



IPA III

Cross Border Cooperation Programme

2021-2027

*Serbia – Bosnia and Herzegovina*

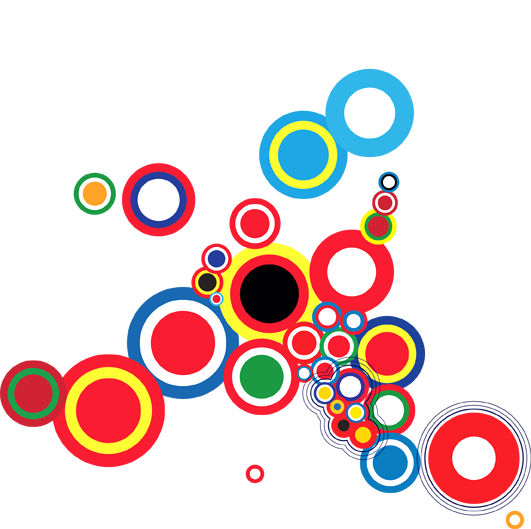
*ADOPTED ON 26/11/2020*

TABLE OF CONTENTS

[Programme synopsis 3](#_Toc57575281)

[List of acronyms 4](#_Toc57575282)

[Section 1: Programme summary 5](#_Toc57575283)

[1.1 Summary of the programme 5](#_Toc57575284)

[1.2 Preparation of the programme and involvement of the partners 7](#_Toc57575285)

[Section 2: Programme area 9](#_Toc57575286)

[2.1 Situation Analysis 9](#_Toc57575287)

[2.2 Main findings 15](#_Toc57575288)

[Section 3: Programme strategy 17](#_Toc57575289)

[3.1 Rationale - Justification for the selected intervention strategy 17](#_Toc57575290)

[3.2 Description of programme priorities 18](#_Toc57575291)

[3.3 Horizontal and cross-cutting issues 24](#_Toc57575292)

[3.4 Coherence with other programmes and macro-regional strategies 24](#_Toc57575293)

[Section 4: Financial plan 26](#_Toc57575294)

[Section 5: Implementing provisions 28](#_Toc57575295)

[5.1 Financing agreement 28](#_Toc57575296)

[5.2 Indicative implementation period 28](#_Toc57575297)

[5.3 Implementation method 28](#_Toc57575298)

[5.4 Programme management structure 30](#_Toc57575299)

[5.5 Project development and selection and implementation 30](#_Toc57575300)

[5.6 Payments and financial control 30](#_Toc57575301)

[5.7 Reporting, monitoring and evaluation 31](#_Toc57575302)

[5.8 Information and visibility 31](#_Toc57575303)

[LIST OF ANNEXES 32](#_Toc57575304)

[ANNEX 1: Description and analyses of the programme area 32](#_Toc57575305)

[Situation and SWOT/PESTLE analysis 32](#_Toc57575306)

# Programme synopsis

|  |  |
| --- | --- |
| Programme title | IPA III cross-border cooperation programme Serbia - Bosnia and Herzegovina |
| Programme area | **Serbia**: the districts of Srem, Mačva, Kolubara and Zlatibor.  **Bosnia and Herzegovina** local self-government units (municipalities/cities/district):Gradačac, Vlasenica, Šekovići, Doboj Istok, Kladanj, Gračanica, Pelagićevo, Srebrenik, Han Pijesak, Čelić, Milići, Lopare, Srebrenica, Ugljevik, Višegrad, Bijeljina, Rogatica, Teočak, Sokolac, Sapna, Pale, Kalesija, Pale (FBiH), Tuzla, Novo Goražde, Lukavac, Rudo, Petrovo, Čajniče, Banovići, Goražde, Živinice, Foča (FBiH), Zvornik, Foča, Bratunac, Kalinovik, Donji Žabar, Orašje, Domaljevac-Šamac, Šamac, Modriča, Vukosavlje, Odžak, Brod, Olovo, Centar Sarajevo, Osmaci, Trnovo, Trnovo RS, Hadžići, Istočna Ilidža, Ilidža, Istočno Novo Sarajevo, Novi Grad Sarajevo, Vogošća, Stari Grad Sarajevo, Istočni Stari Grad, Ilijaš, Vareš, Breza, Visoko, Kiseljak, Fojnica, Kreševo, Novo Sarajevo and Brčko District BiH. |
| Programme overall objective | To enhance the socio-economic development of the cross-border area through social and economic inclusion of specific groups, specially youth, and the competitiveness of tourism |
| Programme thematic clusters, thematic priorities and specific objectives per thematic priority | |  | | --- | | TP 0: Technical Assistance    TC 1: Improved employment opportunities and social rights  TP6: Youth, education and skills  TC 4: Improved business environment and competitiveness  TP5: Encouraging tourism and cultural and natural heritage  **NB:** The thematic cluster TC 5*: Improved capacity of local and regional authorities to tackle local challenges* will be mainstreamed. Beneficiaries’ proposal for the mainstreaming of this thematic cluster will be presented in Section 3.3 of the final draft of this document | |
| Total EU financial allocation 2021-2027 | € <…> |
| Management implementation mode | Indirect management |
| Contracting authority | Government of the Republic of Serbia, Ministry of Finance, Central Financing and Contracting Unit (CFCU) |
| Relevant authorities in the participating beneficiaries | Serbia: Ministry of European Integration  Bosnia and Herzegovina: Directorate for European Integration |
| Offices of the joint technical secretariat (JTS) | Main office: Užice (RS)  Antenna office: Tuzla (BiH) |

# List of acronyms

|  |  |
| --- | --- |
| BA/BiH | Bosnia and Herzegovina |
| CA | Contracting Authority |
| CBC | Cross-border cooperation |
| CBC-Forum | CBC regional consultative forum |
| CBIB+3 | Cross-border Institution Building Plus Phase III |
| CFCU | Central Finance and Contracting Unit |
| CfP | Call for Proposals |
| CSO | Civil Society Organisation |
| DEI | Directorate for European Integration – Bosnia-Herzegovina |
| EC | European Commission |
| EU | European Union |
| DEU | Delegation of European Union |
| FBiH | Federation of Bosnia-Herzegovina |
| GDP | Gross Domestic Product |
| IPA | Instrument for Pre-accession Assistance |
| JMC | Joint Monitoring Committee |
| JTF | Joint Task Force |
| JTS | Joint Technical Secretariat |
| MEI | Ministry of European Integration, Serbia |
| NGO | Non-Governmental Organisation |
| OS | Operating Structure |
| RS | Republic of Serbia |
| SME | Small and Medium-Sized Enterprise |
| SO | Specific Objective |
| SORS | Statistical Office of the Republic of Serbia |
| SWOT | Strengths, Weaknesses, Opportunities, Threats |
| TA | Technical Assistance |
| TC | Thematic Cluster |
| TP | Thematic Priority |

….

# Section 1: Programme summary

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

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

## 1.1 Summary of the programme

The present programme is the result of a comprehensive analytical and consultation process which was carried out between August and November 2020 in the programme area and at central level in both participating countries. The programming process was hampered by the Covid-19 epidemiological situation, compelling the stakeholders to meet and discuss virtually. Despite this constraint, the involved entities strived to screen in the best possible way the actual situation/challenges in the programme area. Thus, it has been achieved that the selected thematic priorities and defined specific objectives closely correspond to real needs.

The socio-economic context was described in detail in the situation/PESTLE and the SWOT analyses which are available in **Annex 1** and **Annex 2** of this document. The key points, which were highlighted during the analysis and further-on addressed in the selection of the thematic clusters/priorities, can be summarised as follows.

**Strengths:**

* The region has significant natural resources which can represent the basis for development of different economic activities.
* The region has solid potentials for development of tourism, notably in relation to niches such as: rural tourism, environmental tourism and active vacations.
* There is a strong tradition and history of relations between both participating countries; established contacts can represent the basis for further cooperation.

**Weaknesses:**

* The region is underdeveloped in infrastructure and accommodation possibilities.
* Negative migration trends have been noted particularly among the youth and from rural to urban areas within the region.
* There is a significant level of youth unemployment and limited potentials for youth inclusion.
* The region registers several bad practice examples in environmental protection, what influences other sectors, particularly tourism.

**Opportunities:**

* Economic development of the region, in particular tourism, could be based on natural and cultural resources which are relatively abundant.
* There is a good potential for the development of joint projects, based on established linkages between communities and authorities at both sides of the border.
* Connections of different sectors, for example tourism, SMEs, agriculture, processing industry could significantly raise the value added in these activities and the region as a whole.

**Threats:**

* Further negative practices and absence of solutions in environmental protection could have negative impacts on the development of tourism.
* Global economic crisis caused by Covid-19 epidemiological situation could have negative impact on the economy and specially on employment.
* Limitations related to mobility of persons, due to Covid-19 crisis could have negative impact on development of tourism in the region.

The selection of the thematic priorities directly derived from the SWOT and situation analyses through a wide consultative process among the members of the specially formed joint task force (JTF). The resulting priorities and specific objectives are as follows:

* **TP6: Investing in youth, education and skills (to become programme’s TP 1)**

Within this TP, two specific objectives are defined:

SO 1.1 To enhance youth activism and youth socio-economic participation

SO 1.2 To increase the employability of specific groups by provision of new skills

The thematic priority addresses some of the key challenges identified in the region – limited perspectives and high unemployment rates among youth, as well as negative migration trends within the region. The selection of this priority is also based on the experience gained through joint people-to-people actions that were regarded as the most successful and relevant in previous programmes.

* **TP5: Encouraging tourism and cultural and natural heritage (to become programme’s TP 2)**

Within this TP, one specific objective is defined:

SO 2.1 To develop and promote joint tourism offers based on cultural and natural heritage

This thematic priority and its specific objective explore the potentials identified in the region, specially tourism development in connection with cultural and natural heritage. The existing linkages between communities and best practice experiences in developing a joint tourism offer were used as a reference. This SO also allows the creation of common tourism products as well as minor interventions in tourism infrastructure at culture and natural heritage sites.

It is estimated that both thematic priorities can have the best possible impact at regional level in the cross-border context, considering the financial and technical framework of the programme. The proposed results and activities within both TPs, which are defined in detail in the intervention strategy below, will facilitate real joint cross-border initiatives. The fact that real and pressing challenges are being addressed should contribute to increase the interest among the communities in the programme area and possibly expand the range of potential applicants.

At socio-economic level, operations under both thematic priorities will contribute to improving competitiveness of the region, will increase attractiveness of the region for in-coming tourism and will consequently improve the employment situation, notably among the youth. Steering the results/activities in the direction of innovative initiatives and increased quality of services will undoubtedly increase the value-added in some of the traditional sectors.

Both TPs will carry on with the fruitful and successful cooperation between communities, organisations and authorities from both sides of the border. The fact that issues which are common for both countries are addressed (in a sense of needs and potentials) promises a high level of interest and cooperation.

## 1.2 Preparation of the programme and involvement of the partners

The programming process was marked by a relatively limited time frame and the Covid-19 epidemiological situation which mostly prevented live contacts and larger meetings. The consultations and meetings were therefore mostly implemented on-line.

The OSs strived to obtain a broad consensus on the selected thematic priorities and the definition of objectives/results/activities. The first step in the procedure was the implementation of a **survey among local authorities and other organisations**. The aim of the survey was to sound out the interest and capacity in the region. The analysis of the returned questionnaires provided valuable inputs for further development of the programme; for instance, the SWOT analysis was strongly based on the responses collected by the regional survey. Then, the situation and SWOT analyses were drafted using the regional survey and an extensive analysis of statistical and socio-economic data of both countries, with emphasis on the programme area. Both analyses are available as annexes to this document. Following the approval of both documents by the JTF members, the final step of the process was taken: the programme strategy.

It needs to be noted that the OSs were not able to implement yet general public consultations related to the strategy and programming document as a whole. It is anticipated that the public consultations will be implemented in December 2020 and eventual comments will be incorporated into the final version of the document.

As a part of the programming process, a series of official JTF meetings took place as presented in the following table. All the important milestones on the programming process are also presented in the table 1.1.

***Table 1.1: Important milestones and programme meetings***

|  |  |  |
| --- | --- | --- |
| Event/Meeting | Date | Purpose/Conclusions |
| Letter from EC | 22 April 2020 | A letter from the European Commission (EC) regarding IPA III and starting the programming process was received by the NIPAC Offices of both countries |
| Introductory meeting | 4 May 2020 | A kick-off meeting held between the RS OS and CBIB+3 on the IPA III CBC programming process (proposed steps and working plan) |
| Introductory meeting | 5 May 2020 | A kick-off meeting held between the BiH OS and CBIB+3 on the IPA III CBC programming process (proposed steps and working plan) |
| 1st Coordination meeting | 14 May 2020 | The first coordination meeting between Serbia and Bosnia-Herzegovina OSs on IPA III CBC programming |
| Establishment of the JTF | End July to mid-September 2020 | The process of appointing JTF members |
| 2nd Coordination meeting | 27 July 2020 | The second coordination meeting between Serbia and Bosnia-Herzegovina OSs on IPA III CBC programming |
| Dispatching of questionnaires | 4-6 August 2020 | The JTS dispatched the questionnaires to the relevant CBC stakeholders |
| Deadline for the questionnaires | 16 September 2020 | 2nd deadline for the collection of the completed questionnaires |
| Submission of aggregated answers | 28 September 2020 | The aggregated answers from the collected questionnaires were delivered to the programming expert for further elaboration and analysis |
| Programming training | 12 October 2020 | Training for JTF members, OSs and JTS staff, held by programming expert on programme formulation and development |
| 3rd Coordination meeting | 13 October 2020 | The third coordination meeting between Serbia and Bosnia-Herzegovina on IPA III CBC programming |
| 1st meeting of the JTF | 21 October 2020 | Establishment of the JTF, adoption of Rules of Procedures of the Joint Task Force, initial discussions related to planning of activities,  definition of timeframe and steps in the process |
| 1st preparatory JTF meeting | 6 November 2020 | Discussion on the SWOT analysis and ranking of TPs |
| 2nd meeting of the JTF | 9 November 2020 | Presentation and discussion related to PESTLE and SWOT analysis  Approval of both documents  Initial discussions related to the selection of thematic priorities |
| 2nd Preparatory JTF meeting | 19 November 2020 | Discussion on the selection of the suggested TPs |
| 3rd meeting of the JTF | 19 November 2020 | Selection of thematic priorities |
| 3rd Preparatory JTF meeting | 26 November 2020 | Discussion on the draft programme strategy |
| 4th meeting of the JTF | 26 November 2020 | Discussion and approval of the first draft of the programme strategy |
| 1st draft Programme document | 1 December 2020 | Submission of the 1st draft of the programme to EC |
| Public consultation | December 2020 | Presentation of the programme strategy |

# Section 2: Programme area

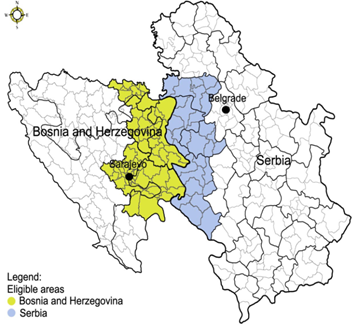
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## 2.1 Situation Analysis

This section provides a summary analysis of the programme area. The overall situation/PESTLE analysis is available as **Annex 1** of this programme.

The program territory in the Republic of Serbia covers 15 370 km2 with 1 072 271 [[1]](#footnote-1) inhabitants and in BiH covers 16 644.18 km2 with 1 590 431 [[2]](#footnote-2) inhabitants, that totals 2 662 702 inhabitants in the programme area. At the BiH side, 67 local self-government units are participating in the programme and, on the Serbian side, 4 regions.

**Map: Eligible programme area**



***Table 2.1: Key figures of the programme area***

|  |  |
| --- | --- |
| **Key figures** | **Number and Units** |
| Total programme area surface | 32 014.18 km² |
| Total population in the programme area | 2 662 702 |
| Total border length | 370.9[[3]](#footnote-3) |
| Blue border | 261 km (river Drina 217.7 km + river Sava 43.3 km) |
| Land border | 109.9 km |
| Total border crossings | 15 (3 for railroad, 1 for pedestrians and 11 for motor vehicles) |

**Political context**

Both countries have established strong and permanent bilateral relations, which are proven by the signature of more than 50 bilateral agreements in different areas. In addition to that, BiH and Serbia share the vision and commitment to European integration.

Serbia was granted EU candidate status in 2012. The negotiation process started in 2013. The European Council decided to open accession negotiations on 28 June 2013, following the Commission’s recommendation of 22 April. Since then the two negotiation chapters ‘Science and Research’ and ‘Education and Culture’ were closed in 2016 and 2017, respectively. Additional 16 chapters were opened. In recent years the negotiation process is somewhat slow, with chapters being kept open for a long time. An improvement of this situation is nevertheless expected because of successful negotiations with Kosovo[[4]](#footnote-4)\* which are currently taking part at EU level. For several sectors, including agriculture and rural development, the EU has assessed that ‘’significant progress is needed’’ and the chapter ‘Environment’ is regarded as ‘’incompliant with EU legislation’’.

On 16 June 2008 the European Commission and BiH signed the Stabilisation and Association Agreement. With its signature, BiH entered a contractual relationship with the EU and recognised the importance of legislative approximation and its effective implementation. By signing of the SAA, BiH effectively established a free trade space with the EU, its main trade partner. After a resolution of the EU Council, the SAA entered into force on 15 December 2015 and the obligations of BiH were by this expanded from trade relations to a general commitment to comply with EU regulations. The Chairman of the Presidency of BiH filed on 15 February 2016 to the EU Council a candidacy for EU full membership and the EC sent to BiH a detailed questionnaire in December 2016.

The EU membership perspective has been repeatedly underscored by the EU and was elaborated in the communication issued in 2018 ‘’A credible enlargement perspective for and enhanced EU engagement with the Western Balkans’’ (COM2018/69).

**Geographical description and climate**

The border between Serbia and BiH has 370.9 km, out of which 229 km are rivers.

Situated in the south-eastern part of Europe, the programme area between Serbia and BiH consists of three highly diversified geographic parts. The northern part is a fertile plain; the central is hilly while the southern is mountainous. On the northern part of the Serbian programme area, there is fertile agricultural land in the Srem district. Furthermore, this district belongs to one of the developed business areas in Serbia. In the past few years this region expanded and attracted numerous investors that established themselves in the business zones of Inđija, Stara Pazova and Pećinci, making of this territory one of the most business friendly areas not only in Vojvodina but also in Serbia.

Further south the terrain becomes hillier with the presence of mountains such as Divčibare, Golija, Zlatar and Tara which are potential areas for economic development due to the presence of natural resources and expanding opportunities for tourism. In the recent years, the Tara mountain started to attract more tourist due to the development of the Mokra Gora and Šargan Eight resorts.

In BiH, the northern low land (300 metres above sea-level) contains the basins of the Sava and Drina rivers, with the valleys of the rivers Tolisa, Tinja, Brka, Gnjica and Janja, offering the most favourable conditions for agricultural production. This is the most important BiH area for grain production.

The climate in the programme area is continental, defined by hot, dry summers and autumns, and cold winters with heavy snowfall due to the presence of mountains. Recently, the climate has experienced changes like those seen in other countries, with apparent global warming and rapid weather changes.

The middle hilly part of the BiH programme area (average height above sea-level 300 to 700 m) encompass most of the BiH municipalities within the programme. This part is very rich in various minerals and hydro-electric potential as important resources for industrial production. Due to the configuration of the terrain, most arable land in this area is on slopes, subject to erosion, impeding the use of agricultural mechanisation. This land is climatically and physically more suitable for fruit growing and pasture. There are thick forests along the river Drina in the eastern part of BiH.

The river Drina, with several high dams, forms 185.3 km of the border between Serbia and BiH. It joins the river Sava in the north. Both rivers are rich natural resources, with various types of fish and other fauna. The programme area is home to the Tara National Park and Perućac Lake. The southern mountainous area in both countries is characterized by a very well-preserved natural environment with a great biodiversity and a high potential for the development of agriculture, energy and tourism.

**Population, demography and ethnic minorities**

The total population of the programme territory is 2 662 702 inhabitants, with 1 072 271 in the Serbian part of the programme territory and 1 590 431 in its BiH part. The density of population on the Serbian side is 70 inhabitants per km² and on the BiH side the density of population is 88 inhabitants per km².

***Table 2.2: BiH and Serbia population estimates as of 1 January 2019 (in thousands), [[5]](#footnote-5) as a comparison***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **2015** | **2016** | **2017** | **2018** | **2019** |
| BiH | 3 825 | 3 516 | 3 510 | 3 503 | - |
| Serbia | 7 114 | 7 076 | 7 040 | 7 001 | 6 964 |

The figures for both countries show a decrease at national level as well as in the programme area. The reasons for this decrease remain the negative mortality-birth rate and out-going migrations from the region (from rural to urban areas within countries and abroad). At the level of the whole country the natural population growth in 2018 was -5.5%. In the Zlatibor district, for example, which represents the largest part of the programme area the natural population growth was -5.8%[[6]](#footnote-6).

Out of 1 072 271 inhabitants in the Serbian part of the programme, 50.59 % of them were women (2018 data)[[7]](#footnote-7). Out of the total population of 1 590 431 in the BiH side, 51.34 % were women (2013 Census)[[8]](#footnote-8).

In Serbia the ethnic majority of the programme area’s population is Serbian. Based on the 2011 census and estimates they make up 89.39 % of the total number of the inhabitants of the West Region – well above the national average of 82.9 %. However, within some municipalities of the programme area that percentage is well below the median being: Priboj (74.1 %), Prijepolje (56.8 %), Sjenica (23.5 %). The Zlatibor district is therefore the most ethnically diverse of the West Region.

According to the 2011 census, the four districts that form the programme area in Serbia are home to 6.89 % of all ethnic minorities in Serbia. Out of the total population of the Serbian part of the program area, 127 154 persons or 10.61 % of all inhabitants are members of ethnic minorities. The largest ethnic group consists of Bosniaks with 36 607 inhabitants, or 32.65 % of all Bosniaks living in Serbia. The second largest ethnic group is composed of the Muslims with 8 921 inhabitants, or 43.55 % of all Muslims living in Serbia.

In the BiH part of the programme area 59.88 % of its inhabitants declared themselves as Bosniak, while 26.97 % declared themselves as Serbs and 4.47 % as Croats.

**Infrastructure and environment**

In both countries, the **road network** in the programme territories is more developed in the north, leaving the more isolated communities of the south with a less than satisfactory road network. Although the north-south road network is extensive on both sides of the border, there are fewer east-west connections. The Republic of Serbia initiated a major multiannual infrastructural project for building the highway connection between the north and western parts of the country. The motorway Belgrade – South Adriatic represents a future connection between Serbia and Montenegro. In 2019 the last stretch of the highway between Belgrade and Čačak was opened and in 2021 the completion of the section Čačak (Preljina)-Požega is anticipated.

The Serbian **railway system** has suffered major lack of investment and maintenance in the previous decades. However, since 2011, the Republic of Serbia has allocated significant financial means for the reconstruction and modernization of rail infrastructure and procurement of rail assets, including implementation of the projects funded by the loans from the EIB, EBRD, and bilateral arrangements from Kuwait, Russian Federation and China. Regarding the programme area, works renewing the regional railway line Šabac – Loznica – Brasina were completed by August 2018, after which the passenger railway traffic was re-established on this line after 13 years. In BiH the rail network is also in poor condition. It is underdeveloped and is not fully electrified, limiting its potential for providing effective transport infrastructure. There are three rail border crossings between Serbia and BiH. The total length of the rail network in the BiH programme area is 1 018[[9]](#footnote-9) km. The total rail network in Serbia is 3 363.4 km.

Between BiH and Serbia there are 15 **border crossings** (3 for railroad, 1 for pedestrians and 11 for motor vehicles). The number of the border crossings is sufficient, but the quality of infrastructure and capacity need improvement and modernization in view of the increasing exchange of goods between the countries.

There are 3 **airports** in the programme area, in the BiH part of the program area there are two fully functioning and well equipped international airports: one in Tuzla, located in Dubrave-Živinice, 8 km south-east of the town, opened for traffic in 1998, and the other in Sarajevo, fully renovated in 2005. In the Serbian part of the programme area there is an ex-military airport in Ponikve, located 18 km away from Užice, now serving civil purposes. The airport was officially opened for use in October 2013.

In the Srem district in Serbia, the Danube and the Sava **rivers are navigable** for the full length that runs through the programme area. The river Drina is not navigable along most of the program area, although it offers many opportunities for water sports and tourism. In BiH, river traffic in the programme area could take place along the river Sava[[10]](#footnote-10). The key river harbour is in the Brčko district, designed to handle construction materials from the river (gravel and sand). Other significant ports are located in Šamac and Brod. Of the three main river ports in BiH, the Brčko harbour is the largest in terms of cargo turnover. Ports in Serbia, in Šabac and Sremska Mitrovica, are open to international traffic.

The **telecommunication network** in the program area is generally well developed for both fixed and mobile networks. In addition, there is a good coverage by internet services in companies. In the absence of available regional data, only reference data at national level are presented.

Both countries are facing **environmental challenges** in particularly due to underdeveloped environmental infrastructure and industrial/household pollution. The generated **wastewater** represents a significant issue, both for households and industry in the region. In the BiH programme territory, the Tuzla valley was one of the most polluted even in ex-Yugoslavia. The biggest polluters are coal mines (Banovići, Živinice), chemical industry (Tuzla and Lukavac) and the power plant Tuzla. The percentage of treated wastewater (measured as percentage from total wastewater disposed) is 4.12 % for the FBiH (data for the entire FBiH) and for Republika Srpska 3.96 %. The percentage of households connected to the sewerage system is between 26.8 % (Sremski district) and 43.7 % (Zlatiborski district).

At the Serbian side of the border the main **solid waste** facility is the Regional Waste Management Centre Duboko, that serves the following municipalities: Užicе, Bајinа Baštа, Pоžеgа, Аrilје, Čајеtinа, Kоsјеrić, Lučаni, Ivаnjica and Čačak. The Centre processed 89 800 t of solid waste in 2019. Out of which 7 885 t of waste were processed for recycling purposes (8.78 % of total received waste)[[11]](#footnote-11). In the FBiH, there are 49 registered landfills. Only the Smiljevići landfill (Sarajevo Canton), Zenica and Tuzla have specifically constructed sanitary landfills. The solid waste management system in Republika Srpska is relatively inefficient and not in line with modern standards. According to information from the republic statistical office, as many as 43 registered municipal landfills existed (in addition to additional approximate 200 non-registered). Only the landfill in Bijeljina is a specifically constructed sanitary landfill. Republika Srpska adopted a strategy for waste management for the 2016-2025 period.

**Economy**

The **economy** of the entire programme territory is underperforming due to the region’s marginalisation and the instability during the 1990s. Low level of investments, the big industrial giants that collapsed over the years, the unsuccessful process of privatization that created major job losses resulted in limited economic expansion. The region has been suffering from lack of economic prospects and subsequent negative migration trends. Some positive developments have been registered since 2015 and in 2020 a steep drop was noted due to the global economic crisis caused by the Covid-19 pandemic. Intensive trade exists between the two countries. BiH is the 3rd most important trade partner of Serbia with a value of exports amounting to $ 834 million (11.62 % of total exports) in 2019[[12]](#footnote-12). The imports from Serbia in 2019 amounted to $ 2.26 billon (10.83 % of total imports; 3rd ranked).

The highest **unemployment** rate in the programme area in Serbia was registered in the Srem district at 11.6 %. The lowest was the unemployment rate in the Kolubara district at 6.4 %. Both figures are 2019 data and lower than the national average[[13]](#footnote-13). What remains a concern is the relatively low educational structure of the unemployed. In addition to that youth unemployment rates are significantly higher than for the general population. Out of 335 000 unemployed in 2019, approximately 58 000 were younger than 25 years. Taking into account that in this age group 153 000 persons were employed, the unemployment rate accounts for 35.7 % of the active population. For Šumadija and Western Serbia which represents a large proportion of the programme area there were 39 000 employed youth between 15 and 24 and 19 000 unemployed, meaning that the unemployment rate was 32.8 %, what was again lower than the national average. In 2019 in the programme area within the FBiH, the highest number of unemployed was registered in the Tuzla Canton (75 461 people or 24.1 % of all unemployed in the FBiH) and in the Sarajevo Canton (59 570 or 19 %). According to the Statistical Office of Republika Srpska[[14]](#footnote-14), the unemployment rate in the whole Republika Srpska was 11.7 %. The youth unemployment rate for ages between 15 and 24 in Republika Srpska was 23.8 %[[15]](#footnote-15).

**Agriculture** remains an important economic sector in the programme area though registering a slight decrease. Statistics show that in the Srem district, for example, 38.15 % of all households were considered as agriculture households. At the overall country level in Serbia in 2019 agriculture contributed 6.16 % to the overall GDP (a drop of 18 percentage points from 2018)[[16]](#footnote-16). In the FBiH the volume of agriculture production was KM 707 mil in 2006 and 857 mil in 2015. Despite this increase, the share in the total GDP is dropping, to 4.6 % in 2015. In Republika Srpska the value of production was BAM 897 mil in 2016, what represented 9.3 % of the total GDP of Republika Srpska. The share is dropping as in the FBiH. In the Brčko District BiH the value of production grew to BAM 66 mil in 2015, but a drop from 14 % in 2006 to 10 % in 2015 as percentage of the total GDP was registered. The total surface of **forests** in the programme area in Republika Srpska was 1 100 268 ha. The total surface of forests in the programme area in the FBiH was 653 292 ha. The total surface of forests in Šumadija and Western Serbia which covers a large part of the programme area in Serbia was 980 213 ha. The volume of forest assortments production in the Republic of Serbia in June 2020 decreased by 23.3 % in relation to the 2019 average.

The **industry** in the region, as in other transitional economies, faces significant challenges in technological underdevelopment, low labour productivity and limited investments. The industry is undergoing a constant restructuring processes and in recent years some important foreign direct investments were noted in the region. On the Serbian side, the following are important industrial plants: copper and aluminium rolling mill in Sevojno, the metal factory "Prvi Partizan", the textile industry "Froteks" (all in the Zlatibor district), the Sugar Factory (Srem) and the mining and thermal power plant in the Kolubara district. Some positive developments were noted in mining in the last years; for example, the company Rio Tinto completed a research on a rich location near Loznica where an ore of the lithium-sodium-borosilicate mineral jadarite was found. On the BiH side, the most important industrial complexes are Dita, a detergent industry in Tuzla, the thermal power plant in Tuzla, the salt plant also in Tuzla, the Sava-Semberija food processing in Bijeljina, the Žito Promet bakery industry of Bijeljina and Mofas in Eastern Sarajevo.

**SME development** is a major pillar of both governments’ policies as a means for achieving the dynamic levels of economic expansion needed in the program area to reach economic parity with its European neighbours. Although the entrepreneurial culture in the programme area is relatively developed, most SMEs operate in sectors with distinctively low value added. Most SMEs are trade or service oriented, applying very few principles of innovation and technological development. The SME sector needs therefore to be restructured to increase its value added with the introduction of new technologies into services/production and to upgrade its quality level, particularly in the tourism domain.

The programme territories in both countries have a great potential for **tourism development**. In 1984 Sarajevo organised the Winter Olympic Games. That event attracted more than 300 000 tourists to the region. Its organisation was one of the most successful tourism products in ex-Yugoslavia. Now, the programme territory has a lot of potential for development of specific touristic products such as winter, rural or cultural tourism. The tourism offer should be based on the uniqueness of the region, traditional architecture buildings, authentic food, Olympic image, cultural heritage, closeness to other tourist destinations (Mostar, Travnik, Blagaj) as well as religious tourism sites such as Međugorje and Prusac. In the last years a significant rise in tourism was noted in the programme region. Some districts like Zlatibor’s are experiencing a development boom. It seems that the quality of services and the skills of the labour force are not able to adjust to the demand of these rapid developments, therefore the need for investment into quality infrastructure and service standards is obvious. At both sides of the border some key tourism attractions have been renovated lately, for example the Šarganska Osmica Railway, infrastructure in Višegrad and walking paths in Sutjeska. Some tourism initiatives were supported under the IPA II programme. In Zlatibor the world’s longest tourist cable-car was opened in 2020 (an investment of € 13 mil). Tourism was distinctively affected by the Covid-19 crisis.

**Highlight – Covid-19 crisis**

The negative effect of the pandemic has been reflected in a reduction of economic activity, with manufacturing, transportation and tourism being the most affected industries. According to the SORS, in April 2020, the overall industrial production dropped by 17.6 % and manufacturing by 20 %. The total value of foreign trade decreased substantially, 28.2 % in April and 26.4 % in May. In early 2020, the foreign remittances significantly declined (-9.4 %) and, according to the National Bank of Serbia, by € 800 million from January to May (a decrease of 23.8 % compared to the same period last year). FDI was also lower than in 2019 (€ 3.6 billion in 2019).

GDP projections vary across different institutions. IMF’s indicate a relatively low and temporary decrease in GDP, because of the COVID-19 pandemic, by 3 % in 2020, and a 7.5 % increase in 2021. The National Bank of Serbia forecasts a GDP reduction of 1.5 %, while the Ministry of Finance reported a decrease of 1.8 %. The European Commission has projected a drop in the Serbian GDP of 4.1 % in 2020, followed by an increase by 6.1 % in 2021. The European Commission’s forecast for the unemployment rate is at 12.7 % in 2020 and then full recovery in 2021, with the overall unemployment rate at 10 % [[17]](#footnote-17).

In 2019, the Council of Ministers of BiH projected 3.4 % of GDP growth for 2020. However, due to COVID-19, it is expected to slow down to between -3.2 % and -5 %, whereas the international rating agency Standard and Poor's (S&P) expects that the real GDP in 2020 will drop by 5 %. The COVID-19 pandemic has particularly affected BiH’s foreign trade, with a decrease of 14.1 % in total exports noted in August 2020 as compared to the same month in 2019, whereas imports recorded a drop of 17 % in relation to the same month the year before.

**Education, research sector and culture**

Education facilities at primary, secondary and university levels exist in the programme are of both countries. Three fully fledged universities teach in Tuzla, Sarajevo and Eastern Sarajevo. Although the educational facilities at primary level are considered adequate, those at secondary level are described as outdated and inadequate since they lack modern ITC and laboratory facilities. Vocational training institutions are present in the larger towns and cities. In Serbia, there are not enough specialised secondary schools meeting modern standards. Užice is home to a specialised secondary school as well as a faculty for tourism.

The number of elementary and high schools in the programme territory in Serbia is 684 primary schools and 74 high schools. In the programme area in BiH there are 528 primary schools and 162 high schools. The number of elementary and high schools in the programme territory in Republika Srpska is 265 primary schools and 33 high schools. In the programme area within the FBiH, the number of elementary schools is 263 and the number of high schools is 129.

The University of Eastern Sarajevo connects 14 faculties, 2 art academies and 1 faculty of religious studies (a total of 84 programmes). In addition to that the whole territory of Republika Srpska has 6 private universities, with 30 faculties (separate data for the program area not available). In the entire Republika Srpska (separate data for the program area not available) the number of science and research institutions was 36. There were also more than 20 research associations. The University of Sarajevo has 23 faculties, 3 art academies and 5 scientific/research institutions. The University of Tuzla connects 12 faculties and 1 art academy. In the Serbian part of the programme area there are 6 private high schools, 3 private faculties and 1 public research institute.

The cultural heritage in both participating countries can be classified as heterogeneous in the best sense of the word, including cultural assets from all historical periods (prehistoric, ancient, medieval, Ottoman and contemporary). Many civilisations, basically from four sources (Mediterranean, Central-European, Byzantine and Oriental-Islamic), actively took part in creating such a cultural wealth. Through this CBC programme, operations will develop cultural awareness, promote new initiatives in the cultural sphere, establish partnerships with other sectors, boost the development of values around the conservation and revitalization of the cultural heritage.

## 2.2 Main findings

The situation analysis pointed out several key messages relevant for the programming process:

1. **High unemployment level among youth and limited prospects for this group in the whole programme area.** This often results in negative migration trends, outside of the region or from rural to urban areas within the region.
2. **Preserved environment and limited environmental infrastructure**. The area features many cases of unspoilt natural assets that could become its strong competitive advantage. However, limited infrastructure and low level of investments prevent the efficient use of available resources.
3. **Strong basis for development of tourism**. Considering the overall economic situation, tourism represents one of the few realistic and immediate opportunities for increasing the income of local communities. The available natural and cultural resources, the chances of developing niche tourism (for instance culinary, active and rural tourism) and the symbiosis with other economic branches (food processing, bio-agriculture) represent a solid basis for this programme’s aims.

The situation analysis, the field survey and some interviews held in the programme area led to the compilation of a SWOT analysis for all thematic priorities. An abridged SWOT with entries associated to the thematic priorities of the programme is shown below. Full version of the SWOT analysis is available in **Annex 2.**

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| Qualified work force in specific professional profiles, from traditional industries, for example metal processing and welders | High unemployment rate among youth from 15 to 24 years |
| Strong economic potential for the economic use of natural resources | Challenges in integration and participation of vulnerable groups, for example: minorities, youth and women |
| Strong cultural heritage and diversity of the region | Unemployed are close to retirement age, have lower educational levels and narrow professional experience and skills |
| Existing good practice examples in resolving environmental issues at regional level – i.e. regional landfills within countries (ex. Duboko) | Environmental infrastructure is incompliant with EU standards – solid waste treatment, wastewater facilities, etc. |
| Consensus (at least pro-forma) at all levels that environmental protection should represent a priority in the region | Frequent incompliant environmental cases such as unsanitary landfills or unrefined spills into rivers |
| Relatively good entrepreneurship spirit with a significant number of registered SMEs | Dominance of trade and services-oriented businesses in the overall structure of SMEs and micro-enterprises |
| Availability of natural resources that can be exploited for tourism purposes | Low value added in SMEs and micro-enterprises – absence of innovative and technology-based companies |
| Intensive cross-border business cooperation and trade | Relatively poor R&D policy implementation – limited availability of facilities in particularly on the Serbian side |
| **Opportunities** | **Threats** |
| Introduction of targeted and tailor-made (vocational) training programmes and practice in companies | Negative migrations (brain drain) from the region and from rural to urban areas, in particular youth |
| Development of new economy, based on knowledge, innovation and new technologies | Limited availability of high-profile jobs, based on innovation and new technologies |
| Development opportunities based on common and diverse cultural heritage | Potential negative impact of the Covid-19 crisis for employment and tourism |
| EU accession process in both countries will bring environmental issues to light, motivating local and national authorities to find solutions | Availability of financing for public environmental investments – wastewater, solid waste landfills, etc. |
| Development of alternative energy sources deriving from advantages of the area – hydro potential, forests, etc. | Lengthy administrative procedures before kicking-off investments in the sector |
| Further exploitation and fostering of cross-border economic linkages and trade | Ageing population in the region, in particularly in relation to potential tourism development |
| Possibilities for niche tourism activities, for instance eco, ethno-/agrotourism, organic food | Insufficient protection of natural environment, including absence of environmental infrastructure |
| Development of unified cross-border tourism area or products | Increased global competition in all economic branches |

# 

# Section 3: Programme strategy

## 3.1 Rationale - Justification for the selected intervention strategy

The **overall objective** of the programme is:

**To enhance the socio-economic development of the cross-border area through social and economic inclusion of specific groups, specially youth, and the competitiveness of tourism**

The overall objective is a direct answer to the challenges and needs of the programme area, which is being affected by underdevelopment, negative migration trends and (still) limited exploration of its potentials and resources. As for the programme specific objectives, the methodological approach is supported on the following principles:

* **Clear and coherent linkages with real needs of the region**. The issues defined by the overall and specific objectives are closely aligned with the actual needs in the programme area. The issues of youth unemployment, negative migrations and limited use of potential in tourism were identified as some of the key concerns at the overall level of the PESTLE and SWOT analyses.
* **Alignment of the objectives with the financial and technical possibilities within CBC programme**. The selected priorities provide realistic and reasonable possibilities for implementation in a programme where the available funds are relatively limited and where major infrastructure projects cannot be supported. The selected TPs and specific objectives also correspond to what operations can achieve given their timeframe and engagement of resources.
* **Clear potential for joint initiatives and strong expected cross-border impact**. Based on experience from the cross-border region and a wider paradigm of cross-border cooperation, operations in the sphere of socio-economic cohesion and tourism development provide good opportunities for real cross-border cooperation. With more attention paid to project development and proposal evaluation, satisfactory cross-border impact can be expected.
* **Exploration and use of best practices as references for the new programme**. In preceding programmes, several successful projects were implemented in the thematic fields that have been selected under this programme. Experience has shown that small community cooperation around concrete and common challenges produces the best results in the sense of the overall impact and also cross-border cooperation. Sectoral preferences of the present programme definitely allow such approach in the implementation phase where best practice experiences will be further explored.

***Table 3.1: Overview of the justification for selection of thematic priorities***

| **Selected thematic priorities** | **Justification for selection** |
| --- | --- |
| TP6: Investing in youth, education and skills (to become programme’s TP 1) | * High unemployment rates among youth at both sides of the border * Negative migration trends from the cross-border region and from rural to urban areas within the region * Narrow skillsets of the unemployed, redundant from large industry systems * Good alignment of the TP with the broader strategic context of both countries and EU efforts for the Western Balkans region |
| TP5: Encouraging tourism and cultural and natural heritage (to become programme’s TP 2) | * Limited general potentials for economic activities in the cross-border region and the suitable possibilities that tourism development is offering in this sense * Availability of natural and cultural heritage sites which can represent a back-bone of tourism and economic development of the region * Strong historical linkages of both countries and interest for joint initiatives in tourism * Positive examples and best practices of cooperation in development and promotion of joint tourism offer * Favourable ground for achieving strong cross-border cooperation effect |

## 3.2 Description of programme priorities

**3.2.1** **TP1: Investing in youth, education and skills**

The first thematic priority selected by the JTF within the programme is the TP1 *Investing in youth, education and skills*. The TP is well aligned with some of the most significant challenges of the region in particularly negative migration, limited perspectives and high unemployment of youth and the typology of unemployed workers, redundant from large industrial systems. During the consultations, this TP was always short-listed, based on the interest of the involved parties and stakeholders. In addition to that, some positive good practice examples from previous programmes were noted, in particular in people-to-people type of actions, to which this TP corresponds well.

The following table illustrates the basic elements of the intervention logic (specific objectives, results, indicators and types of activities) under the thematic priority.

***Table 3.2: Overview of the programme strategy – TP1***

| **TC 1: Improved employment opportunities and social rights** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **TP1: Investing in youth, education and skills (TP6)** | | | **Indicators** | **Baseline**  **value (year)** | **Target value (year)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities**  (examples) | Impact |  |  |  |
| Number of people with newly increased employability | 0 (2021) | 700 (2027) | Statistical  office |
| **1.1. To enhance youth activism and youth socio-economic participation** | 1.1.1. Integration and prospects of youth in society are increased | - joint training activities  - promotion of dialogue and critical thinking among youth  - implementation of youth entrepreneurial activities  - youth activism and volunteering  - support to youth from vulnerable groups  - implementation of innovative measures for the involvement of youth in society (e.g. through new technologies and digitalisation) | Outcome |  |  |  |
| Number of joint youth initiatives implemented | 0 (2021) | 5 (2027) | Statistical office  Project reports and promotional materials  Annual reports of youth organisations |
| Number of youth start-ups created | 0 (2021) | 3 (2027) |
| Output |  |  |
| Number of youth involved in joint activities | 0 (2021) | 1500 (2027) |
| Number of workshops and forums organised | 0 (2021) | 25 (2027) |
| Number of joint capacity building events organised | 0 (2021) | 10 (2027) |
| Number of youth with improved new-technology skills | 0 (2021) | 250 (2027) |
| **1.2. To increase the employability of specific groups** | 1.2.1. Professional skills and competences of specific groups are improved | - joint trainings for specific skills and competences with proven market demand  - training and vocational training schemes aimed at vulnerable groups with emphasis in the use of modern technologies and digitalisation  - re-training of redundant workers from large traditional industrial systems  - development of new, innovative training models or curricula  - enhancement of cooperation with employers to enable internships and first-job experiences | Outcome |  |  |  |
| Number of people with increased employment possibilities | 0 (2021) | 500 (2027) | Statistical office  NES reports  Project reports |
| Number of new curriculum or training courses recognised/certified | 0 (2021) | 4 (2027) |
| Output |  |  |
| Number of trainings implemented | 0 (2021) | 40 (2027) |
| Number of persons involved in trainings | 0 (2021) | 500 (2027) |
| Number of qualified trainers involved | 0 (2021) | 30 (2027) |
| Number of training institutions involved | 0 (2021) | 10 (2027) |
| Number of trainings using new technologies or innovative approaches | 0 (2021) | 5 (2027) |

**Main beneficiaries**:

Specific objective 1.1: youth associations, local authorities, non-governmental organisation, educational organisations and institutions, social partners, national authorities overseeing youth policy.

Specific objective 1.2: national employment services, associations of industrialists, non-governmental organisations representing vulnerable groups, (vocational) training organisations, educational organisations and institutions, local authorities, trade unions, regional development organisations, national authorities overseeing labour policy.

**3.2.2** **TP2: Encouraging tourism and cultural and natural heritage**

The thematic priority 2 was proposed because of the distinctive advantages and opportunities of the programme area. Namely, tourism represents one of the most significant economic potentials, in absence or in scarceness of other industries and entrepreneurial activities. Its strong potential was also noted during the analytical phase in relation to the natural resources and the rich cultural heritage of the region. The TP received the greatest support in the selection process by the JTF members and the field stakeholders. Some positive examples from the past were also considered when defining the intervention logic.

The following table illustrates the basic elements of the intervention logic (specific objectives, results, indicators and types of activities) under the thematic priority.

***Table 3.3: Overview of the programme strategy – TP2***

| **TC 4: Improved business environment and competitiveness** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **TP2: Encouraging tourism and cultural and natural heritage (TP5)** | | | **Indicators** | **Baseline**  **value (year)** | **Target value (year)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities**  (examples) | Impact |  |  |  |
| Increased number of tourism visits | 0 (2021) | 5% (2027) | Annual reports by participating LSGs |
| **2.1. To develop and promote joint tourism offers based on cultural and natural heritage** | 2.1.1. Joint tourism products/ initiatives are upgraded | - development and promotion of joint tourism products/services  - networking of tourism providers  - involvement of specific groups in tourism development  - development of niche tourism – sport, adventure, culinary, rural tourism  - connecting tourism with other sectors, for example agriculture and food processing industry  - renovation of tourism infrastructure  - equipping of tourism sites in the region  - digitalization in tourism  - specialist training of tourism workers and providers  - innovative and technological approaches to development, promotion and implementation of tourism offers  - introduction of quality standards for tourism providers | Outcome |  |  |  |
| Number of new joint tourism products commercialised | 0 (2021) | 8 (2027) | Projects’ reports  Annual reports by participating LSGs  Annual reports by tourist organisations  Statistical office  Promotional materials  On-line registries and statistics |
| Number of new or improved tourism trails/routes | 0 (2021) | 20 (2027) |
| Number of tourists using the new or improved tourism products/solutions | 0 (2021) | 50000 (2027) |
| Number of tourists making use of on-line information/solutions | 0 (2021) | 100.000 (2027) |
| Output |  |  |
| Number of organisations from tourism sector involved | 0 (2021) | 8 (2027) |
| Number of new joint tourism products developed | 0 (2021) | 8 (2027) |
| Number of tourism providers involved | 0 (2021) | 200 (2027) |
| Number of cross-border networks and/or connections supported | 0 (2021) | 5 (2027) |
| Number of digitalised platforms introduced (on-line or apps) | 0 (2021) | 5 (2027) |
| Number of providers with certified quality standards | 0 (2021) | 4 (2027) |
| Number of small-scale investments in tourism infrastructure made | 0 (2021) | 5 (2027) |
| Number of tourism sites newly equipped | 0 (2021) | 5 (2027) |
| 2.1.2. Natural and cultural sites are preserved | - implementation of preservation action plans  - small renovation works and equipping of natural and cultural heritage  - prevention of risks for users of natural and cultural sites – citizens and incoming tourists  - information and digital solutions in preservation of cultural and natural heritage | Outcome |  |  |  |
| Number upgraded natural and cultural heritage sites | 0 (2021) | 5 (2027) | Projects’ reports  Annual reports by participating LSGs  Annual reports by participating organisations |
| Number of sites with higher safety standards | 0 (2021) | 3 (2027) |
| Output |  |  |
| Number of small-scale investments in natural and cultural heritage sites | 0 (2021) | 5 (2027) |
| Number of joint risk-prevention actions around natural and cultural resources | 0 (2021) | 2 (2027) |
| Number of natural and heritage sites equipped | 0 (2021) | 5 (2027) |

**Main beneficiaries** :

Local and regional tourist organisations, associations of tourism providers, sports and cultural associations, individual tourism providers, local authorities, non-governmental organisations, training and professional institutions in tourism, research and educational institutions, national authorities, agencies and institutions overseeing cultural, environmental and tourism policies.

**3.2.3** **TP 0: Technical Assistance**

**The specific objective of the technical assistance** is to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area.

This priority will also reinforce the administrative capacity of the authorities and beneficiaries implementing the programme with a view to improve ownership and suitability of the programme and projects’ results. The technical assistance allocation will be used to support the work of the national operating structures (OS) and of the joint monitoring committee (JMC) in ensuring the efficient set-up, implementation, monitoring and evaluation of the programmes as well as an optimal use of resources. This will be achieved through the operation of a joint technical secretariat (JTS) with its main office on the territory of the Republic of Serbia (Užice) and an antenna office in Bosnia and Herzegovina (Tuzla). The JTS will oversee the day-to-day management of the programme and will be reporting to the OS and JMC.

**Expected results:**

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

***Table 3.4: Intervention Logic of the Thematic Priority 0***

|  | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Thematic Priority 0: Technical assistance** | | | **Indicators** | **Baseline**  **value (year)** | **Target value (year)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities**  (examples) | Impact |  |  |  |
| Percentage of funds available under the programme that are contracted | 0 | 100 | AIR, Monitoring system |
| 0.1**.** To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area | 0.1.1The administrative capacity for CBC reinforced | * Establishment and functioning of the Joint Technical Secretariat and its Antenna * Organisation of JMC and OS meetings * Support to the work of the Joint Task Force in charge of preparing the programme cycle 2028-2034 * Monitoring of project and programme implementation, including the establishment of a monitoring system and related reporting * Organisation of evaluation activities, analyses, surveys and/or background studies | Outcome |  |  |  |
| Percentage of JMC and OSs decisions implemented in a timely manner (as prescribed in the minutes of meetings) | 0 | 90 | AIR, MoM, Monitoring system |
| Percentage of projects covered by monitoring missions |  |  | AIR, project reports Monitoring system |
| Output |  |  |  |
| Number of JTS/antenna offices newly equipped and functional | 0 | 2 | AIR |
| Number of events organized in relation to programme management | 0 | …. | AIR, Monitoring system |
| Number of project monitoring missions implemented |  |  | AIR, project reports, Monitoring system |
| 0.1.2. Potential applicants and grant beneficiaries supported | * Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives * Preparation of internal and/or external manuals/handbooks * Assistance to potential applicants in partnership and project development (partners search forums etc.) * Advice to grant beneficiaries on project implementation issues | Outcome |  |  |  |
| Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support | 0 | 60% | AIR, project reports, monitoring system |
| Output |  |  |  |
| Number of capacity building events for potential applicants, grant beneficiaries and programme structures’ employees | 0 | …. | AIR, project reports Monitoring system |
| Number of internal/external manuals or handbooks prepared | 0 | … | AIR and other reports |
| Number of queries of grant beneficiaries resolved | 0 | … | AIR and other reports R |
| 0.1.3 The visibility of the programme and its outcomes is guaranteed | * Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc. | Outcome |  |  |  |
| Number of people reached by information/promotion campaigns | 0 | … | AIR and other reports |
| Output |  |  |  |
| Number of information/promotion campaigns implemented | 0 | …. | AIR and other reports |
| Number of promotional and visibility events organized | 0 | …. | AIR and other reports |
| Number of publications produced and disseminated | 0 | … | AIR and other reports |

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

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

**Main beneficiaries:**

* Operating Structures
* Joint Monitoring Committee
* Joint Technical Secretariat/Antenna office

|  |
| --- |
| **Disclaimer**   * The OSs allow possibility that due to the COVID-19 crisis some of the above objectives, results and indicators might be altered in mid-implementation period. This could be the case if the epidemiological crisis extends into the implementation period and a broader impact is higher than expected. Eventual amendments would be done on the basis of mid-term evaluation. * The OSs would also like to note that minor amendments to the above objectives, results and indicators might be introduced, based on the results of the public consultations. If this is the case, a justification will be provided together with the final version of the Programme. |

## 3.3 Horizontal and cross-cutting issues

In addition to the topics directly encompassed in its thematic priorities and specific objectives, the programme also considers different horizontal issues, which will have to be stressed during its implementation.

Even though the programme does not deal with the TC2 and related thematic priority, some elements of environmental protection and sustainable use of natural resources will be embedded in it. As shown in the situation and SWOT analyses, the programme area has distinctive potentials regarding its well-preserved natural resources. With the inclusion of TP2 (Encouraging tourism and cultural and natural heritage) in the programme, the preservation of natural sites for tourism development acquires relevance. In addition, requirements related to sustainable development and nature preservation will be put forward as part of other fields tackled by the programme.

Members of the JTF, overseeing programme preparation, dedicated specific attention to promotion of equal opportunities and prevention of any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. A distinctive feature of the programme region is its multi-ethnicity, for example in Serbia a large Bosniak population lives in the border region. Though there were ethnical tensions in the region in the past, this programme should be an opportunity for furthering dialogue and tolerance. Specific lines of action under the programme are in particularly aiming at this, above all the TP1 and its specific objective related to youth activism and participation.

The programme also takes gender issues and equality in great consideration. Within all the specific objectives, equal participation of men and women will be encouraged. Through the implementation of calls for proposals the requirement for equal involvement of women will be specifically highlighted. All barriers preventing equal access to the benefits of CBC operations will be removed and grant beneficiaries will be required to report on performance of their indicators with gender disaggregated data.

The mainstreaming of improved capacity of local and regional authorities to tackle local challenges will be added as a horizontal issue, once the approach is agreed upon.

## 3.4 Coherence with other programmes and macro-regional strategies

The selected thematic priorities and thus the entire programming document are closely aligned with the two key regional strategies - the European Union Strategy for the Adriatic and Ionian Region and the European Union Strategy for Danube Region. Alignment can be seen from the following parts of both strategies:

European Union Strategy for the Adriatic and Ionian Region

* The second specific objective of the fourth pillar of the Strategy is *Improving the quality and innovation of tourism offer and enhancing the sustainable and responsible tourism capacities of the tourism actors across the macro-region*.

The specific objective is closely connected to the situation analysis and SWOT of this Programme. Selection of TP2 and definition of the specific objective within this TP also correspond to the Strategy’s objective. The Programme in particularly defines innovative approaches and introduction of new technologies in tourism offer as one of the expected results.

European Union Strategy for Danube Region

* Within the Strategy pillar 3 *Building Prosperity in the Danube Region*, thematic priorities *To develop the knowledge society through research, education and information technologie*s and *To invest in people and skills* are defined.

Both correspond closely to the thematic priority 1 selected within this Programme, in particularly the specific objective *Increased employability of specific groups by provision of new skills*. Elements of innovation, digitalisation and information technologies are also included in both selected thematic priorities. Within the TP1 new innovative approaches for involvement of youth and provision of skills are sought, while in the TP2 introduction of new technologies into tourism is mentioned.

# Section 4: Financial plan

To be completed once the details are known.

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

**Table 3: Indicative financial allocations per year for the period 2021-2027**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **IPA III CBC PROGRAMME SERBIA – BOSNIA AND HERZEGOVINA** | | | | | | | **Total (EUR)** |
| **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2021-2027** |
| **CBC operations (all thematic priorities)** |  |  |  |  |  |  |  |  |
| **Technical assistance** |  |  |  |  |  |  |  |  |
| **Total (EUR)** |  |  |  |  |  |  |  |  |

**Table 4: Indicative financial allocation per priority and rate of Union contribution**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Clusters | Priorities | **IPA III CBC PROGRAMME SERBIA – BOSNIA AND HERZEGOVINA** | | | |
| European Union funding | Co-financing | Total funding | Rate of Community contribution |
| (a) | (b) | (c)=(a)+(b) | (d)=(a)/(c) |
| TC 1 Improved employment opportunities and social rights | TP 1 Investing in youth, education and skills |  |  |  |  |
| TC 4 Improved business environment and competitiveness | TP 2 Encouraging tourism and cultural and natural heritage |  |  |  |  |
| TP 0 Technical assistance | |  |  |  |  |
| GRAND TOTAL | |  |  |  |  |

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

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# Section 5: Implementing provisions

To be completed once the details are known.

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

## 5.1 Financing agreement

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

## 5.2 Indicative implementation period

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

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

## 5.3 Implementation method

Choose between a) or b)

***(a) Indirect management with <Beneficiary X>***

***(b) Direct management***

See responsibilities and tasks under section 5.4 below

**Delivery methods**

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

**[Procurement[** *(where relevant only in case of Strategic Projects)*

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

<…>

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

Theglobal budgetary envelope reserved for procurement:EUR <…>

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

***[Grants]***

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

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

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

1. Type of applicants targeted:

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

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

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

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

1. Direct grant award: (where relevant, i.e. in the case of technical assistance)

Direct grant award for technical assistance to the Operating Structure:

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

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

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

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

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

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

1. Exception to the non-retroactivity of costs:

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

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

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

## 5.4 Programme management structure

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

## 5.5 Project development and selection and implementation

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

## 5.6 Payments and financial control

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

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

- Financial flows and procedures from project to programme level>

## 5.7 Reporting, monitoring and evaluation

<Description of the reporting, monitoring and evaluation requirements and modalities>

## 5.8 Information and visibility

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

# LIST OF ANNEXES

## 

## ANNEX 1: Description and analyses of the programme area

### Situation and SWOT/PESTLE analysis

1. Estimates, Statistical Office of Serbia Municipalities and Regions in Serbia 2019 [↑](#footnote-ref-1)
2. Statistical Agency of BiH, Census 2013 data [↑](#footnote-ref-2)
3. Statistical report for 2012, page 18 [↑](#footnote-ref-3)
4. This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence [↑](#footnote-ref-4)
5. Eurostat, <https://ec.europa.eu/eurostat/statistics-explained/index.php/Enlargement_countries_-_population_statistics#Population_and_age_structure> [↑](#footnote-ref-5)
6. Statistic Office of Republic of Serbia, Municipalities and Regions 2019 [↑](#footnote-ref-6)
7. Statistical Office of Republic of Serbia, <https://publikacije.stat.gov.rs/G2019/Pdf/G201913046.pdf> [↑](#footnote-ref-7)
8. Statistical Agency BiH, <http://www.bhas.ba/index.php?option=com_publikacija&view=publikacija_pregled&ids=1&id=5&n=Stanovni%C5%A1tvo> [↑](#footnote-ref-8)
9. Traffic BiH 2019, <http://www.bhas.gov.ba/data/Publikacije/Bilteni/2020/TRA_00_2019_TB_00_BS.pdf> [↑](#footnote-ref-9)
10. Spatial plan for the FBIH [↑](#footnote-ref-10)
11. Business Programme of Public Utility Company Duboko Užice, 2020 [↑](#footnote-ref-11)
12. <https://wits.worldbank.org/CountryProfile/en/Country/BIH/Year/LTST/TradeFlow/Export/Partner/all/> [↑](#footnote-ref-12)
13. Serbian Statistical Office, Bulletin Survey About Labour Force in Republic of Serbia 2019 [↑](#footnote-ref-13)
14. Statistical Office of Serbia, Survey on employment 2019 [↑](#footnote-ref-14)
15. Statistical Office of Republika Srpska, Labour Force Survey 2019 [↑](#footnote-ref-15)
16. <https://www.statista.com/statistics/440654/share-of-economic-sectors-in-the-gdp-in-serbia/> [↑](#footnote-ref-16)
17. OECD, https://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Serbia.pdf [↑](#footnote-ref-17)