

ANNEX I

Cross-border Cooperation Action Programme Montenegro- Kosovo* for the years 2018-2020¹

Multi-annual Work Programme This document constitutes the multi-annual work programme in the sense of Article 110(2) of Regulation (EU, Euratom) 2018/1046

1 IDENTIFICATION

Beneficiaries	Montenegro, Kosovo
CRIS/ABAC Commitment references Union Contribution Budget line	2018/ 041-472 EUR 1,200,000 22.020401 2019/ 041-474 EUR 1,200,000 22.020401 2020/ 041-475 EUR 1,080,000 22.020401
Management mode Responsible Structures	Indirect management by Montenegro. The Operating Structure responsible for the execution of the operations is: Office for European Integration The Contracting Authority is the Directorate for Finance and Contracting of the EU Assistance Funds (CFCU) at the Ministry of Finance The partner Operating Structure in Kosovo is: Ministry of Local Government Administration
Final date for concluding <u>Financing Agreement(s)</u> with the IPA II beneficiary countries (tripartite)	For the budgetary commitment of year 2018 at the latest by 31 December 2019 For the budgetary commitment of year 2019 at the latest by 31 December 2020 For the budgetary commitment of year 2020 at the latest by 31 December 2021
Final date for concluding contracting including conclusion of contribution/delegation agreements	3 years following the date of conclusion of the Financing Agreement with the exception of the cases listed under Article 189(2) Financial Regulation
Indicative operational implementation period	6 years following the date of conclusion of the Financing Agreement

* This designation is without prejudice to positions on the status, and in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

¹ This programme concerns 2018, 2019, 2020.

Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed) after the acceptance of the accounts	12 years following the conclusion of the Financing Agreement
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2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 OVERVIEW OF THE 2014-2020 CROSS-BORDER COOPERATION PROGRAMME

The 2014-2020 CBC (Cross-Border Cooperation) programme Montenegro – Kosovo was approved by Commission Implementing Decision C(2014)9307 of 11 December 2014.² The adopted 2014-2020 programme constitutes the CBC cooperation strategy for the border region, setting out, among others, the list of geographical eligible areas, the area context, the programme thematic priorities and the indicative budget allocations for the 7 year period.

The 2014-2020 CBC programme Montenegro- Kosovo also serves as a reference for the adoption of the CBC action programmes. The 2018-2020 CBC action programme aims at providing assistance for cross-border cooperation in the thematic areas that are spelled out in the 2014-2020 programme (as indicated in section 2.2).

On 6 February 2018, the European Commission adopted a Communication on "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans"³. This Communication aims to generate renewed reform momentum in the Western Balkans and provide significantly enhanced EU engagement to better support their preparations on the European path. The Communication sets the new strategic orientations, in particular as regards the implementation of the six flagship initiatives.

In particular, cross-border cooperation is a key vehicle for fostering reconciliation and dealing with the legacy of the past in the Western Balkans, in line with flagship 6 (supporting reconciliation and good neighbourly relations) and for sustainable local development, in line with flagship 3 (supporting socio-economic development).

List of eligible geographical areas

In Montenegro the eligible areas the municipalities of Andrijevica, Bar, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Podgorica, Rožaje and Ulcinj
 In Kosovo, the eligible area is the West Economic Region, which is composed of the municipalities of Pejë/Peć, Istog/Istok, Klinë/Klina, Junik, Deçan/Dečani, Gjakovë/Dakovica.

Cross-border cooperation (CBC) eligible area context

² https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/kosovo/ipa/2014/ipa2014_037592_cbc_programme.pdf

³ https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf

The programme area is diverse, but still several common features related to nature, geographic position, demographic trends, economy and human capital could generate synergies and be a good opportunity for developing and implementing CBC initiatives.

The situational analysis conducted for the preparation of the Programme pointed out several key challenges and opportunities to be addressed and supported through cross-border cooperation.

- *Regional differences in terms of economic and social development*, not only between Montenegro and Kosovo, but even within their regions, constitute a characteristic of the programme area.
- *In terms of private sector development there are clear synergies to be developed within the programme area and to be supported by the CBC programme.* The entrepreneurial tradition identified in the programme area, with a long history of cross-border trade, should be utilized. The challenge will be how to overcome the culture of a short investment horizon, favouring short-term trade opportunities over long-term capital investments.
- *Unemployment is a major economic and social problem across the programme area.* Creation of new jobs and improving unemployment characteristics (especially reducing gender inequalities, stimulating employment of youth and the disabled, addressing the digital literacy deficit), are among the key sustainable development challenges.
- *Common deficiencies in the rural development sector.* A clear agricultural policy, better land management, access to broadband, the improvement of irrigation schemes and infrastructure, and the introduction of a modern agro-processing industry remain key challenges and pre-conditions for an efficient development of agriculture in the programme area.
- *Tourism is a potential for local development in the cross-border area, at different speed.* The importance of tourism in the economies of Montenegro and Kosovo varies a lot - the share of tourism in GDP could be over 30 % in Montenegro, while it is still negligible in Kosovo. This is a sector of potential growth for the cross-border area, thanks to rich natural resources, unspoiled nature and mountainous landscapes, traditional folklore, national parks and the presence of valuable cultural and historic sites. Linking cultural and natural heritage promotion with tourism could provide various opportunities for development and for cross-border cooperation initiatives.
- *Presence of a well-developed local network of community organisations, both in Montenegro and in Kosovo.* Some of them, such as mountaineer associations, environment protection organisations, conservation of the cultural heritage etc. could play an important role in tourism development.
- *Improving the educational system and school infrastructure is a major priority for the programme area.* The CBC programme will have a limited role in addressing this issue, but could support exchanges between schools and vocational training centres in the border areas.
- *Health prevention campaigns and health education* are potential activities, which can be covered within the framework of CBC.
- *The whole programme area is abundant in environmental resources and biodiversity.* Environmental protection and preservation is therefore the key for the sustainable development of this area.

Overview of past and on-going CBC experience including lessons learned

Key recommendations from interim evaluations and audits on the 2007-2013 CBC programmes have been taken on board in the development of this programme. Thus, the 2014-2020 CBC programmes are more focused as regards the number of thematic priorities addressed and the geographical eligibility, which will help to achieve better results and an increased impact. Additionally, the implementation of the CBC programmes has been simplified, mainly by having a single contracting authority and a single financial envelope per programme.

Key lessons learned were also identified by through the final evaluation of IPA CBC Programmes 2007-2013 that was carried out between 2016 and 2017. The lessons learnt and the recommendations were discussed with CBC stakeholders in the Western Balkans and follow-up measures were identified for the short and medium term, both for the on-going CBC programmes and for the future 2021-2027 CBC programmes. The main recommendations regarding all CBC programmes at intra-Western Balkans level include:

- The main objective of promoting good neighbourly relations should be clearly reflected in the CBC projects.
- The calls for proposal should be more focused on a few priority issues that have high cross-border content.
- The intervention logic of programmes and the reporting and monitoring systems must be improved as they are not structured to set out a clear basis for measuring the results at regional level.
- There is a need for continuing capacity building activities for Operating Structures and Joint Technical Secretariats/Antennas.
- There is a need for improving synergies with other policies and donors, capitalising on and sharing experiences with the other CBC environments (e.g. INTERREG (Interregional Cooperation Programme) and ENI (European Neighbourhood CBC programmes)).

Following the experience gained in the previous programme period of 2011 to 2013, the Joint Monitoring Committee (JMC) became the cross-border programme's decision making body to oversee the effectiveness and quality of implementation of the programme. The JMC role is in the overall programming and monitoring of the CBC programme, meanwhile, the selection of actions falls under the responsibility of the Contracting Authority.

The experience of the previous years has shown that on one side, the number of interested applicants is steadily increasing – thus reaching a wide variety of stakeholder and small-scale entities. On the other side, participants still require intense capacity building actions so that future potential applicants can better incorporate best practice elements and other features in their actions. Furthermore, previous programmes promoted the establishment of cross-border partnerships, whose long-term cooperation needs to be encouraged with the aim of fostering local development. Cross-border cooperation actions have shown to be a powerful instrument for local development

processes, bringing people and institutions together by tackling very concrete and local development needs.

The responsible structures at national level for implementing this Cross-Border Programme under indirect management mode have gained experience during the execution of the first four years of the current financial period, from 2014 to 2020. It is expected that this process will continue with increasing efficiency in the management of related calls for proposals and grant contracts under indirect management. In addition, this indirect management method, under the lead of Montenegro and in close partnership with Kosovo, has a strong stimulus for enhancing regional cooperation and trust.

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

Action 1	Cross-Border Cooperation Operations	EUR 3,480,000
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The envisaged assistance to Montenegro and Kosovo is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU⁴.

(1) Description of the action, objective, expected results

Description of the action: Cross- Border cooperation operations in the border region in the fields of employment, labour mobility and social and cultural inclusion, environment, climate change adaptation and mitigation, risk prevention and management, tourism and cultural and natural heritage.

Objective: Socioeconomic development and strengthening of neighbourly relations in the cross border area, through the implementation of cross-border cooperation operations aiming at:

(a) promoting employment, labour mobility and social and cultural inclusion across borders through, inter alia, integrating cross-border labour markets, including cross-border mobility; joint local employment initiatives; information and advisory services and joint training (including actions to address the digital literacy deficit); gender equality; equal opportunities; integration of immigrants' communities and vulnerable groups; investment in public employment services; and supporting investment in public health and social services;

(b) protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia, joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness;

⁴ https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en

(c) encouraging tourism and cultural and natural heritage; through, inter alia, support to cultural and other social exchanges; the promotion of tourism offer and valorisation of cultural heritage of the area, including the improvement of the quality of services, the establishment of networks and partnerships between local government and local stakeholders to promote joint tourist sites; the preservation of cultural heritage; enhancing exchanges of cultural and historical values, and cultural diversity.

Expected results

a) Employment, labour mobility and social and cultural inclusion

- More people seeking employment as a result of the programme actions;
- More unemployed people, including students that finished school, succeed in finding a job;
- The employability of students still attending school is improved;
- More people decide to start their own business;
- Increased participation of socially vulnerable groups in sports and cultural life;
- Increased participation of socially vulnerable groups in education;
- Health of socially vulnerable groups improved.

b) Environment, climate change adaptation and mitigation, risk prevention and management

- Air, water and soil pollution reduced.

c) Tourism and cultural and natural heritage

- Increased number of entrepreneurs in tourism;
- Hotel industry services enhanced;
- Sites and buildings with a cultural and natural value conserved, revitalised and open to public;
- The offer of active tourism services improved.

The objectives and expected results will be achieved over the period of implementation of this programme, from 2014 to 2020. The 2018-2020 CBC Action Programme will contribute to the achievement of the overall objectives and expected results, as defined in the 2014-2020 CBC programme.

For further details see section 3.2 of the 2014-2020 CBC programme (Annex 2 of the Commission Implementing Decision C(2014)9307 of 11 December 2014).⁵

(2) Assumptions and conditions

As a necessary condition for the effective management of the programme, the participating countries shall establish a Joint Monitoring Committee and provide proper and functioning offices and staff for the Joint Technical Secretariat (to be set up under a separate Financing Decision) and an Antenna Office, in case the latter will be set up.

⁵ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/kosovo/ipa/2014/ipa2014_037592_cbc_programme.pdf

Under indirect management, the participating countries shall conclude a bilateral arrangement for the whole duration of the programme, setting out their respective responsibilities for implementation the programme.

This bilateral arrangement has been concluded between the two participating countries and shall remain valid for the whole implementation of the programme.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

So far, the beneficiaries have complied with the above assumptions and conditions, including setting up the Joint Technical Secretariat in Podgorica and the Antenna Office in Pristina. These structures are fully financed by the Support Measure for Technical Assistance for cross-border cooperation programmes between IPA II beneficiaries under the Instrument for pre-accession assistance (IPA II) for the year 2014 C(2014)37629.⁶

Further financial support should be programmed by the European Commission for continuing to provide support to the Joint Technical Secretariat and the Antenna Office from 2020 onwards.

(3) Implementation modalities:

(3)(a) Indirect management with Montenegro

Short description of the tasks entrusted

The operating structures of Montenegro and Kosovo shall agree on the necessary arrangements for the management and implementation of the programme including establishing a system to monitor implementation.

The operating structure of Montenegro shall arrange for procurement and grant award procedures in the selected thematic priorities of the programme. As regards the call for proposals, the entrusted tasks include drafting guidelines for applicants, launching the calls, selecting the grant beneficiaries and signing grant contracts. The entrusted tasks also include activities linked with the implementation and financial management of the programmes, such as monitoring, evaluation, payments, recoveries, expenditure verification, ensuring internal audit, irregularity reporting, and the setup of appropriate anti-fraud measures.

Essential elements of the action

Grant – Call for proposal: EUR 3,480,000

a) The essential eligibility criteria:

The list of eligible actions (activities) is set in section 3.2 of the Annex 2 of the Commission Decision C(2014) 9307 of 11 December 2014. The following list is a summary indicating the main eligible actions/operations: improving public sewage and solid waste collection and processing systems; exchange of good practices between local authorities and environmentally friendly initiatives; joint environmental management of

⁶ <http://ec.europa.eu/transparency/regdoc/rep/3/2014/EN/3-2014-9421-EN-F1-1-ANNEX-1.PDF>

river banks and national parks; fight against illegal landfills; training for upgrading hospitality skills in the tourism sector, involving the regional education and private sector; promote and stimulate joint tourism products (for example: hiking and biking tours etc.) as well as (multi-sector) clusters in the tourism sector; support initiatives to preserve, restore and maintain natural, cultural and historical sites.

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, local governments and their institutions, 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 canterers including vocations and technical training institutions. Additional entities can be added if relevant to the programme.

- b) The essential selection criteria are financial and operational capacity of the applicant.
- c) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- d) Maximum rate of EU co-financing for grants under the calls is 85% of the eligible cost of the action.
- e) Indicative amount of the call(s):
EUR 3,480,000
- f) The responsible structures may decide to publish more than one call for proposals. Every call for proposals will have the same objectives, results, and 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 2018, 2019 and 2020 allocations with subsequent budget allocations.
- g) Indicative date for launch of the call(s) for proposals
Q3 2020 for the budgetary commitment of years 2018, 2019 and 2020 to be launched in one call for proposals.

3 BUDGET

(The tables in this section shall be based on the financial tables included in the cross-border programme in Annex 2)

2018				2019				2020				Total Financing Decision
	Union contribution*	Grant beneficiary/ies Co- financing**	Total expenditure		Union contribution	Grant beneficiary/ies Co-financing	Total expenditure		Union contribution	Grant beneficiary Co- financing	Total expenditure	
CBC operations	1,200,000	211, 764	1,411,764	CBC operations	1,200,000	211,764	1,411,764	CBC operations	1,080,000	190,588	1,270,588	3,480,000
in %	85	15	100		85	15	100		85	15	100	
TOTALS 2018	1,200,000	211,764	1,411,764	TOTALS 2019	1,200,000	211,764	1,411,764	TOTALS 2020	1,080,000	190,588	1,270,588	3,480,000

**The Union contribution has been calculated in relation to the eligible expenditure, which is based on the total eligible expenditure including public and private expenditure. The Union co-financing rate at the level of each thematic priority shall not be less than 20 % and not higher than 85 % of the eligible expenditure.*

***The co-financing of the thematic priorities will be provided by the grant beneficiaries. Grant beneficiaries should contribute with a minimum of 15 % of the total eligible cost of the project.*

4 PERFORMANCE MONITORING ARRANGEMENTS

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Country Strategy Paper.

The National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by the Joint Monitoring Committee, which will ensure a monitoring process at programme level.

The overall progress will be subject to evaluation which will take place following the implementation of activities.