnjacka Banja, Novi Pazar, Raska and Ivanjica) out of 8 municipalities have established cooperation with other legal entities in Montenegro | 8 municipalities (Andrijevica, Berane, Bijelo Polje, Mojkovac, Pluzine, Pljevlja, Rozaje and Zabljak) out of 13 municipalities have established cooperation with other legal entities in Serbia |
| * Management/protection of natural resources * Leisure and tourism, including sport * Business/trade * Other: water supply | * Maintenance/development of infrastructure * Management/protection of natural resources * Education * Agriculture/rural development * Other: work force employability and mobility |

| **Thematic clusters of further cooperation** | |
| --- | --- |
| **Serbia:** | **Montenegro:** |
| **By local authorities** | |
| 1. Greener and improved resource efficiency - 2.13 2. Business environment and competitiveness - 2.63 3. Public infrastructures/connectivity - 2.88 4. Employment opportunities and social rights - 3.25 5. Capacity of local and regional authorities to tackle local challenges – 4.13 | 1. Greener and improved resource efficiency – 2.46   1. Business environment and competitiveness – 2.46   1. Employment opportunities and social rights – 2.54 2. Public infrastructures/connectivity – 3.15 3. Capacity of local and regional authorities to tackle local challenges – 4.38 |
| **By legal entities other than local authorities** | |
| **Serbia:** | **Montenegro:** |
| 1. Employment opportunities and social rights – 1.75 2. Business environment and competitiveness - 2.25 3. Greener and improved resource efficiency – 3.00 4. Public infrastructures/connectivity – 3.75 5. Capacity of local and regional authorities to tackle local challenges – 4.25 | 1. Business environment and competitiveness – 1.86 2. Employment opportunities and social rights – 2.43   2. Greener and improved resource efficiency – 2.43  3. Capacity of local and regional authorities to tackle local challenges – 4.00  4. Public infrastructures/connectivity – 4.14 |
| **By all stakeholders (as one sample)** | |
| **Serbia:** | **Montenegro:** |
| 1. Greener and improved resource efficiency – 2.42 2. Business environment and competitiveness - 2.50 3. Employment opportunities and social rights – 2.75 4. Public infrastructures/connectivity – 3.17 5. Capacity of local and regional authorities to tackle local challenges – 4.25 | 1. Business environment and competitiveness – 2.25 2. Greener and improved resource efficiency – 2.45 3. Employment opportunities and social rights – 2.50 4. Public infrastructures/connectivity – 3.50 5. Capacity of local and regional authorities to tackle local challenges – 4.25 |
| 1 – highest | 5 - lowest |

1. Guidelines for the Implementation of the Green Agenda for the Western Balkans, accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, an Economic and Investment Plan for the Western Balkans [↑](#footnote-ref-1)
2. Own calculation for municipal levels in Serbia [↑](#footnote-ref-2)
3. Berane\* - Data for 2011 include Berane with Petnjica and for 2019 only Berane [↑](#footnote-ref-3)
4. Plav\*\*- Data for 2011 include Plav with Gusinje and for 2019 only Plav [↑](#footnote-ref-4)
5. According to the Organisation for Economic Co-operation and Development (OECD) areas in which more than 50% of the population live in rural communes are defined as predominately rural areas. Rural communes are the communes with population density below 150 inhabitants / km². [↑](#footnote-ref-5)
6. Source: Serbia 2020 Report and EU, Montenegro 2020 Report - EU [↑](#footnote-ref-6)
7. Group 1: EDLSU is above the national average; Group 2: EDLSU is between 80% and 100% of the national average; Group 3: EDLSU is between 60% and 80% of the national average, and considered to be 'under-developed'; Group 4: EDLSU is below 60% of the national average and considered to be 'highly under-developed', with a further sub-category of ‘devastated’ LSUs, which have EDLSU levels below 50% of the national average. [↑](#footnote-ref-7)
8. Group 6: Development Index above 125% of national average; Group 5: Development Index between 100 and 125% of national average; Group 4: Development Index between 75 and 100% of national average; Group 3: Development Index between 50 and 75%; Group 2: Development Index below 50% of national avrage

   http://www.sluzbenilist.me/pregled-dokumenta-2/?id={47D43BAA-3710-410C-9ADA-3BF635177399} [↑](#footnote-ref-8)
9. There is no classification of sole traders by size in Serbia. The assumption that they have less than 10 employees has been used in this document. [↑](#footnote-ref-9)
10. Agricultural census, Montenegro 2011. [↑](#footnote-ref-10)
11. Please note that all offical statistics regarding labour market in Serbia refers to annual average for year 2018 [↑](#footnote-ref-11)
12. Please note that this offical statistics regarding labour market in Montenegro refers to annual average for 2019 [↑](#footnote-ref-12)
13. Please note that numbers presented in the table regarding employment and unemployment refer to the first half of 2019 in line with the obtained data from Employment Agency of Montenegro, Work report for the first half of 2019. [↑](#footnote-ref-13)
14. Statistical Office of Montenegro [↑](#footnote-ref-14)
15. Please note that offical statistics regarding labour market in Serbia refers to annual average for year 2018

    Please note that offical statistics regarding labour market in Montenegro refers to annual average for 2019 [↑](#footnote-ref-15)
16. Please note that numbers presented in the table regarding employment and unemployment refer to the first half of 2019 in line with the obtained data from Employment Agency of Montenegro, Work report for the first half of 2019. [↑](#footnote-ref-16)
17. National strategy – Employment and human resource development 2016 – 2020 for Montenegro [↑](#footnote-ref-17)
18. Economic Reform Programme of Monenegro 2019-2021, Commission assessment [↑](#footnote-ref-18)
19. National empoyment action plan for 2020, Republic of Serbia [↑](#footnote-ref-19)
20. Guidelines for the Implementation of the Green Agenda for the Western Balkans, accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, an Economic and Investment Plan for the Western Balkans. [↑](#footnote-ref-20)
21. Serbian Environmental Protection Agency, Report on Soil Condition 2016-2017 [↑](#footnote-ref-21)
22. Agency for Nature and Environment Protection of Montenegro, Information on the status of the envrionment in Montengro 2019 [↑](#footnote-ref-22)
23. Serbian Environmental Protection Agency, Information on the status of the envrionment in Serbia 2018 [↑](#footnote-ref-23)
24. Biochemical oxygen demand (BOD) is the amount of  dissolved oxygen needed (i.e. demanded) by aerobic biological organisms to break down organic material present in a given water sample at certain temperature over a specific time period. The BOD value is most commonly expressed in milligrams of oxygen consumed per litre of sample during 5 days of incubation at 20 °C and is often used as a surrogate of the degree of organic pollution of water [↑](#footnote-ref-24)
25. Serbian Environmental Protection Agency, Report on environmentatl status 2018 [↑](#footnote-ref-25)
26. Government of the Republic of Serbia, Strategy for water management up to 2034 [↑](#footnote-ref-26)
27. Institute of Hydrometeorology and Seismology of Montenegro, Water quality status in Montenegro 2017 [↑](#footnote-ref-27)
28. Serbian Environmental Protection Agency, Report on environmentatl status 2018 [↑](#footnote-ref-28)
29. Own calculation based on data presented in Statistical Yearbook 2019 for Serbia [↑](#footnote-ref-29)
30. Serbian Environmental Protection Agency, Information on the status of the envrionment in Serbia 2018 [↑](#footnote-ref-30)
31. Statistical agency of Serbia, Serbian regions 2019 [↑](#footnote-ref-31)
32. Ministry of sustainable development of Montenegro, Municipal wastewater management plan of Montenegro (2020-2035) [↑](#footnote-ref-32)
33. Ministry of sustainable development and tourism Montenegro, Revision of the Master Plans for Municipal Wastewater Management Measures and preparation of the first draft of the Plan for the Implementation of the Specific Directive on Urban Wastewater Treatment 91/271 / EEC [↑](#footnote-ref-33)
34. Ministry of Transport and Maritime, The Railway Development Strategy for the period 2017-2027 [↑](#footnote-ref-34)
35. Official gazete Montenegro 2017, National railway reconstruction programme 2018-2020 [↑](#footnote-ref-35)
36. Statistical Office of the Republic of Serbia, Usage of information and communication technologies in the Republic of Serbia, 2019 [↑](#footnote-ref-36)
37. Montenegro Statistical Office, ICT usage in Montenegro in 2019 [↑](#footnote-ref-37)
38. Human Development Report 2019, UNDP [↑](#footnote-ref-38)
39. Lower income of population in northern region compared to other regions can be explained to a certain degree by a dominant share of agriculture. Disposable income does not include the value of household’s production for its own needs. The income from production of goods for own needs means the value of food and beverages produced and consumed by household for its own needs. In both rural areas and in northern part of Montenegro, the standard of population largely depends on the own production. Monetary income of population engaged in the own production can be very low and indicates to a very low standard what does not need to be the case due to the important value of own production. [↑](#footnote-ref-39)