



IPA III

Cross Border Cooperation Programme

2021-2027

*Serbia – Bosnia and Herzegovina*

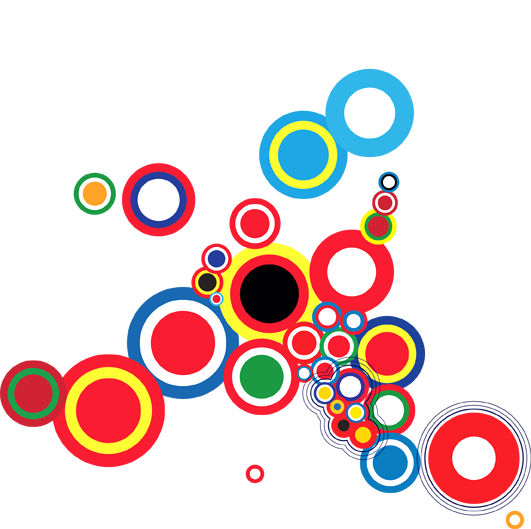
*ADOPTED ON <…>*

TABLE OF CONTENTS

[Programme synopsis 3](#_Toc69130495)

[List of acronyms 4](#_Toc69130496)

[Section 1: Programme summary 5](#_Toc69130497)

[1.1 Summary of the programme 5](#_Toc69130498)

[1.2 Preparation of the programme and involvement of the partners 7](#_Toc69130499)

[Section 2: Programme area 9](#_Toc69130500)

[2.1 Situation Analysis 9](#_Toc69130501)

[2.2 Main findings 16](#_Toc69130502)

[Section 3: Programme strategy 18](#_Toc69130503)

[3.1 Rationale - Justification for the selected intervention strategy 18](#_Toc69130504)

[3.2 Description of programme priorities 19](#_Toc69130505)

[3.3 Horizontal and cross-cutting issues 26](#_Toc69130506)

[Table: Overview of the proposed measures while developing the mainstream Thematic Cluster on local and regional authorities to tackle local challenges 27](#_Toc69130507)

[3.4 Coherence with other programmes and macro-regional strategies 29](#_Toc69130508)

[Section 4: Financial plan 33](#_Toc69130509)

[Section 5: Implementing provisions 35](#_Toc69130510)

[5.1 Financing agreement 35](#_Toc69130511)

[5.2 Indicative implementation period 35](#_Toc69130512)

[5.3 Implementation method 35](#_Toc69130513)

[5.4 Programme management structure 37](#_Toc69130514)

[5.5 Project development and selection and implementation 37](#_Toc69130515)

[5.6 Payments and financial control 37](#_Toc69130516)

[5.7 Reporting, monitoring and evaluation 38](#_Toc69130517)

[5.8 Information and visibility 38](#_Toc69130518)

[LIST OF ANNEXES 39](#_Toc69130519)

[ANNEX 1: Situation analysis of the programme area 39](#_Toc69130520)

[ANNEX 2: SWOT analysis 39](#_Toc69130521)

# 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/outcomes per thematic priority | |  | | --- | | TC 1: Improved employment opportunities and social rights  TP6: Youth, education and skills  SO1 To enhance youth activism and youth socio-economic participation  SO2 To increase the employability of specific groups  TC 4: Improved business environment and competitiveness  TP5: Encouraging tourism and cultural and natural heritage  SO1 To develop and promote joint tourism offers based on cultural and natural heritage  TP 0: Technical Assistance  SO1 To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme  **NB:** The thematic cluster TC 5*: Improved capacity of local and regional authorities to tackle local challenges* will be mainstreamed. The mainstreaming of this thematic cluster will be presented in Section 3.3 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 |
| CfPs | 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 and Herzegovina |
| GDP | Gross Domestic Product |
| IPA | Instrument for Pre-accession Assistance |
| JMC | Joint Monitoring Committee |
| JTF | Joint Task Force |
| JTS | Joint Technical Secretariat |
| LSGs | Local self-governments |
| MEI | Ministry of European Integration, Serbia |
| NGO | Non-Governmental Organisation |
| OS | Operating Structure |
| RCC | Regional Cooperation Council |
| RS | Republic of Serbia |
| RYCO | Regional Youth Cooperation Office |
| SME | Small and Medium-Sized Enterprise |
| SO | Specific Objective/Outcome |
| 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 drafting the cross-border programme>

## 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/outcomes 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.
* It has solid potentials for development of tourism, notably in relation to niches such as: rural and 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.
* Its workforce, including youth and women, could become the backbone for socio-economic development of the region.

**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 unemployment, especially affecting youth and women, as well as limited initiatives for youth inclusion and support.
* Specific economic sectors like tourism and food-processing display low level of quality and weak added-value.
* The region registers several bad practice examples in environmental protection (e.g.: emissions from industry, unsanitary landfills, absence of recycling, etc.), what affects 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 among different sectors, for example tourism, SMEs, agriculture, processing industry, could significantly raise the value added in these activities and boost the development of the region as a whole and additionally empower and offer more opportunities to women and other vulnerable groups in these fields.

**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 especially on employment of women and youth, while further worsening the position of women and other vulnerable groups (people living below the poverty line, elderly, youth, single parents, Roma, people living with disabilities) who are the most exposed to the negative effects of the pandemic.
* Limitations related to mobility of persons, due to Covid-19 crisis could have negative impact on development of tourism and other related sectors 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/outcomes are as follows:

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

Within this TP, two specific objectives/outcomes 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/outcome 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/outcome explore the potentials identified in the region, especially 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 and women. Special attention in program implementation will be given to youth, women and members of other vulnerable groups in both countries, through enabling capacity building activities, offering more sustainable employment opportunities, reducing social distance and promoting collaboration within and among these social groups. Steering the results/activities in the direction of innovative initiatives and increased quality of services (in tourism sector) 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.

<Please include a text describing the general public consultations on the content of the programme 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 |
| Internal Coordination meeting | 4 February 2021 | Internal coordination meeting on preparation for addressing the EC comments on the IPA III CBC RS-BA programme document |
| 4th Coordination meeting | 12 February 2021 | The fourth coordination meeting between Serbia and Bosnia-Herzegovina on IPA III CBC programming |
| Coordination meeting | 18 February 2021 | Coordination meeting with the UNWomen project for RS on the gender analysis and the IPA III CBC programming document |
| Coaching event | 19 March 2021 | A coaching event on the intervention logic of this programme provided by Promel project under DGNEAR |
| Comments from EC on the 1st draft | 25 March 2021 | The comments officially reached the NIPAC |
| 5th Coordination meeting | 26 March 2021 | Discussion on the comments received by EC. Setting up an Action Plan for the preparation of the 2nd draft of the programme document |
| Public consultation | 20/21 April 2021 | Presentation of the programme strategy |
| 6th Coordination meeting | XXX April 2021 | Discussion on the revised programme document following the comments of EC |
| 5th Meeting of the JTF | XXX April 2021 | Discussion and approval of the 2nd draft of the programme strategy |
| 2nd draft Programme Document | XXXXX 2021 | Submission of the 2nd draft of the programme to EC |

# Section 2: Programme area

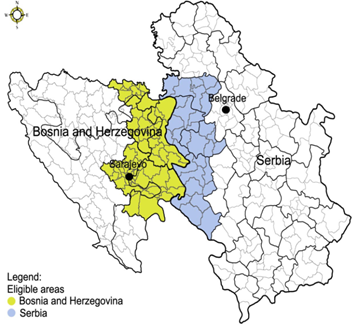
## 

## 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, out of which 50.59 % are women, and in BiH covers 16 644.18 km2 with 1 590 431 [[2]](#footnote-2) inhabitants, making a total of 2 662 702 inhabitants, out of which 51.34 % are women. On the BiH side, 67 local self-government units are participating in the programme and, on the Serbian side, 4 regions. The programme area remains the same as in the previous financial cycle (2014-2020).

**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 (out of whom 1 358 989 women) |
| 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, without new chapters opened during 2020.

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). The EU has recently presented a new negotiation methodology clustering the chapters.

**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), [[4]](#footnote-4) 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%[[5]](#footnote-5).

Out of 1 072 271 inhabitants in the Serbian part of the programme, 50.59 % of them were women (2018 data)[[6]](#footnote-6). Out of the total population of 1 590 431 in the BiH side, 51.34 % were women (2013 Census)[[7]](#footnote-7).

On the Serbian side of the programme area (Census 2011 data) 14.13 % of the population was younger than 15 years, 37.84 % was between 15 and 44 years old, 30.80 % between 45 and 64 years old and 17.23 % older than 64 years. On the BiH side of the programme area (Census 2013), the percentage of population younger than 15 years is 14.99 %, the share of population between 15 and 65 years is 70.88 % and the share of older than 65 years is 14.13 %.

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. There were also 14 855 members of the Roma minority living in the programme area on Serbian side. This amounts to 1.39 % of the total population.

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. No information about Roma population is available for BiH.

**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[[8]](#footnote-8) 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[[9]](#footnote-9). 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)[[10]](#footnote-10). 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[[11]](#footnote-11). 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[[12]](#footnote-12). 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[[13]](#footnote-13), 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 %[[14]](#footnote-14).

**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)[[15]](#footnote-15). 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. Additionally, the status and labour conditions of the employees in the sector need to be improved. 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. From 2018 IPA II national allocation in Serbia € 17 mil are dedicated to tourism development (through a direct implementation agreement with GIZ). 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.

On the Serbian side, the Tara national park has been established. Šargan – Mokra gora, Mileševa Gorge, Ovčarsko-Kablarska Gorge and Uvac are the parks of nature on the Serbian side of the programme area. Due to a distinctive preservation of natural heritage (sources of water, river network, diversity in relief, rich flora and fauna) and rich cultural heritage, the area of Nature Park Golija was declared a special reserve of biosphere Golija-Studenica by the UNESCO committee. According to the classification of the International Nature Protection Association, Zaovine (on the Tara mountain) and the future biosphere reserve Drina have been proposed to become part of the fifth category of protected areas.

**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 % [[16]](#footnote-16).

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. Vulnerable groups such as youth, women, Roma and rural population are particularly facing significant challenges to access professional qualifications and jobs. The absence of an offer of practical formal and informal education was noted. First-job opportunities are provided by the NES, but it seems that the cooperation and adaptation of the NES services with the employers’ demand is somewhat weak.
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. The programme area offers unique possibilities for connecting natural assets with economic activities, including tourism. Nevertheless, this kind of development opportunities have not been sufficiently exploited.
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), while supporting women entrepreneurship and ownership in tourism, and its symbiosis with other economic branches (food processing, bio-agriculture) represent a solid basis for this programme’s aims. Tourism is however confronted with challenges. In addition to the current Covid-19 crisis which has practically stopped the inflow of foreign tourists, the sector is affected by low quality of services, lack of diversification and innovativeness when developing new tourism products.
4. **Strong cross-border linkages** are typical for the programme area. Culturally, geographically, and socio-economically the area has been connected through history. Some important landmarks, events and traditions can be considered as a part of its joint heritage and background. Such situation provides a unique possibility for implementation of joint inclusive development initiatives which will further contribute to a more rapid development of the area on both sides of the border.

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.**

**Local Governance Perspective**

In CBC programmes where private sector operators are only indirect beneficiaries and when a broader cross-border coordination is required on a high administrative level, it is crucial that public bodies have sufficient capacities for direct participation and for providing support to other beneficiaries. The assessment of capacities of local governments is based on experience from earlier CBC programmes and from analyses and surveys implemented for the purpose of this programme. The analysis below is focusing on capacities and perspectives for CBC programmes and is not intended to provide an overall analysis of capacities of local self-governments (LSGs).

The OS sent standardised questionnaires to municipalities and other relevant institutions and organisations in the eligible area. The analysis has been separately implemented for municipalities. Out of 31 municipalities in the eligible area on the Serbian side of the border, 16 or 52 % returned the filled-in questionnaire. Out of the 68 municipalities in the eligible area of Bosnia-Herzegovina, 26 or 38.2 % of them returned the filled-in questionnaire. Out of the 42 returned questionnaires, 20 LSGs indicated that they had cooperated with counterparts across the border in the context of CBC programmes. 26 LSGs indicated that they had a special organisational unit for preparation and management of projects.

Within the 2014-2020 Programme the LSGs were relatively active as partners in projects. In the first call for proposals out of 111 lead applicants, 23 were LSGs (21.6 %), out of 233 co-applicants 50 were LSGs (21.5 %). Out of 9 lead beneficiaries 2 were LSGs (22.2 %) and out of 20 co-beneficiaries 4 were LSGs (20 %). In the second call for proposals out of 64 lead applicants, 21 were LSGs (32.8 %), out of 124 co-applicants 34 were LSGs (27.4 %). Out of the 7 final lead beneficiaries 4 were LSGs (57.1 %) and out of the final 14 co-beneficiaries 3 were LSGs (21.4 %). This indicates that LSGs had a relatively high level of success as applicants or co-applicants.

The mid-term evaluation of cross-border cooperation programmes between IPA II beneficiaries dedicates its volume II to review of the programme Republic of Serbia – Bosnia and Herzegovina. Related to local governments the following conclusions and recommendations were provided:

* The IPA CBC programme procedures are difficult for those local authorities that are not familiar with EU funding programmes or have to operate in English language, limiting participation to larger cities or motivating partnerships with NGOs. Stakeholders mention that municipality salaries are insufficient to attract or motivate staff to engage in the perceived complex CBC operations.
* There are some delays in operations led by local authorities due to management issues. At local level, the IPA CBC programme can strengthen the capacity of local authorities through their inclusion in programming and needs assessment, as implementing partners and more indirectly in financing the continuation of other operations.
* The capacity of local authorities is strengthened through their inclusion in programming and needs assessment, as implementing partners and more indirectly in financing the continuation of other operations. The level of involvement of local authorities is limited to two operations led directly by them and one as co-beneficiary. Limited ownership, with mainly external staff involved, is likely to affect the sustainability of one of these operations.
* An indirect link to fostering Union integration can be made as institutions and beneficiaries gain experience with the design and management systems and structures used by the EU that will be accessible to local authorities after accession.

# 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 and promote good neighbourly relations in the cross-border area through social and economic inclusion of specific groups, especially 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/outcomes, 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/outcomes are closely aligned with the actual needs in the programme area. The issues of youth and women 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/outcomes 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 backbone 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 |

In addition to being fully aligned with the current challenges and needs in the programme area, the selected thematic priorities, given the financial resources and the timeframe available, represent a realistic possibility of the CBC programme to achieve tangible results. All specific objectives/outcomes and indicators presented below meet the financial, organisational and timeframe conditions of the programme. Therefore, other priorities in environment, connectivity and infrastructure remained out of the programme’s reach.

## 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.

Amongst the key strengths of the programme area, presented in the SWOT analysis (please see **Annex 2**), the following stands out: *Qualified workforce in specific professional profiles, from traditional industries, for example metal processing and welders*. This will be the basis where the TP can build upon, with further focus on youth and vulnerable groups.

The achievement of cross-border impact will receive maximum attention during programme implementation. Partners must move from the recurrent practice of back-to-back or parallel projects to genuine cross-border operations. For this purpose, in the specific objectives/outcomes and planned activities there has been put great emphasis on ‘’joint’’ efforts.

|  |
| --- |
| **Youth and vulnerable groups**  Taking into account the limited economic opportunities in the eligible area, the transfer of professional skills to youth and vulnerable groups remains in focus. This could be done by introducing targeted and tailor-made (vocational) training programmes, internships, and apprenticeships in companies. Specific attention will be given to the project preparatory phase when applicants will be encouraged to envisage reach-out and motivation activities for specifically vulnerable groups such as Roma. |

It is expected that within the programme both formal and informal types of vocational training could be eligible for support. In case of formal programmes verification process by national qualification standards will be sought, time and resources allowing.

Linkages and alignments with specific strategies, initiatives and programmes are presented in the Point 3.4. of this document.

The following table illustrates the basic elements of the intervention logic (specific objectives/outcomes, results/outputs, 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)/ outcome(s)** | **Results/ Outputs** | **Types of activities**  (examples) | Impact |  |  |  |
| Number of people with newly increased employability (new skills or experiences) | 0 (2021) | 700 (2027)  (50% women) | 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 (registered company) | 0 (2021) | 3 (2027)  (1 women managed) |
| Output |  |  |
| Number of youth involved in joint activities | 0 (2021) | 1500 (2027)  (50% women) |
| 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)  (50% women) |
| **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 (formal and informal)  - enhancement of cooperation with employers to enable internships and first-job experiences | Outcome |  |  |  |
| Number of people with increased employment possibilities | 0 (2021) | 500 (2027)  (50% women) | Statistical office  NES reports  Project reports |
| Number of new curriculum or training courses recognised/certified by relevant certifying authority | 0 (2021) | 4 (2027) |
| Output |  |  |
| Number of trainings implemented | 0 (2021) | 40 (2027) |
| Number of persons involved in trainings | 0 (2021) | 500 (2027)  (50% women) |
| Number of qualified trainers involved | 0 (2021) | 30 (2027)  (30% women) |
| 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/outcome 1.1: youth associations, local authorities, non-governmental organisation, educational organisations and institutions, social partners, national authorities overseeing youth policy.

Specific objective/outcome 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.

Amongst the key strengths of the region presented in the SWOT analysis (please see **Annex 2**), the following stands out: *Availability of natural resources that can be exploited for tourism purposes*. The programme area has a distinctive advantage and opportunity for development of tourism based on cultural and natural heritage. This is backed by material (distinctive landscapes such as Drina and Zlatibor, and historical sites) as well as non-material assets (traditions, ethnography, culinary traditions). The programme provides a unique opportunity for joint exploration of potentials in tourism. The ‘’jointness’’ of approach is in line with all current efforts by the EC to ensure cohesion and joint development of the WB regions towards EU integration.

Linkages and alignments with specific strategies, initiatives and programmes are presented in the Point 3.4. of this document.

The following table illustrates the basic elements of the intervention logic (specific objectives/outcomes, results/outputs, 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)/ outcome(s)** | **Results/ Outputs** | **Types of activities**  (examples) | Impact |  |  |  |
| Increased number of tourism visits in programme area | 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 developed/ 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)  (50% women) |
| Number of tourists making use of on-line information/ solutions | 0 (2021) | 100.000 (2027)  (50% women) |
| 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/outcome 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)/ outcome(s)** | **Results/ Outputs** | **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 * Provision of tailor-made trainings and support adapted to the specific needs of local authorities | 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 civil servants at the local level with increased capacities for PM / CBC | 0 | 500  (50%  women) |  |
| Number of capacity building events for potential applicants, grant beneficiaries and programme structures’ employees | 0 | 10 | AIR, project reports Monitoring system |
| Number of internal/external manuals or handbooks prepared | 0 | 5 | AIR and other reports |
| Number of queries of grant beneficiaries resolved | 0 | 100 | 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 | 5000 (50% women) | AIR and other reports |
| Output |  |  |  |
| Number of information/promotion campaigns implemented | 0 | 20 | AIR and other reports |
| Number of promotional and visibility events organized | 0 | 8 | AIR and other reports |
| Number of publications produced and disseminated | 0 | 8 | AIR and other reports |

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

* Programme management structures
* Potential applicants
* Grant beneficiaries
* Final project beneficiaries
* Wider public
* Legal entities under public law connected with local authorities

**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/outcomes, the programme also considers different horizontal issues, which will have to be stressed during its implementation.

The European Pillar on Social Rights stipulates the following principle: Regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation, everyone has the right to equal treatment and opportunities regarding employment, social protection, education, and access to goods and services available to the public. Equal opportunities of under-represented groups shall be fostered.

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. Since the activities of TP2 are also directed towards enhancing opportunities for engaging local communities in the tourism sector, capacity building and other stimulating activities, related to knowledge on responsible and sustainable usage of all resources (natural, cultural and human) will be highlighted and promoted.

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/outcome related to youth activism and participation.

All youth activities will have a component regarding gender, inclusion and antidiscrimination practices. Focus on youth belonging to vulnerable groups will contribute to a deeper understanding of the needs and constraints in the programme area and introduction of activities and solutions can have a significant impact to improving their overall socio-economic position and preventing internal migrations and brain drain.

Cooperating with other stakeholders, CBC implementing partners will ensure the usage of inclusive and gender and diversity affirmative models and solutions. Furthermore, the engagement of local communities will provide an added value element when directly addressing their most pressing needs and challenges on relevant topics (education, sustainable and equal opportunities in the labour market, activation of potentially passive groups in tourism and direct economic benefits from the process).

The programme also takes gender issues and equality in great consideration. Within all the specific objectives/outcomes, equal participation of men and women will be encouraged. In particular, supporting women entrepreneurship, promoting more inclusive SME sector, empowering women living in rural areas and introducing youth and diversity run start-ups will be in line with endeavours for creating equal opportunities. Additionally, engaging with stakeholders from the private sector (internships, first-job opportunities and working towards workplace diversity principles) will strengthen this cause.

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. In line with the approach outlined in the EU Gender Action Plan, (GAP III) 2021-2025, IPA III will mainstream gender equality and also continue ensuring girls' and women's physical and psychological integrity, promoting the economic and social rights and strengthening girls' and women's voice and participation with targeted actions.

The programme will give specific attention to the position of vulnerable groups, improving labour market participation, especially of young people and women, disadvantaged groups and minorities, in particular Roma.

All CBC operations need to be made in an inclusive manner addressing those that are experiencing high poverty rates and low employment opportunities such as persons living with disabilities. These investments shall respect the obligations under the UN Convention on the Rights of Persons with Disabilities.

Reforms of social protection and inclusion systems, including social care services, will be tackled considering the human development gap with the EU. Development of active inclusion strategies will be supported.

When implementing actions related to environmental assets under the TP1, the project applicants will be required to meet the local requirements related to protection of the environment, public health, and cultural heritage and avoid impacts on the existing and planned ecological network (Emerald Network) sites.

The following table is providing the details on how to tackle with local and regional challenges by using the proposed measures, several examples are also included.

## Table: Overview of the proposed measures while developing the mainstream Thematic Cluster on local and regional authorities to tackle local challenges

|  |  |
| --- | --- |
| **General character** | 1. **To review the specific needs and interests** of the regional and local authorities to increase their participation in CBC operations |
| 1. **To launch targeted awareness campaigns,** especially prior to the publication of calls of proposals and during the application time; these campaigns should go in parallel with, and be reinforced by, the trainings organised for potential applicants, in which civil society organisations should also be included |
| **Under the thematic priority Technical Assistance** | 1. **To deliver capacity building or articulate separate channels tailored for regional and local authorities** when they would    1. provide training for potential applicants on preparation of CBC applications and project management,    2. organise “clinics” for unsuccessful applications, and    3. hold helpdesks, on the base of the needs’ assessment mentioned above (see point 1).   This should allow regional and local authorities to prepare and/or participate in good quality applications with peer legal entities or in partnerships with civil society organisations, as well as efficiently manage those projects in which they take part. A full-time expert could be hired to **cater for the capacity building of the regional and local authorities across the border, preparing and implementing CBC projects.** Furthermore, this expert will also be behind the foregoing clinics and helpdesk, as well as the needs’ assessment.  The provision of this capacity building could adopt different forms such as training, study visits of technical character to EU Member States and from them (i.e. experts’ visits), mentoring, participation in technical events of national or international character, etc.[[17]](#footnote-17) Whatever the form might be, it shall be thematically related to the nature of the operation (e.g.: tourism, environment, social services, etc.). |
| 1. **To provide capacity building** **on good governance** as to increasing the participation of citizens’ associations in planning applications and decision making; as well as anything related to strategic planning, ethics, anti-corruption, etc. One of the possible delivery methods could be **knowledge transfer and peer support** among experienced and less experienced municipalities across the border (or among stronger and weaker municipalities). |
| 1. **To encourage the establishment of partnerships**, in case of strategic projects, with associations of regional and local authorities, as well as **to organize a systemic approach to capacity building and animation** of these authorities to build and maintain their capacity throughout the implementation of these projects. |
| **Within CBC operations** | 1. Every application and strategic project should **demonstrate that regional and local authorities have been involved** in their development and their future implementation. Every operation should describe how it has been developed, how it is aligned to and contributes to local development plans or how its implementation will be monitored and evaluated. |
| 1. If so agreed, in some calls for proposals or within a specific lot of a call for proposals, **to include regional and local authorities in every CBC partnership of applicants**. For regions eligible to different CBC programmes, attention should be paid to avoid saturation. Such calls for proposals or lots within a call could receive, for example applications that have several local authorities as implementing partners (inter municipal cooperation), and most importantly, it should encourage partnerships with smaller, weaker, rural local authorities, by which, for instance, the main applicant (a larger municipality) will assist a smaller one, seconding staff to it, or receiving staffers for training purposes from those less developed municipalities (share of resources)   **NB**: If so decided, Actions fully relying on staff of the regional and local authorities should be privileged, while reducing to a minimum[[18]](#footnote-18) the presence of external managers among the human resources of the project. |

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

The selected thematic priorities and thus the entire programming document are closely aligned Regional strategies and initiatives, strategies in participating countries and other priorities relevant for the programme area.

TP1: Investing in youth, education and skills

Connections to regional strategies and initiatives are as follows:

**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 TP 1 selected within this Programme, in particularly the specific objective/outcome *Increased employability of specific groups by provision of new skills*. Elements of innovation, digitalisation and information technologies are also included under the TP as new innovative approaches for involvement of youth and provision of skills are sought.

**The EU Economic and Investment Plan for the Western Balkans** sets a pillar *IX Investing in human capital*. Inclusion of youth and specific vulnerable groups are indicated as key priorities. One specific area aligned with the selection of this but also TP2 is the ambition towards exploiting economic opportunities in the creative and cultural sector and its contribution to the region’s sustainable tourism potential. Some elements of the digitalisation pillar of the Investment Plan are also connected with the selection of this TP.

The Plan stresses that fairness and inclusiveness are important in ensuring that the benefits of recovery and growth are shared by everyone and that no one is left behind. A well-functioning labour market and a well-trained and productive workforce are crucial for a resilient economy. The EU aims to support the development of human capital by IPA funding, CBC among others, as regards the reform priorities identified in the **Economic Reform Programme** process and joint policy guidance in the areas of education and skills, employment, and social protection and inclusion. Emphasis will also be put on youth, health, culture, and sport.

Sustained competitiveness inevitably rests on the region’s ability to build its human and entrepreneurial capacity to innovate and develop an economic niche. Thus, investing in the future also means investing in research, innovation, health, education, culture, youth, and sport. These are powerful tools to boost not only the region’s economic development, resilience, and competitiveness, but also its social cohesion, meaning full economic participation for all its citizens. Thus, the Plan will also contribute to the implementation of the European Commission’s communication on an ‘EU Roma strategic framework for equality, inclusion and participation’, COM (2020) 620, part of the EU ambitious agenda on equality and towards a Union that strives for more when it comes to social fairness and prosperity.

The CBC programme will support the wider involvement of the civil society and the private sector by encouraging innovative solutions, promoting social entrepreneurship to tackle social challenges. Special focus will be given to reforms promoting appropriate supply of relevant knowledge, skills, and competences to tackle the existing mismatch between skills supply and labour demand, including through development of work-based learning in vocational education and training.

**Regional Youth Cooperation Office (RYCO)** which is an independently functioning institutional mechanism, founded by the Western Balkans 6 participants. The initiative is distinctively of regional type therefore fostering of youth participation in this Programme aligns well with the RYCO initiative. RYCO publishes regularly support schemes and when defining the details of the calls for proposals within this Programme, the results of RYCO initiatives will be taken as a reference.

Linkages to the following strategies in participating countries are evident:

**The 2021-2027 Strategy of Development of FBiH** strongly supports the selection of this TP. It indicates the priority 2.1.3 Development of functional system of adult education and life-long learning. The priority 2.1.4 is enhancement of educational institutions in areas of information and communication technologies. The priority 1.1.3 indicates advancements of digital skills of citizens in particularly related to the needs of labour market. Elements of digitalisation which are stressed throughout the Strategy provide additional backing for this TP.

The programme is aligned with other donors’ and national initiatives in the sector as follows:

**Technical Assistance to Civil Society Organisations in the Western Balkans and Turkey** (TACSO3) is a regional project funded by the EU that improves capacities and strengthens the role of civil society organizations. The project assists CSOs to actively take part in democratic processes in the region, and it also stimulates an enabling environment for civil society and pluralistic media development. Possible synergies are above all in the field of youth civic involvement.

**ROMACTED** – “Promoting good governance and Roma empowerment at local level”, is a Joint Programme between the European Union (DG NEAR) and the Council of Europe. The programme is implemented by the Council of Europe’s Roma and Travellers Team and the Office of the Directorate General of Programmes in Albania, Bosnia and Herzegovina, Kosovo[[19]](#footnote-19), Montenegro, North Macedonia, Serbia, and Turkey, for the period from May 2017 until the end of 2020 (with likely extension). The alignment with this Programme can be sought in employment of Roma, particularly youth.

**The Western Balkans Youth Lab Project** is the three-year EU funded and RCC implemented Western Balkans Youth Lab Project that kicked-off in January 2020 aims to provide opportunities for youth to participate in decision-making. The project is covering Western Balkans Six economies: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia, strives to create a longer-term structured regional dialogue between youth organisations and national administrations focused on jointly devising policies which will increase youth participation in decision-making, to improve the overall socio-economic environment. Synergies with this Programme can be achieved in the field of labour activation of youth.

Within **2020 IPA II national programme in BiH** the project *Effective and targeted active labour market measures for youth, rural women and vulnerable categories of unemployed* (long-term unemployed, persons living with disabilities) aligns well with the objectives of this Programme. The synergies can be identified particularly in the field of promotion of youth employment. Due to the geographical/urban typology of this programme, important linkages with the employment of rural population can be found.

From the **2018 IPA II national programme in Serbia**, the project *European Union Support to Social Housing and Active Inclusion* has been supporting inclusion of socially weak groups in different areas. The € 20 mil project is being managed by UNOPS. A part of the project is dedicated to job, social, education, health care services, complementary to housing solutions, provided to most vulnerable women and men, girls and boys. Roma are an important target group within this project. Considering that the project is also planning a € 4 mil grant scheme, close coordination will be needed to ensure exploitation of synergies and prevent overlapping.

TP2: Encouraging tourism and cultural and natural heritage

Linkages to regional strategies and initiatives are as follows:

**European Union Strategy for the Adriatic and Ionian Region**. The second specific objective/outcome 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*. Selection of TP2 and definition of the specific objective/outcome within this TP closely corresponds to this Strategy’s objective. The Programme in particularly defines innovative approaches and introduction of new technologies in tourism offer as one of the expected results

**The EU Economic and Investment Plan for the Western Balkans**, which is committed to spurring the Western Balkan’s (WB6) long-term economic recovery, identifies tourism as a strategic sector and emphasizes the significant scope for increased intra-regional economic co-operation and trade.

The Plan also emphasises that there is scope for exploiting economic opportunities in the creative and cultural sector and its contribution to the region’s sustainable tourism potential. The EU will intensify cooperation with the WB in the implementation of its 2018 Framework for Action on Cultural Heritage. This IPA III CBC programme itself should step up cooperation on the preservation and promotion of cultural heritage within sustainable tourism strategies. To support this sector, the EU will also encourage the integration of cultural and creative industries from the region into European professional networks and value chains.

**The Common Regional Market (CRM) 2021-2024 Action Plan** adopted in Sofia on 10 November 2020 by WB region leaders was established as a transformative tool to increase the attractiveness and competitiveness of the region and to bring the region closer to the EU markets. Amid the COVID-19 pandemic, enhanced market integration of Western Balkan economies will help tackle the mid- and long-term effects of the pandemic by attracting investments in productive sectors and sustainable infrastructure, and by generating new opportunities for citizens and business community. Amongst other interventions the AP is aiming, within the priority area of a Regional Industrial and Innovation Area to ‘’*Develop packaged tourism offer for the region and conduct joint promotional effort*s’’. Priority area 8 of the AP is entirely covering development of sustainable tourism offer thus providing direct linkage to the TP2 of the programme.

In **the Tirana Declaration on joint regional protocols to support sustainable tourism recovery and growth in the Western Balkans 6,** the ministers of the WB6 *agreed to position tourism as a key strategic sector for regional economic recovery and sustainable development*. Further-on they have agreed to coordinate the reopening and continued operations of the travel and tourism supply chain.

**Green Agenda for Western Balkans**. The priority area 5 of the Green Agenda is ‘’ *Protecting biodiversity and ecosystems’’*. The *TP2 Encouraging tourism and cultural and natural heritage* contains a specific objective/outcome titled ‘’Natural and cultural sites are preserved’’. Strong emphasis will thus be given to development of tourism in relation natural resources which are abundant in the programme area. Additionally, possibilities for digital transition in the tourism sector will be explored.

Linkages to the following strategies in participating countries are evident:

**The 2016-2025 Strategy of Tourism Development of Serbia** fully supports the selection of this Thematic Priority, in particularly by defining as objectives advancement of tourism products and services of the Republic of Serbia and advancement of human resources and labour market related to the sector. The priorities in the Strategy which are best aligned with the specific objectives/outcomes defined in this programme are:

* Alignment of tourism offer with modern trends in international market, creation of value chains and support to inclusive tourism;
* Promotion of modern standards and increase of accessibility for disabled persons, increase of professional level and education of tourism staff;
* Introduction of new tourism attractions and products in established tourism centres, incl. Zlatibor;
* Advancement of the system of ICT promotion and reservation systems.

**The 2021-2027 Strategy of Development of FBiH** indicates as a priority *1.3.4. Support to Entrepreneurial Development in Tourism Sector*. Within this priority, there is a measure to support innovative tourism products and development of new products with higher value-added. Connections to local entrepreneurs and citizens of rural areas are also sought for to ensure inclusion at the local level and authenticity of the offer.

The programme is also aligned with other donors’ and national initiatives in the sector as follows:

**Tourism development and promotion** is a € 5 mil initiative funded by the EU and implemented by the Regional Cooperation Council (RCC). The project works to create joint and internationally competitive cultural and adventure tourism offers in the WB6 economies which will attract more tourists to the region, lengthen their stay, increase revenues and contribute to growth and employment. The objectives are closely aligned with this programme and the selection of the TP 2. Both focus on developing joint and internationally competitive tourism offers in cultural and adventure tourism niches and their global promotion, thus contributing to the branding of the region as a desirable tourism destination. Coordination with the RCC will be ensured under this TP.

Within the 2016 IPA II national programme for BiH, the project **Competitiveness and Innovation, Local Development Strategies (EU4Bussines)** is targeting tourism development in one specific field. The result 3: *Increased entrepreneurial initiatives in tourism and rural value chains for income and employment generation* is closely aligned with the objectives of this programme and the selection of the TP2. The project is currently at its inception phase and coordination between this programme and the project will be needed during the implementation stage.

Within **the 2018** **IPA II national programme for Serbia,** there is an initiative named *EU for Competitiveness through Innovation and Tourism Development* with a specific segment dedicated to tourism development. The implementation of its Result 2 titled *Upgraded tourism/cultural facilities and stakeholder’s skills as part of the Tourism Development Strategy of the Republic of Serbia (2016-2025)* will be done through a direct agreement with GIZ. The total value of this agreement is € 20 mil and one or more grant schemes are planned. Particularly within this segment of grant schemes close coordination with the programme will be needed to ensure exploration of synergies and prevent overlapping.

# 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.

.

# 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: Situation analysis of the programme area

## ANNEX 2: SWOT 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. Eurostat, <https://ec.europa.eu/eurostat/statistics-explained/index.php/Enlargement_countries_-_population_statistics#Population_and_age_structure> [↑](#footnote-ref-4)
5. Statistic Office of Republic of Serbia, Municipalities and Regions 2019 [↑](#footnote-ref-5)
6. Statistical Office of Republic of Serbia, <https://publikacije.stat.gov.rs/G2019/Pdf/G201913046.pdf> [↑](#footnote-ref-6)
7. 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-7)
8. Traffic BiH 2019, <http://www.bhas.gov.ba/data/Publikacije/Bilteni/2020/TRA_00_2019_TB_00_BS.pdf> [↑](#footnote-ref-8)
9. Spatial plan for the FBIH [↑](#footnote-ref-9)
10. Business Programme of Public Utility Company Duboko Užice, 2020 [↑](#footnote-ref-10)
11. <https://wits.worldbank.org/CountryProfile/en/Country/BIH/Year/LTST/TradeFlow/Export/Partner/all/> [↑](#footnote-ref-11)
12. Serbian Statistical Office, Bulletin Survey About Labour Force in Republic of Serbia 2019 [↑](#footnote-ref-12)
13. Statistical Office of Serbia, Survey on employment 2019 [↑](#footnote-ref-13)
14. Statistical Office of Republika Srpska, Labour Force Survey 2019 [↑](#footnote-ref-14)
15. <https://www.statista.com/statistics/440654/share-of-economic-sectors-in-the-gdp-in-serbia/> [↑](#footnote-ref-15)
16. OECD, https://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Serbia.pdf [↑](#footnote-ref-16)
17. The cooperation with EU MS regions and/or municipalities could have any of the following purposes:

    Support regarding issues of EU approximation

    Fight against fraud and corruption, particularly when public utility services are involved

    Enforcement of EU legislation

    Sharing of EU good practices

    As these entities are ineligible as applicants in IPA III CBC between two beneficiaries, they would participate in operations either as service providers or associates. Please note that in some countries the provision of services by these bodies require the approval of the national government of the beneficiary. [↑](#footnote-ref-17)
18. This could be regulated with the enforcement of a maximum percentage for this purpose out of the total eligible costs of the action. [↑](#footnote-ref-18)
19. This designation is without prejudice to positions on status, and is in line with UNSCR 1244(1999) and the ICJ Opinion on the Kosovo declaration of independence [↑](#footnote-ref-19)