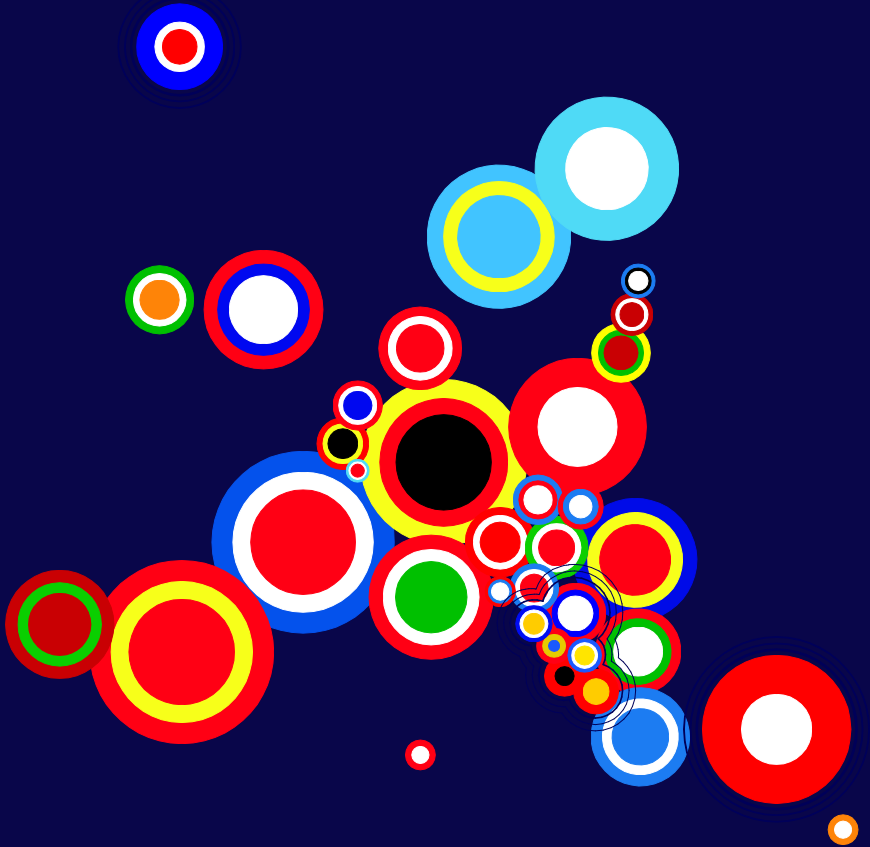




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE 2014-2020



IPA CBC PROGRAMME 2014-2020

SERBIA–BOSNIA AND HERZEGOVINA

ADOPTED ON 10/12/2014

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Glossary of acronyms

| | |
|-------|--|
| BiH | Bosnia and Herzegovina |
| CA | Contracting Authority |
| CBC | Cross-border cooperation |
| CBIB+ | Regional EU project for the technical assistance Cross-border Institution Building project (CBIB+) |
| CfP | Call for proposal |
| CSO | Civil Society Organisation |
| EC | European Commission |
| EU | European Union |
| EUD | European Union Delegation |
| GDP | Gross domestic Product |
| IPA | Instrument for Pre-accession and Assistance |
| JMC | Joint Monitoring Committee |
| JTF | Joint Task Force |
| JTS | Joint technical Secretariat |
| KM | Convertible mark |
| NGO | Non-Governmental Organisation |
| OS | Operating Structure |
| RS | Republic of Serbia |
| SAA | Stabilisation and Association Agreement |
| SME | Small and Medium Size Enterprise |
| SO | Specific Objective |
| SWOT | Strength, Weaknesses, Opportunities, Threats |
| TA | Technical Assistance |
| TP | Thematic Priority |

| | |
|---|---|
| Programme title | CBC Programme Serbia – Bosnia and Herzegovina |
| Programme area | Serbia: Sremski, Macvanski, Zlatiborski, and Kolubarski Bosnia and Herzegovina: Sarajevo Region and the North-East Region |
| Programme general objective | Enhancement of socio-economic development in the cross-border area between the Republic of Serbia and Bosnia and Herzegovina, through the implementation of targeted and concrete actions, based on comparative advantages of the programmes area and the joint, efficient use of resources |
| Programme thematic priorities | TP 1: Promoting employment, labour mobility and social and cultural inclusion across the border TP2: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management TP3: Encouraging tourism and cultural and natural heritage P4: Technical Assistance |
| Programme specific objectives | <p>TP 1: Promoting employment, labour mobility and social and cultural inclusion across the border</p> <ul style="list-style-type: none"> - SO1: Enhancing the employability of the labour force and increasing the employment opportunities - SO2: Fostering social and economic inclusion <p>TP2: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management</p> <ul style="list-style-type: none"> - SO1: Improving sustainable environmental planning and promotion of biodiversity - SO2: Improving the management system for emergency interventions <p>TP3: Encouraging tourism and cultural and natural heritage</p> <ul style="list-style-type: none"> - SO1: Increasing the contribution of tourism to the socio-economic development of the programme area - SO2: Strengthening the cultural identity of the programme area <p>P4: Technical Assistance</p> <ul style="list-style-type: none"> - SO1: Ensuring the effective, efficient, transparent and timely implementation of the Programme and awareness raising |
| Financial allocation 2014-2020 | EUR 14 000 000.00 |
| Implementation method | Indirect management (subject to the entrustment of budget implementation tasks) |
| Contracting Authority | Government of the Republic of Serbia, the Central Financing and Contracting Unit (CFCU), Ministry of Finance of the Republic of Serbia Address: Sremska 3-5, 11 000 Belgrade, Tel +381 11 2021 389 |
| Relevant authorities in the participating Countries | Serbia: European Integration Office, Government of the Republic of Serbia, Sector for Cross-border and transnational programmes; Address: Nemanjina 34, 11000 Belgrade; Tel: +381 11 3061 18500; Bosnia and Herzegovina: Directorate for European Integration; Address: Trg BiH 1 71000 Sarajevo, Bosnia and Herzegovina; Tel: +387 33 703 154 |
| JTS/Antenna | JTS Office: Užice (Serbia) / JTS Antenna: Tuzla (Bosnia and Herzegovina) |

SECTION 1: SUMMARY OF PROGRAMME

The programme for cross-border cooperation between the Republic of Serbia and Bosnia and Herzegovina (BiH) will be implemented under the framework of the Instrument for Pre-accession Assistance (IPA II). IPA II supports cross-border cooperation with a view to promoting good neighbourly relations, fostering union integration and promoting socio-economic development. . The legal provisions for its implementation are stipulated in the following pieces of legislation:

- Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II)
- Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- Commission Implementing Regulation EU no 447/2014 of 2 May 2014 on the specific rules for implementing the IPA II regulation

1.1 Summary of the Programme

The present programme is based on a thorough review of the challenges and specifics of the programming area. An assessment of the situation is presented in two annexes: the Situation analysis document and the SWOT analysis (Annex 1 to this document). The situation analysis is providing an overview of the socio—economic status of the programme area, with emphasis on the following elements: political situation, population and demography, geographical features, infrastructure, economic and social situation. The situation analysis has been slightly influenced by the unbalanced availability of statistical information, namely at the Bosnia and Herzegovina side of the border data of the population census implemented in 2013 were not available yet.

The SWOT analysis of the programme area identified the main strengths, weaknesses, opportunities and threats. The analysis was implemented separately for each of the programming priorities, using a three-step approach. The first step was a survey of municipalities and other stakeholders (public utility companies, chambers, agencies, ministries, NGOs, schools and social institutions) from the programme area. Approximately 30% of the eligible municipalities and a good proportion of other stakeholders responded. The second step was a series of clarification interviews, held with some of the key municipalities, regional development agencies, NGOs and ministries. The third step was the analysis of strategic documents and statistical information. The main conclusions for the 3 selected thematic priorities (the full SWOT analysis for all 8 thematic priorities as defined by the EU is attached in the Annex 1) are:

Strengths:

- The sector of employment demonstrates availability of specific professional profiles, based on traditional crafts and restructuring of traditional industry systems. The sector is covered with a number of strategic documents and bilateral agreements between both countries.
- The preserved environment and availability of natural resources, including alternative energy sources, is considered as one of the more significant strengths of the programme area. A number of separate and joint initiatives have been launched in the environmental / energy sector in the past.

- Tourism is considered one of the priority sectors in the programme area. Available natural, cultural and historical sites, potentials for connections with agriculture and rural development and past joint initiatives are considered as the main strengths.

Weaknesses:

- The programme area demonstrates high unemployment level, in particularly among youth. Emigration from the rural areas has been noted, as well as poor integration of vulnerable groups
- Poorly developed environmental infrastructure is considered the main weakness in the environmental sector. Other weaknesses include low level of awareness on environmental issues and insufficient preparedness and coordination of emergency management systems.
- The main weaknesses in the tourism sector include: low quality level of tourism services, limited access to tourism sites, restricted networking and poor availability of tourism support infrastructure.

Opportunities:

- The opportunities in the employment sector include the better application of EU comparable active employment measures and the improvement of vocational training schemes (for profiles with a high demand in the labour market).
- The main opportunity in the environmental/energy sector is the improved use of alternative energy sources.
- The programme area has opportunities for development of niche tourism. Increased cooperation and closeness of key markets represent other opportunities.

Threats:

- The threats in the employment sector include administrative obstacles for mobility of labour and continuous failure by the labour market to respond to the needs of the private sector.
- For the environmental sector the main threats include: poor or uncontrolled management of natural resources and limited financing of environmental protection and alternative energy programmes.
- The threats in the tourism sector are largely connected to the environmental sector. Namely poor management of natural resources could have a devastating impact on the tourism development.

The selection of the 3 thematic priorities to be applied in the 2014-2020 programme is largely based on the situation and SWOT analyses. It is justified as follows:

TP1: Promoting employment, labour mobility, social and cultural inclusion across the border.

The TP has been selected as response to the high unemployment and poor perspectives of youth. The TP should contribute to a better economic and social integration of vulnerable and marginalised groups. The challenges are similar at both sides of the border and the overall thematic priority provides solid opportunities for real joint cross-border initiatives (for instance joint trainings, joint social inclusion efforts).

TP2: Protecting the environment, promoting climate change adaption and mitigation, risk prevention and management.

The preserved environment represents one of the key comparative advantages of the programme area. This TP is closely connected with other priorities, for instance tourism. Failure to address the challenges of this field could result in significant short term (natural disasters) and long term (degraded environment) negative consequences. The thematic priority closely connects both sides of the border especially throughout the Drina river catchment area. Strong cross-border impact can be expected in risk prevention and environment protection initiatives.

TP 3 : Encouraging tourism and cultural and natural heritage.

Tourism is considered a high priority sector, based on numerous attractions of the area. Having in mind similarities and synergies of territories from both sides of the border, the sector provides strong opportunities for cross-border cooperation. The typology of projects (joint activities, joint tourism areas) indicates solid possibilities for genuine cross-border cooperation.

1.2 PREPARATION OF THE PROGRAMME AND INVOLVEMENT OF THE PARTNERS

The programme was prepared in close cooperation with the stakeholders at the local, regional and national level in both participating countries. In the case of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina, the Republic of Srpska and Brčko District were equally involved in the discussions.

The aim of the public consultation process was to achieve close coherence of the programme with the actual needs and expectations at local level. One of the key tasks of the programming process was to ensure that these needs are aligned with the procedural aspects and financial possibilities of the programme.

The stages in the programming process with the most notable contribution of the stakeholders included:

Initial survey in the programme area and at national level. An extensive survey was implemented in the programme area to identify the challenges and expectations. The survey was aimed at public institutions, municipalities, relevant ministries at national and entity level, civil society organisations, social sector institutions, chambers, agencies, tourism organisations, educational and research institutions and public utility companies. The overall response rate in the survey was approximately 25%. A detailed analysis is available in the **Annex 2**.

Clarification interviews in the programme area and at national level. Additional clarification interviews were implemented at the local level and with the relevant national/entity ministries. The interviewees included municipalities, regional development agencies, chambers, ministries and civil society organisations. A detailed analysis is also available in the **Annex 2**.

The public consultation meetings were considered as essential during programming exercise. **Two** public consultation meetings took place. The first meeting was organised in Banja Koviljaca on November 7th 2014 with 75 registered participants and the second meeting was organised in Bijeljina on November 27th with 69 registered participants. The participants on both meetings were the local and regional stakeholders from both countries: the representatives of municipalities, civil society organisations, chambers of commerce, social and health organisations, educational, research institutions, public utility companies and tourism organisations. In the first meeting the discussion was aimed at presentation of the SWOT analysis and presentation and discussion about the programme strategy. In the second meeting the discussion was aimed at the presentation of a draft programming document.

The process was coordinated by the Joint Task Force, the coordination body consisting of representatives from both countries. The JTF meetings were held at the end of each stage of the project to confirm the results of the previous stage and agree on further interventions.

The JTF meetings were held in both partner countries in following order:

| Timing and place | Activities and Scope |
|--|---|
| First JTF meeting (October 2 nd 2013, in Belgrade) | - Getting organised and introduction of the programming methodology |
| Second JTF meeting (October 22 nd 2013 in Sarajevo) | - Presentation of the SWOT analysis and discussion about TP selection |
| Third JTF meeting (November 6 th 2013 in Tuzla) | - Presentation of the proposed strategic framework and selected TPs (based on the conducted analysis) |
| Fourth JTF meeting (November 27 th 2013 in Bijeljina) | - Presentation of the proposed strategic framework (thematic priorities, specific objectives, results and draft indicators) |
| Fifth JTF meeting (February 27 th 2014 in Belgrade) | - Presentation and discussion on the EC comments on the draft programming document |
| Sixth JTF meeting (May 21-26 th 2014) | - Discussion and decision on the draft final programming document - |
| 30 th May 2014 | - Submission of final draft programme document to the European Commission |

SECTION 2: PROGRAMME AREA

2.1 SITUATION ANALYSIS

The situation analysis is providing an assessment of the programme area, aimed at identifying the key challenges and priorities of the area (full document available in Annex 1). The document was one of the main elements leading to the identification of the programme strategy. The analysis was based on the review of secondary sources (mainly statistical information and existing strategies) and additional primary source confirmation. The process has been influenced by the unbalanced availability of statistical information.

Description of the programme area

The eligible territory in the Republic of Serbia covers 15,370 km² with 1,064,198¹ inhabitants and the eligible territory in Bosnia and Herzegovina covers 16,742.34 km² with 1,706,214² inhabitants, that totals 2,770,412 inhabitants in the eligible area. The total number of municipalities in the programme area is, 31 on the Serbian side and 67 in Bosnia and Herzegovina.

The total surface of the eligible area is 32,112.34 km² with a total of 2,770,412 inhabitants. The total border length between the two countries is 370.9 km of which 109.9 km is a land border and 261 km is a blue border (rivers Drina and Sava). Along the length of the border there are fourteen border crossing points.

¹ Based on the census from 2011 (Municipalities in Serbia 2012)

² Data source: preliminary results of 2013 Census (http://www.bhas.ba/obavjestenja/Preliminarni_rezultati_bos.pdf)



Scheme 1: Map of the programme area



Political situation

Both countries share strong commitment towards EU integration. Serbia was granted the EU candidate status on 1st March 2012. Following the active and constructive efforts towards a visible and sustainable improvement of relations with Kosovo, the European Council decided to open accession negotiations with Serbia on 28th June 2013. On 16th June 2008 Bosnia and Herzegovina and the European Commission signed the Stabilisation and Association Agreement (SAA). By signing the agreement the EU recognised the efforts of Bosnia and Herzegovina in the path of EU integrations. The SAA with Bosnia and Herzegovina has been ratified by all EU Member States, but has not yet

come into effect. Both countries have already put significant efforts into the adopting of a compatible legislation with the *acquis*. A major step in improving the relations between Serbia and Bosnia and Herzegovina on one side and EU on the other, is the visa liberalisation. This liberalisation for travelling to the Schengen area has been in force since December 2009 for Serbian citizens and December 2010 for Bosnia and Herzegovina citizens.

As regards bilateral cooperation, both countries are increasingly improving political and socio-economic relations. Up until now Serbia and Bosnia and Herzegovina signed and endorsed around 50 bilateral agreements, protocols and memorandums.

Geographical description and climate

Situated in the south-eastern part of Europe, the programme area between Serbia and Bosnia and Herzegovina consists of three highly diversified geographic parts. The northern part is a fertile plain; the central part of the area is hilly while the southern part is mountainous. On the Serbian side of the eligible area to the north, there is fertile agricultural land- Srem. One part of Srem belongs to one of the developed business areas in Serbia. In the past few years this region expanded and attracted numerous investors and the business zones in Indjija, Stara Pazova and Pećinci are one of the most prosperous not just in the Vojvodina region but in the entire Serbia. Further south the terrain becomes highlands in the region of mountains 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 Bosnia and Herzegovina, 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. The middle, hilly part of Bosnia and Herzegovina is very rich in various minerals and hydro-electric potential as important resources for industrial production.

The river Drina, with several high dams, forms 185.3km of the border between Serbia and Bosnia and Herzegovina. It joins the river Sava in the north. Both rivers are rich in natural resources, with diversified aquatic environment, and other fauna.

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

Population, demography and ethnic minorities

The total population of the programme area is 2 770 412 habitants, with 1 064 198 in Serbian part of the border and 1 706 214 in the Bosnia and Herzegovina side of the border.

Both sides of the border have registered a decrease in population. At the Serbian side the population in the programme area has decreased by almost 9.07% between 2002 and 2010, from 1,171,126 to 1,064,198 in absolute figures.

Ethnicity has played an important role in the recent history of the region and is reflected in the current profile of the eligible area. In Serbia the ethnic majority of the region's population is Serbian. Based on 2011 census they make up to 89.39% of the total number of the inhabitants – well above the national average of 82.9%. However, within some municipalities within the region that percentage is well below average: Priboj (74.1%), Prijepolje (56.8%), Sjenica (23.5%). The Zlatibor area is therefore one of the most diverse ethnic districts of the West region. The four Serbian eligible counties are home to 6.89% of all ethnic minorities in Serbia. The largest ethnic group is the Bosniacs with 36,607 inhabitants and Muslims with 8,921 inhabitants. In Bosnia and Herzegovina, there are no current statistics reflecting the ethnicity of the population specific to the eligible area.

The CBC programme 2014-2020 provides opportunities for exploration of the ethnical and demographical diversities of the programme area. The demographical picture can represent the basis for a number of quality joint initiatives which will further increase tolerance and integration.

Infrastructure and environment

In both countries, the **road network** in the eligible territories is more developed in the north, leaving the more isolated communities of the south with a less than satisfactory road network. For the eligible area in the Republic of Serbia the extent of the road infrastructure³ is 10,303 km, but only 6,089 km are paved (59%). In Bosnia and Herzegovina, local roads make up 56%, while regional roads are only 27%, and motorways even less (17%) of the total road network.

The **rail network** in the programme area is significantly underdeveloped. The lack of investments and limited maintenance is causing limited efficiency and increasing travelling times. The travel time between Prijepolje and Belgrade is for instance 6 hours.

There are 15 **border crossings** (3 for railroad, 1 pedestrian and 11 for motor vehicles) between the two countries in the eligible area. The number of the border crossings is sufficient, but the quality of infrastructure and capacity need improvement and modernisation.

In the Bosnia and Herzegovina part of the eligible area, there are two fully functioning and well equipped international **airports**: at Tuzla, located in Dubrave-Živinice, 8 km south-east of Tuzla that opened for traffic in 1998 and at Sarajevo airport fully renovated in 2005. In the Serbian part of the territory there is an ex-military airport Ponikve, located 12 km from Užice, now serving civil purposes. The airport was officially opened for use in October 2013.

The programme area is facing significant challenges in development of **environmental infrastructure**. The water supply is not efficient despite abundant water resources. The losses in the water supply networks at the Serbian side are between 22 and 46 %. Only a minor proportion of households is connected to wastewater treatment facilities. As an example the percentage of treated wastewater in Bosnia and Herzegovina (measured as percentage from total wastewater disposed) is 4.12% for Federation of Bosnia and Herzegovina (data for the entire Federation of Bosnia and Herzegovina) and 3.66% for the Republic of Srpska. An assessment of solid waste management shows that significant improvements have been done in past years. At the Serbian side regional landfills have been constructed (mainly thanks to EU funds) and started to operate. One of the regional solid waste management centres in the programme territory is Duboko that serves the following municipalities Užice, Bajina Bašta, Požega, Arilje, Čajetina, Kosjerić, Lučani, Ivanjica and Čačak. At the Bosnia and Herzegovina side significant investments have been done over the past years through World Bank funds. Regional landfill in Bijeljina has been built, which is used by five municipalities: Bijeljina, Ugljevik, Lopare, Teočak i Čelić. Currently, construction works for regional landfill in Zvornik are at stake, which is going to be used by 9 municipalities.

Nevertheless further efforts are needed in primary solid waste separation and recycling. Statistic data for solid waste management in Bosnia and Herzegovina shows that in the Republic of Srpska only 0.43 % of the total generated solid waste was recycled.

The programme area is located between three rivers: Bosnia on the west, Sava on the north, and Drina, dividing the area in two. The mountainous and sparsely populated southern part possesses a strong biological diversity in flora and fauna. The Zlatibor, Fruška Gora, Golija, Tara, Zlatar, Jahorina, Bjelasnica and Igman mountains are heavily forested, unpolluted, and contain many natural resources. The programme area is home to the largest Serbian national park Tara and the UNESCO protected natural biosphere reservation of Mount Golija. A part of the oldest national park in Bosnia and Herzegovina, Sutjeska, is located in the programme area

³information found in "Municipalities and regions in 2012"



In May 2014 Serbia and Bosnia and Herzegovina were affected by severe floods, which caused loss of human lives and significant material damages. The overall material damage in Serbia could exceed EUR 1 billion. Assistance from donors and EU solidarity funds are expected in both countries. Among the areas which were severely hit were territories and municipalities in the programme area. On the Serbian side of programme territory significant damage was recorded in municipalities, Krupanj, Mali Zvornik, Bajina Bašta, Šabac and Sremska Mitrovica. On Bosnia and Herzegovina programme territory the Municipality of Bijeljina, Brčko, Tuzla, Šekovići, Šamac, Bratunac, Olovo and Doboj East suffered particularly high damage. Additional efforts in improving emergency response as well as improving anti-flood infrastructure are required in the programme area

Economy

The economy of the entire programme territory is underperforming due to the region's marginalisation and instability in 1990s. Low level of investments, the big industrial giants that collapsed over the years, the unsuccessful process of privatisation that created major job losses resulted in limited economic expansion. The world economic crisis in 2008/2009 worsened off the already difficult situation in the region's economy. A recover has occurred and rebuilding of the economy is under way.

According to ILO methodology unemployment rate in Bosnia and Herzegovina is 27,2 % in 2010, 27,6 % in 2011, 28 % in 2012 and 27,5 % in 2013 (the average unemployment rate in 2013 is: in the Federation of BiH 27,6%, in Brcko District 35,5 % and in the Republic of Srpska 27,0 %). The unemployment rate in the programme area in Serbia was 36.28% in Mačva, 22.52% in Kolubara, 33.48% in Zlatibor and 30.96% in Srem District. The average unemployment rate for the eligible districts in Serbia is 30.81% (national methodology, Serbian Statistic Office data 2011).

Both participating countries have seen a slight increase in **GDP**. The increase in 2010 was 1.0% in Serbia and 0.7% in Bosnia and Herzegovina. The increase in 2011 was 1.6% in Serbia and 1.3% in Bosnia and Herzegovina. The GDP per capita in 2011 was approximately EUR 3,417 in Bosnia and Herzegovina and EUR 4,415 in Serbia.

The favourable conditions for **agricultural production** are one of the strengths of the eligible area. It is estimated that some 20-25% of the area's working population are employed in this sector. Except in the southern mountainous part, the soil and climate is ideally suited for a wide range of quality agricultural produce and livestock breeding, including organic food production.

The **industrial sector** was the main segment of the Bosnia and Herzegovina economy in the eligible area, accounting for nearly 50% of employment and investment in the period up to 1990. Considerable cross-border movement of goods was a constant process in that period that now needs to be re-established. The main activities of the area are: industry, power production and mining, concentrated mainly in Tuzla basin and the agriculture-based industries concentrated around Posavina and Semberija (in the Bijeljina and Brčko municipalities) and Zvornik in the middle part. There are no industrial activities in the southern part. Similarly in Serbia, the industrial base in the eligible area is characterised by underutilised capacity and obsolete facilities. The following key industrial activities are present: food-processing, wood-processing and furniture manufacturing, light metal industry, textile industry and chemical industry.

SME development is a major pillar of both governments' policies as a means for achieving the dynamic levels of economic expansion needed in the eligible area to reach economic parity with its European neighbours. However, a culture of entrepreneurial spirit is not well developed throughout the eligible area. In addition, most SMEs are micro enterprises, family concerns, mainly shops and small services. They make no significant contribution to the overall economy and offer very limited employment opportunities. In programme area in Bosnia and Herzegovina number of legal (business)

entities is 34 490.⁴ The number of legal business entities in the Serbian part of the programme area is 18,817.

The programme area has great potentials for **tourism development**. In Bosnia and Herzegovina, the number of overnights in 2011 in the eligible cantons of Federation of Bosnia and Herzegovina was 566,153 (entire cantons). The indicative number (not complete data) of incoming tourists in the programme area of the Republic of Srpska in 2011 was 81,254, the number of overnights was 188,342 and the average overnight stay was 2.32. In the Serbian part of the programme area the number of tourist visitors in 2011 was 562,660, the number of overnight stays was 2,326,939 and the average number of tourist stay was 4.13.

The similarities in socio-economic situation and challenges at both sides of the border provide a good basis for launching joint project initiatives which will demonstrate genuine cross-border impact. The areas which indicate possibility of joint initiatives are above all joint development of labour, exploration of tourism and natural resources and further efforts in social integration of vulnerable groups.

Education and culture

Education facilities at primary, secondary and tertiary levels exist in the programme area in both countries. Three fully fledged universities at Tuzla, Sarajevo and East Sarajevo are located there. Vocational training institutions are present in the larger towns and cities. In Serbia, there are not enough specialised secondary schools meeting current standards, with the exception of a specialised secondary school and a tourism college in Užice.

In the programme area in Serbia there are 684 primary schools and 74 high schools. In the programme area in Bosnia and Herzegovina there are 528 primary schools and 162 high schools.

The University of Eastern Sarajevo connects 14 faculties, 2 art academies and 1 religious science faculty (total of 84 programmes). The University of Sarajevo has 23 faculties and 3 art academies and 5 scientific/research institutes. The University of Tuzla connects 12 faculties and 1 art academy. In the Serbian part of the eligible area there are 6 private high schools, 3 private faculties and 1 public research institute.

The cultural heritage of the two participating countries can be classified as heterogeneous in the best sense of the word, including cultural goods created in a wide range of prehistoric and ancient, medieval, Ottoman and modern times. This is the result of the interaction of four main cultures (Mediterranean, Central-European, Byzantine and Oriental-Islamic). Through this CBC programme, this cultural wealth may become an asset by developing cultural awareness, promoting new initiatives in the institutional and cultural sphere, establishing partnerships with other sectors and international partnerships, and giving a boost to the development of values, conservation and revitalisation of cultural heritage.

2.2 MAIN FINDINGS

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

High unemployment levels and poor social inclusion of vulnerable groups. The whole programme area registers above average unemployment rates. A high number of redundant workers from large industrial complexes and poor economic prospects cause negative migration trends from the area, in particular among educated youth. The poor overall socio-economic situation negatively influences the position of vulnerable groups, whose integration and inclusion is still limited.

⁴ In Federation of Bosnia and Herzegovina (in all the eligible municipalities), the number of legal (business) entities is 25.737 (according to the statistical data 31.12.2012) and in Republic of Srpska, in the programming territory there are 8.753 legal (business) entities.



Preserved environment and limited environmental infrastructure. The environmental potentials and availability of alternative energy sources represent a strong competitive advantage of the programme area. However the limited infrastructure and low level of investments on one hand directly endangers the environment and on the other hand prevents the efficient use of available resources.

Strong basis for development of tourism. Taking into account the overall economic situation tourism represents one of the few realistic and immediate opportunities for improvements. The available natural resources, potentials for development of niche tourism (for instance adventure sports, rural tourism) and connectivity with other economic branches (food processing, bio-agriculture) represent a solid basis for tourism efforts.

The situation analysis, survey and interviews implemented in the programme area led to the preparation of a SWOT analysis for all thematic priorities. A consolidated SWOT for the selected thematic priorities is presented below, with the full version of the SWOT analysis being available in Annex 1.

| Strengths | Weaknesses |
|--|--|
| Qualified work force in narrow professional profiles, based on traditions of large industry systems | High unemployment level, especially among youth and groups with special needs |
| Multicultural society, providing basis for dialogue and cooperation | Continuous migration flow from rural to urban areas and out of the area |
| Well preserved bio-diversity of the area, similar specifics from both sides of the border | Limited integration and social participation of vulnerable and marginalised groups |
| Existing good practice examples in resolving environmental issues at regional level, for instance regional landfills | Low level of existing environmental infrastructure – solid waste treatment, wastewater facilities etc. |
| Preserved nature and availability of natural sites, including protected areas | Low level of public awareness as regards the importance of environmental protection, climate change, energy efficiency |
| Availability of historical, ethno and cultural sites, for instance Old Drina Bridge, Mokra Gora railway | Low level of disaster management systems and emergency preparedness |
| Strong traditional higher educational centres in BiH part of programme area | Poor level of quality of service in tourism sector |
| | Limited access and lack of infrastructure at a number of cultural, natural and historic tourism sites |
| | Low share of GDP allocated for research and development as well as for innovation |
| | Limited cooperation between private sector companies and research sector |
| Opportunities | Threats |
| Improving the interventions in the sector (for instance, active employment measures) in line with EU standards and practice – increase of efficiency | Low mobility of labour across the border, due to administrative obstacles |
| Launching of training and retraining initiatives | Low level of responsiveness of the workforce to |

| | |
|---|--|
| based on real labour market demand | new requirements and needs of the labour market |
| Efficient and sustainable use of natural resources | Insufficient financial sources from state budget for financing environmental infrastructure |
| Development of alternative energy sources deriving from advantages of the area – hydro potential, availability of biomass as wood residues etc. | Inefficient management of natural resources |
| Possibilities for niche tourism activities, for instance eco, ethno tourism, organic food | Poor level of protection of natural environment, including absence of environmental infrastructure |
| Relative closeness of important markets, for instance Austria, Hungary, Italy, Germany. | Increased competition of other regional destinations, providing similar tourism offer |

SECTION 3: PROGRAMME STRATEGY

3.1 RATIONALE - JUSTIFICATION FOR THE SELECTED INTERVENTION STRATEGY

The selection of thematic priorities and the definition of programme strategy have been guided by the following general principles:

Relevance of the challenges and the expected impact. The proposed strategic framework is closely following the challenges of the programming area as defined in the SWOT and the situation analysis. The selection of thematic priorities and the definition of the programme strategy were influenced by the size and the relevance of specific challenges (against other challenges with lower relevance).

Interest and expectations of the final beneficiaries in the programme area. A strong emphasis was given to the interest at the local and regional level throughout the programming process. The final beneficiaries of the programme have been involved in the initial survey and have been further consulted through public consultation sessions.

Strategic priorities at the national/entity, regional and local level. The proposed programme strategy has been cross-checked against the strategic documents at the national/entity, regional and local level. Each of the proposed thematic priorities is well covered by the strategies which clearly confirm the proposed directions.

Compliance with the objectives set up by the relevant macro-regional strategies where both countries are members: the EU Strategy for the Danube Region and the EU Strategy for the Adriatic and Ionian Region.

Appropriateness in the context of cross-border cooperation and expected cross-border impact. The selection of thematic priorities and the preparation of the programme strategy were guided by the typology of cross-border cooperation programmes. Namely the proposed thematic priorities and strategy can realistically demonstrate sufficient cross-border impact.

Lessons-learned from previous programmes. Having in mind that one complete programme cycle 2007-2013 is under implementation, the new Programme should definitely mean a step forward. To ensure improvement of efficiency and exploitation of the previous experiences, the lessons learned have been analysed and incorporated in the programming exercise.

The overview and justification of the selected thematic priorities is presented in the following table.

| Selected thematic priorities | Justification for selection |
|--|--|
| TP1: Promoting employment, labour mobility, social and cultural inclusion across the border | <ul style="list-style-type: none"> • High unemployment levels in the programme area • Limited cooperation and communication between the labour market and the private sector |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Low level of investment in health and social sector, limiting access to quality services, in particular for vulnerable groups • Negative migration trends, in particular of youth, from rural areas to urban settlements and outside of the programme area (brain drain) |
| TP2: Protecting the environment, promoting climate change adaption and mitigation, risk prevention and management | <ul style="list-style-type: none"> • Preserved and clean environment representing comparative advantage of the programme area • Low level of awareness and limited infrastructure in the sector, exposing the programme area to environmental risks • Strong exposure of the programme area to natural disasters (SEE being particularly hit by the recent climate changes) • Devastating floods which hit Serbia and BiH, including the programme areas in May 2014 |
| TP3: Encouraging tourism and cultural and natural heritage | <ul style="list-style-type: none"> • Strong potentials for development of tourism and high relevance in cross-border context • Availability of cultural and natural heritage with potentially strong linkage to tourism development |

3.2 DESCRIPTION OF PROGRAMME PRIORITIES

The overall objective of the Programme is:

Enhancement of socio-economic development in the cross-border area between the Republic of Serbia and Bosnia and Herzegovina, through the implementation of targeted and concrete actions, based on comparative advantages of the programmes area and the joint, efficient use of resources

3.2.1 Thematic priorities

The specific objectives, results, indicators and types of activities are defined per thematic priority as follows.

| TP1: Promoting employment, labour mobility, social and cultural inclusion across the border | |
|--|---|
| Specific objective 1: Enhancing the employability of the labour force, and increasing the employment opportunities | Specific objective 2: Fostering social and economic inclusion |
| <u>Results:</u> <ul style="list-style-type: none"> • New products and services, as well as industrial and commercial processes, thanks to transfer of knowledge and innovativeness, result in new sustainable employment opportunities in the cross-border area • Increased competitiveness in the | <u>Results:</u> <ul style="list-style-type: none"> • New sustainable social and health services are developed and/or the existing ones are upgraded by cross-border exchange, cooperation and synergies, increasing the efficiency in service delivery and the number of services' beneficiaries |

| | |
|--|--|
| <p>commercialisation of products and services by a common use of resources in strategic sectors (e.g. wood manufacturing, food processing and metal works)</p> <ul style="list-style-type: none"> Unemployed persons obtained new practical skills in real working environments, based on the labour market demand and similarities at both sides of the border | <ul style="list-style-type: none"> The employability and entrepreneurship abilities of vulnerable groups are improved through joint cross-border efforts including the promotion of sustainable social entrepreneurship Sustainable perspectives for social integration of vulnerable groups are created through joint initiatives at both sides of the border |
| <p><u>Indicators*:</u></p> <ul style="list-style-type: none"> At least 15 companies improved operations, products and/or processes through joint initiatives (baseline: 0) At least 10 private and/or public sector operators developing possibilities and conditions for practical training of unemployed (baseline: 0) At least 100 persons obtaining new practical skills which directly contribute to their employability (baseline: 0) | <p><u>Indicators*:</u></p> <ul style="list-style-type: none"> At least 5 social support schemes newly developed or upgraded (baseline: 0) At least 100 persons resolving concrete social issues and challenges through the supported social schemes (baseline: 0) Integration and employability of vulnerable groups enhanced by at least 5 new initiatives, events and/or joint actions At least 3 seminars/workshops supporting new business opportunities of vulnerable groups, including social entrepreneurship initiatives At least 50 persons from vulnerable groups improving their social and economic status through participation in integration and employment support initiatives supported from the programme (baseline: 0) |
| <p><u>Activities:</u></p> <ul style="list-style-type: none"> Joint business development activities Joint development of new products and services Networking of businesses with external innovators, researchers and graduates Branding of products and services Certification and improvement of quality systems Development and implementation of vocational training programmes for answering concrete and proven needs Practical training in real working environment (private or public sector operators) <p>Small infrastructure works and procurement of equipment</p> | <p><u>Activities:</u></p> <ul style="list-style-type: none"> Establishment of new social and health schemes, and/or restructuring of the current ones based on innovative approaches, methods and processes Supporting advisory services for vulnerable groups Organisation of cultural events aimed at the enhancement of social integration Development of new or upgrading of existing social entrepreneurship initiatives Targeted support for the promotion of entrepreneurial skills amongst women, youth and disabled Assistance for the establishment of new business initiatives for vulnerable groups including social enterprises Small infrastructure works and procurement of supplies |

* Most indicators of achievement have as a baseline ‘0’. Namely the limited availability of statistical information and resources does not allow defining the indicators precisely at the baseline level (for instance number of existing joint business initiatives, number of existing quality assurance systems or total number of existing social support schemes). The approach used within the programme therefore uses the baseline ‘0’ and measures the indicators resulting from the programme interventions. The indicators in line with this approach normally apply the definition ‘newly developed initiatives’, ‘newly obtained skills’ or ‘newly upgraded social schemes’. The same approach applies for all three thematic priorities. Please note that wherever there are targets these cannot be but tentative since the amounts of programme allocations are still unknown.

As regards the practical application of the indicators it is suggested that the target indicators are presented within each call for proposals (guidelines for applicants), to demonstrate to the potential applicants the targets of the programme and possibly direct them in the implementation of these targets.

The responsible authorities and the JMC will regularly review the delivery of indicators. When possible the results of previous calls will be taken into account in planning of further targeted calls for proposals. For example the specific objectives for which the indicators will be largely achieved in early stages of the programme, might not be selected for further targeted calls.

| TP2: Protecting the environment, promoting climate change adaption and mitigation, risk prevention and management | |
|---|---|
| <u>Specific objective 1:</u> Improving sustainable environmental planning and promotion of biodiversity | <u>Specific objective 2:</u> Improving the management system for emergency interventions |
| <u>Results:</u> <ul style="list-style-type: none"> • The effectiveness of public services and practices in relation to solid waste and wastewater management are enhanced through joint initiatives at both sides of the border • The protection of the Drina and Sava river catchment areas and the promotion of their biodiversity is fostered | <u>Results:</u> <ul style="list-style-type: none"> • The capacity for preparedness, prevention and response of all organisations/institutions in the protection and rescue system in the cross-border area are strengthened on long term |
| <u>Indicators:</u> <ul style="list-style-type: none"> • At least 4 public enterprises dealing with Municipal Solid Waste and waste water have upgraded their operations in the segment of solid and wastewater management (baseline: 0) • At least 3 new initiatives contributing to the upgrading of the environmental situation and promotion of biodiversity in relation to the Drina and Sava river catchment area (baseline: 0) • At least one platform for the protection of the Drina and Sava river catchment areas and the promotion of their biodiversity is up and running beyond the programme actions (baseline: 0) | <u>Indicators:</u> <ul style="list-style-type: none"> • At least 3 emergency services from both sides of the border increased capacities through joint initiatives (baseline: 0) • Capacities of at least 100 members of emergency services and their equipment upgraded (baseline: 0) • Awareness of at least 8000 people increased as regards prevention and mitigation of floods • At least 10 local communities were beneficiaries of capacity building activities on prevention and mitigation of floods |

| | |
|--|---|
| <ul style="list-style-type: none"> • Awareness of at least 8000 persons increased as regards environmental issues and biodiversity of the Drina and Sava rivers (baseline: 0) | |
| <p><u>Activities:</u></p> <ul style="list-style-type: none"> • Upgrading of physical facilities and equipment of public utility companies • Upgrading of the existing procedures of the public services dealing with solid waste and wastewater management, including public utility companies and environmental inspection • Analysis and awareness raising on water pollution sources such as in agricultural practices • Informing and building capacities of citizens and companies for sustainable conduct in solid waste and water protection areas • Creating administrative and spatial conditions for the sustainable management of solid waste and wastewater • Training events and capacity building of public utility companies' staff • Cleaning and remediation of unsanitary landfills | <p><u>Activities:</u></p> <ul style="list-style-type: none"> • Training and capacity building of civil protection and other emergency services, particularly on flood and post flood situations, according to international standards • Small infrastructure works and procurement of equipment • Exchange of experiences and best practice, and networking • Development and/or upgrading of the planning, action, information, coordination and notification systems in relation to the prevention and mitigation of natural disasters and emergency management in central and/or local level • Raising the awareness and capacity of the local communities to respond in emergency situations |

| TP3: Encouraging tourism and cultural and natural heritage | |
|---|--|
| <p><u>Specific objective 1:</u> Increasing the contribution of tourism to the socio-economic development of the programme area</p> | <p><u>Specific objective 2:</u> Strengthening the cultural identity of the programme area</p> |
| <p><u>Results:</u></p> <ul style="list-style-type: none"> • The offer and quality of tourism products and services is furthered based on joint efforts and initiatives • New sustainable employment and business opportunities in the tourism sector opened by joint cross-border efforts | <p><u>Results:</u></p> <ul style="list-style-type: none"> • Sustainable cultural and sport exchanges across the border are fostered • The historical and natural heritage and traditions of the cross-border area are better preserved |
| <p><u>Indicators:</u></p> <ul style="list-style-type: none"> • At least 5 new joint tourism products/areas developed or existing upgraded (baseline: 0) • Awareness raised through at least 3 joint promotion campaigns and events organised | <p><u>Indicators:</u></p> <ul style="list-style-type: none"> • Connection of cross-border actors enhanced in at least 4 cultural or sports events (baseline: 0) • Preservation of historical heritage enhanced through at least 3 joint initiatives (baseline: 0) • Improved networking and cooperation |

| | |
|--|--|
| <p>(baseline: 0)</p> <ul style="list-style-type: none"> • At least 3 new cross-border connections/networks/clusters of tourism stakeholders • At least 15 tourism stakeholders connected in the newly emerged joint activities (baseline: 0) • Capacities of at least 50 tourism employees and 50 unemployed raised through training initiatives (baseline: 0) • Number of new tourists on newly opened sites based on services never opened before resulting from programme actions is at least 1.000 (baseline: 0) | <p>possibilities for at least 8000 habitants and tourists at both sides of the border (baseline: 0)</p> |
| <p><u>Activities:</u></p> <ul style="list-style-type: none"> • Networking, structuring, positioning for new tourism products and services • Establishment of cross-border tourism clusters • Promotion, communication and publicity activities • Organisation of events and campaigns • Exchange and transfer of experiences • Training and capacity building of tourism employees and/or unemployed • Small infrastructure works and procurement of equipment <p>Promotion and protection of natural resources and protected areas</p> | <p><u>Activities:</u></p> <ul style="list-style-type: none"> • Organisation of events, symposiums, workshops etc. • Specific professional interventions aimed at protection and promotion of the historical heritage as well as cultural traditions • Small infrastructure works for restoration and preservation of historical or artistic sites and procurement of equipment • Development of new and up-grading of existing museum collections, exhibitions and similar • Networking between different sectors to contribute to efficiency and attractiveness of tourism offer |

3.2.2 Technical Assistance

Specific objective:

The specific objective of the technical assistance is to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area. It also supports awareness-raising activities at country level in order to inform citizens in both IPA II beneficiaries. Moreover, as experience has shown under the programming cycle 2007-2013, 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 establishment and operation of a Joint Technical Secretariat (JTS) based on the territory of Serbia and an Antenna Office on Bosnia and Herzegovina. The JTS will be in charge of the day-to-day management of the programme and will be reporting to the OS and JMC.

Intended results:

1. The administrative support to the Operating Structures (OS) and Joint Monitoring Committee (JMC) of the programme is enhanced

This priority will secure a smooth programme implementation during all its phases. It includes the availability of the financial means and the deployment of qualified staff in charge of assisting the Operating Structures and the Joint Monitoring Committee, as well as establishing and enforcing management, monitoring and control mechanisms and procedures. If required, it will also contribute to the preparation of the successive financial cycle (2021-2026).

Result indicators:

| Indicator | Unit | Baseline | Target 2022 |
|--|------------|--------------------------|-------------|
| Average share of beneficiaries satisfied with the programme implementation support** | Percentage | <i>No data available</i> | 85% |

2. The technical and administrative capacity for programme management and implementation is increased

This priority will also provide opportunities for improving the competences and skills of the management structures of the programmes, as well as of the potential applicants and grant beneficiaries. Specific capacity building activities will be planned and executed on the basis of identified needs in the course of the implementation of the programme. As part of the lessons learned from the programme cycle 2007-2013, (i) an increased participation of the JMC members in the tasks stipulated under the IPA II legal framework will be expected; (ii) the capacity of potential applicants to develop sustainable cross-border partnerships will be enhanced; and (iii) the capacity of grant beneficiaries to satisfactorily meet the obligations of their contracts will be reinforced.

Result indicators:

| Indicator | Unit | Baseline | Target 2022 |
|---|------------|--------------------------|----------------------|
| Average increase in the number of proposals received within each consecutive call | | <i>No data available</i> | No data ⁵ |
| Average increase in the number of concept notes that would qualify for further assessment | Percentage | <i>No data available</i> | 50% |

3. The visibility of the programme and its outcomes is guaranteed.

⁵ Please note that in financial perspective 2014-2020 possible Tailored/Strategic Call for Proposals are envisaged with clear focus and/or certain requirements regarding potential beneficiaries. Also, Calls for Proposals might use the rotating principle for selection of TPs and their specific objectives and in that respect the number of proposals will not necessarily be increased.

The CBC programmes have been very popular in the eligible areas thanks, amongst other things, to the visibility actions undertaken during the 2007-2013 programme cycle. Looking at the number of applicants in subsequent calls, it has been noted that there is an increasing interest for cooperation initiatives. These achievements should be maintained and even improved during the implementation of the financial perspective 2014-2020. A variety of communication channels and publicity tools should be developed to ensure regular information between programme stakeholders and a wider audience.

CBC programmes are invited to present their best practice achievements in the annual fora and other events related to the macro-regional strategies where the countries are members.

Result indicators:

| Indicator | Unit | Baseline | Target 2022 |
|--|------------|----------|-------------|
| People participating in promotional events | Percentage | 2,705 | 120% |
| Visits to the programme website | Percentage | 37,604 | 110% |

Type of activities:

A non-exhaustive list of potential activities covered by the technical assistance allocation would include:

- Establishment and functioning of the Joint Technical Secretariat and its Antenna.
- Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives
- Participation of staff of the management structures in Western Balkans or EU forums
- 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
- 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
- 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.
- Support to the work of the Joint Task Force in charge of preparing the programme cycle 2021-2026

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

- Programme management structures, including the contracting authorities
- Potential applicants
- Grant beneficiaries
- Final project beneficiaries

- General audience

3.3 HORIZONTAL AND CROSS-CUTTING ISSUES

The specific support measures presented above will be complemented with the horizontal issues which will need to be properly described and mainstreamed into every intervention deriving from this programme. The following elements will be considered in this sense.

Equal opportunities. In addition to the specific interventions proposed for social integration and inclusion (thematic priority 1 “*Promoting employment, labour mobility, social and cultural inclusion across the border*”), the programme will not discriminate anybody under any thematic priority. On the contrary, vulnerable groups like disabled, minorities, children and youth, elderly and socially marginalised will be encouraged to participate in any activity under equal terms. In addition to that, gender equality will be promoted throughout the implementation of the programme.

Environmental protection. The thematic priority 2 “*Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management*” has been selected under key priorities of the programme. Close linkages with other thematic priorities, for instance tourism, and high relevance of the sector for the programming territory led to the decision that environmental protection be applied as a horizontal issue throughout the implementation of the programme. Any intervention supported from the programme will need to demonstrate its positive attitude towards environmental protection and to ensure that no negative impacts are produced in this sense.

Projects prepared under the Area Based Development (ABD) approach to facilitate sustainable growth in defined geographical areas in cross-border regions in the Western Balkans, in particular rural areas characterized by specific complex development problems, may be considered for funding under this cross-border cooperation programme. Account will be taken of the preparatory work for the ABD approach already carried out in the cross-border region covering Serbia and Bosnia and Herzegovina.

SECTION 4: FINANCIAL PLAN

Table 1 shows the indicative annual amount of Union contribution to the cross-border cooperation programme for the period 2014-2020. Table 2 provides an indicative distribution of the allocations per thematic priority as well as an indication on the maximum amount of Union co-financing

Table 1: Indicative financial allocations per year for the 2014-2020 cross-border cooperation programme

| Year | IPA II CBC PROGRAMME Serbia –Bosnia and Herzegovina | | | | | | | Total (EUR) |
|---|---|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2014-2020 |
| CBC Operations (all thematic priorities) | 1 400 000 | 2 000 000 | 2 000 000 | 1 400 000 | 2 000 000 | 2 000 000 | 1 800 000 | 12 600 000 |

| | | | | | | | | |
|----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Technical Assistance | 600 000 | 0 | 0 | 600 000 | 0 | 0 | 200 000 | 1,400,000 |
| Total (EUR) | 2 000 000 | 2 000 000 | 2 000 000 | 2 000 000 | 2 000 000 | 2 000 000 | 2 000 000 | 14 000 000 |

Table 2 : Indicative financial allocation per priority and rate of Union contribution

| PRIORITIES | IPA II CBC Serbia- Bosnia and Herzegovina 2014-2020 | | | |
|--|---|------------------------------|----------------------|----------------------------|
| | Union contribution | Beneficiary/ies co-financing | Total funding | Rate of Union contribution |
| | (a) | (b) | (c) = (a)+(b) | (d) = (a)/(c) |
| TP1: Promoting employment, labour mobility, social and cultural inclusion across the border | 3 500 000.00 | 617 647.06 | 4 117 647.06 | 85% |
| TP2: Protecting the environment, promoting climate change adaption and mitigation, risk prevention and management | 4 900 000.00 | 864 705.88 | 5 764 705.88 | 85% |
| TP 3: Encouraging tourism and cultural and natural heritage | 4 200 000.00 | 741 176.47 | 4 941 176.47 | 85% |
| -P4: Technical Assistance | 1 400 000.00 | 0.00 | 1 400 000.00 | 100% |
| GRAND TOTAL | 14 000 000.00 | 2 223 529.41 | 16 223 529.41 | |

SECTION 5: IMPLEMENTING PROVISIONS

Calls for proposals:

The responsible authorities in the participating countries are planning to implement the majority of interventions through grant schemes based on public calls for proposals. They will ensure full transparency in the process and access to a wide range of public and non-public entities. The Joint Monitoring Committee will be responsible for identifying the thematic priorities, specific objectives, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission.

The dynamics of publication of calls for proposals depends on a number of factors, including logistics, timing of the evaluation and level of interest from the potential applicants. It cannot be therefore defined at this stage how many calls for proposals will be published during the programme period. The responsible authorities are anyway committed to publish calls for proposals avoiding overlapping of TPs between different CBC programmes. The calls for proposals will in principle use the rotating principle for selection of TPs and their specific objectives.

Before the publication of the calls for proposals (and the definition of the tendering documents) the responsible authorities will review the current needs/perspectives and realisation of indicators in previous CfPs. On this basis a list of TPs and specific objectives to be published in the CfPs will be proposed. The plan will be coordinated with other programmes/CfPs that could be eventually open/published at the same time, to avoid overlapping. For subsequent calls for proposals under this financial cycle, those TPs and/or specific objectives which had not been previously published would be selected.

Strategic projects

During the preparation of the programme no strategic projects have been identified. However during the programme implementation period it might be considered to allocate part of the financial allocation of the programme to one or more strategic projects. The identification of strategic projects will depend on whether specific interest is demonstrated by both countries to address specific strategic priorities which clearly follow objectives of both countries and prove to have a clear cross-border impact.

The strategic framework of the projects can be defined in the relevant macro-regional strategies where both countries are members.

Strategic projects can be selected through calls for strategic projects or outside call for proposals. In the latter case the programme partners will jointly identify and agree on any strategic project(s) that will be approved by the JMC at the appropriate moment along the programme implementation. After the identification and confirmation of the strategic approach by the responsible authorities and the JMC, relevant institutions (lead institutions for strategic projects) will be invited to submit their proposals in the form of terms of reference, technical specifications or bills of quantities. In that event, after being proposed and approved by the JMC and endorsed by the Commission, the CBC programme must be amended to incorporate such a strategic project

In both cases the received proposals will be evaluated on the basis of pre-defined and non-discriminatory selection criteria. Strategic projects shall deliver clear cross border impacts and benefits to the border area and its people. The following shall also be observed: relevance and contribution of the project for the programme specific objectives and expected results, maturity and feasibility of the project sustainability of results.

The *Thematic Priority 2 Protecting the environment, promoting climate change adaption and mitigation, risk prevention and management* seems to be the most appropriate for the formulation of strategic projects. The responsible authorities are committed to the implementation of strategic projects which demonstrate significant impact and clear cross-border impact. Projects of a preparatory character, such as the preparation of project documentation, cannot be considered strategic projects. Only ready-to-go institutional initiatives, which clearly target joint challenges at both sides of the border and produce sustainable and joint solutions are suitable strategic projects.

In relation to the floods that took place in Spring 2014, the participating countries could consider to allocate Program funds in two ways:

1. In recurrent Calls for Proposals and/or
2. A strategic project

LIST OF ANNEXES



ANNEX 1: Description and Analyses of the Programme Area

Situation and SWOT analysis

The main methods for data analysis are the so-called PESTLE (political, economic, social, technological/territorial, legal, environmental factors) and SWOT (strengths, weaknesses, opportunities, threats analysis). PESTLE is applied for identification of external factors that have an effect on the development of the programme area and SWOT for marking the region's strengths and weaknesses in view of that development. These analyses should look at the programming area as a whole.