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ANNEX

to the Commission Implementing Decision on the financing of the cross-border cooperation programme Montenegro – Kosovo* for 2021-2027

Action Document for: cross-border cooperation programme Montenegro – Kosovo for 2021-2027

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

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PROGRAMME SYNOPSIS

Basic Act	Instrument for Pre-accession Assistance (IPA III)
Programme title	Cross-border cooperation programme Montenegro-Kosovo for 2021-2027
OPSYS number	ACT-60805 2022 JAD.974967 2024 JAD.974968 2026 JAD.974971
Programming document	IPA III Programming Framework
Window	Window 5 Territorial and cross-border cooperation
Programme area	<i>Montenegro:</i> the municipalities of Andrijevica, Bar, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Podgorica, Rožaje, Tuzi and Ulcinj <i>Kosovo:</i> the municipalities of Pejë/Peć, Istog/Istok, Junik, Deçan/Dečani, Klinë/Klina, Gjakovë/Đakovica
Programme overall objective/impact	To promote good neighbourly relations, foster Union integration and contribute to social, economic and territorial development of the programme cross-border area by improving employment, labour mobility and social and cultural inclusion across borders; and developing sustainable tourism A stable, socially and economically developed cross-border region
Programme thematic clusters (TC) , thematic priorities (TP) and specific objectives/outcomes (SO) per thematic priority	<u>TP0: Technical Assistance</u> SO 1: To ensure the efficient, effective, transparent and timely implementation of the CBC programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the programme area <u>TC 1: Improved employment opportunities and Social Rights</u> TP 1: Employment, labour mobility and social and cultural inclusion across borders; SO 1.1: To Increase cross-border employment of youth and vulnerable people <u>TC 4: Improved business environment and competitiveness</u> TP 5: Tourism and cultural and natural heritage; SO 2.1: To boost sustainable tourism in the cross-border region <u>NB: The thematic cluster TC 5: Improved capacity of local and regional authorities to tackle local challenges will be mainstreamed. Beneficiaries' proposal for the mainstreaming of this thematic cluster is presented in Section 3.3 of this document.</u>
Sustainable Development Goals (SDGs)	<i>Main SDG:</i> - Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all In the framework of the implementation of the 7 years cross border cooperation programme, the operations selected will also contribute to the following SDGs:

	<ul style="list-style-type: none"> - Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all - Goal 5. Achieve gender equality and empower all women and girls - Goal 10. Reduce inequality within and among countries - Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable - Goal 13. Take urgent action to combat climate change and its impacts - Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
DAC code(s) ¹	<p>15110 – Government & Civil Society – General (10%)</p> <p>160 – Other Social Infrastructure & Services (40%)</p> <p>322 – Tourism (50%)</p> <p>Sub-codes 1 (10%): 15110 – Public sector policy and administrative management</p> <p>Sub-codes 2 (40%): 16010 – Social protection 16020 – Employment creation</p> <p>Sub-codes 3 (50%): 33210 – Tourism policy and administrative management</p>
BUDGET INFORMATION	
Budget Line	15.020300
Total cost 2021-2027	EUR 9 734 118
Total EU contribution 2021-2027	EUR 8 400 000
Yearly EU contribution	<p>For the year 2022 - EUR 2 400 000 For the year 2024 - EUR 3 600 000 For the year 2026 - EUR 2 400 000</p> <p>Subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p>

¹ DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab 'purpose codes' in the following document: www.oecd.org/dac/financing-sustainable-development/development-financestandards/dacandcrscodelists.htm

MANAGEMENT AND IMPLEMENTATION	
Method of Implementation	<p><i>For Operations:</i> Indirect Management by Montenegro</p> <p><i>For Technical Assistance</i> Direct management by the European Commission</p>
Responsible CBC structures/ relevant authorities in the IPA III participating countries ²	<p><i>In Montenegro:</i></p> <ul style="list-style-type: none"> - Government of Montenegro, European Integration Office (Managing Authority) - Ministry of Finance and Social Welfare of Montenegro, Directorate for Finance and Contracting of the EU Assistance Funds (Intermediate body for financial management) <p><i>In Kosovo:</i></p> <ul style="list-style-type: none"> - Ministry of Local Government Administration, Division for Cross-Border Cooperation and Division for Controlling of Cross-Border Cooperation Programmes
JTS/Antenna Offices of the joint technical secretariat (JTS)	JTS Main office: Podgorica, Montenegro Antenna office: Pristina, Kosovo
Final date for concluding <u>Financing Agreement</u>	For the budgetary commitment of 2022 at the latest by 31 December N+1
Final date for agreement (exchange of letters) of all parties on further yearly budget allocations for implementation of the Financing Agreement	<p>For the budgetary commitment of 2024 at the latest by 31 December N+1</p> <p>For the budgetary commitment of 2027 at the latest by 31 December N+1</p>
Final date for concluding <u>procurement and grant contracts</u>	3 years following the date of conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments) except for the cases provided for in Article 114 FR
Indicative operational implementation period	6 years following the date of conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments)
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments)

² Responsible structures and responsibilities will be defined in accordance with the IPA III legislative framework and corresponding Framework partnership Agreement and Financial Agreement.

LIST OF ACRONYMS

ADRION	Interreg V-B Adriatic-Ionian programme
CANU	Montenegrin Academy of Sciences and Arts
CB	Cross-border
CBC	Cross-border Cooperation
CEFTA	Central European Free Trade Agreement
CERN	European Organisation for Nuclear Research
COSME	EU programme for the Competitiveness of Small and Medium-sized Enterprises
COST	European Cooperation in Science and Technology
COVID-19	Coronavirus Disease 2019
CSOs	Civil Society Organizations
EIO	European Integration Office, Montenegro
ERASMUS	EU's programme to support education, training, youth and sport in Europe
EU	European Union
EUREKA	Publicly funded, intergovernmental network, involving over 40 countries
EUSAIR	EU Strategy for the Adriatic and Ionian Region
EUSDR	EU Strategy for the Danube Region
GDP	Gross Domestic Product
GEANT	Europe's Leading Collaboration on Network and e-Infrastructure Services
GVA	Gross Value Added
IAEA	International Atomic Energy Agency
ICT	Information and Communication Technology
IPA	Instrument for Pre-Accession Assistance
IPARD	Instrument for pre-accession assistance for rural development
JTF	Joint Task Force
JTS	Joint Technical Secretariat
KAS	Kosovo Agency of Statistics
KS	Kosovo
ME	Montenegro
MICS	Montenegro Multiple Indicator Cluster Survey
MLGA	Ministry of Local Government Administration, Kosovo
MMR	Monitoring and Reporting Mechanism
MoM	Minutes of The Meeting
MONSTAT	Statistical Office of Montenegro
NA	Not available
NGO	Non-governmental organisation
OS	CBC Structure (if the text refers to IPA II, Operating Structure)PPS Purchasing
Power Standard	
PESTLE	Political, Economic, Social, Technological, Legal, Environmental
RAE	Roma, Ashkali and Egyptians Communities
RYCO	Regional Youth Cooperation Office
SAA	Stabilisation and Association Agreement
SEECF	Southeast Europe Cooperation Process
SEE	South-Eastern Europe
SME	Small and Medium-Sized Enterprises
SWOT	Strengths, Weaknesses, Opportunities, Threats
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	UN Framework Convention on Climate Change
VET	Vocational Education and Training
WB	The Western Balkans:

1. PROGRAMME SUMMARY

The IPA cross-border cooperation programme between Montenegro and Kosovo will be implemented within the framework of the 2021-2027 EU Instrument for Pre-accession Assistance (IPA III). This programme supports cross-border cooperation with a view to promoting good

neighbourly relations, fostering Union integration and promoting socio-economic development through joint local and regional initiatives.

The legal provisions for its implementation are stipulated in the following pieces of legislation: Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III).

1.1. Summary of the Programme

Main findings

The IPA III CBC ME-KS programme is based on the findings of the existing situation of the area and on the SWOT analyses carried out. The needs which emerged from the analyses were then scrutinised in the light of their cross-border relevance and the possibilities the programme has in place to address those needs. While the analyses revealed a wider range of issues it is recognised that only part of them can be addressed within this CBC programme.

The cross-border region is dominated by rural areas and mountains. This rich environment and biodiversity provides, in turn, many possibilities to make joint use of these assets in a sustainable manner. It allows for joint tourism development and points to the need for a better promotion of the area internationally. Joint tourism activities as well as enhanced skill development are accordingly needed to improve the services and products in the region.

In addition, the unemployment rate remains high in both beneficiaries (particularly in Kosovo), with major gaps in the employment of women, youth and vulnerable groups. Statistics on youth unemployment points to the challenges of the education system and its ability to adapt to labour market needs. Moreover, to support the labour market there is a need to improve the capacity of stakeholders in the public and private sectors as well as a promoting a better understanding of each other and the different communities.

Challenges related to the labour market, vulnerable groups and social inclusion as well as business development need to be addressed in a joint way, in particular within growing economic sectors such as tourism and related sectors (e.g. agriculture, forestry, food processing). Social and labour market obstacles should be tackled in a more integrated manner and through joint actions that reduce barriers to labour market access on both sides of the border and which promote cooperation and skill development among youth, women and vulnerable groups. The improvement of the economic situation will in turn accelerate the attractiveness for foreign investments and tourism, and should also reduce illegal trafficking and black-market activities across the border.

The region also suffers from lack of CBC accessibility, virtually and by actual physical roads. Hence, improving the needed skills focused on upgrading virtual exchanges and attention given to enhancing the full socio-economic potential of Information and Communication Technology (ICT) can help to improve the prosperity in the programme area.

The involvement of local and regional authorities in all of the projects should also ensure cooperation between administrations across the border and enhance sustainability of project results.

Main areas of intervention

The selection of thematic priorities acknowledges the possibilities of a cross-border programme with a comparably lower budget than national infrastructure programmes usually provide.

The following thematic clusters/thematic priorities were chosen with focus on:

- TC 1.** Improved employment opportunities and social rights
 - TP1: Employment, labour mobility and social and cultural inclusion across borders
 - To Increase cross-border employment of youth and vulnerable people
- TC 4.** Improved business environment and competitiveness

TP5: Tourism and cultural and natural heritage

- To boost sustainable tourism in the cross-border region

The implementation of the IPA III ME-KS programme 2021 – 2017 assures that the main needs such as unemployment, lack of skills and capacities as well as the lack of cooperation among public authorities will be addressed in each CBC operation. By doing so, the programme aims to contribute to the economic, social and territorial development of the cross-border region. With the horizontal involvement of public authorities in all/most operations (based on their legal capacities), their capacity will be strengthened and they will be empowered to play an active role in supporting the above.

The programme structure follows the logic of the EU structural funds. The implementation of specific TCs and TPs will give local and regional authorities better understanding of the aim and objective of the EU structural funds for territorial cooperation. Implementing horizontal principles and cross-cutting issues should also raise understanding of the goals of territorial cooperation, namely: promoting reconciliation and confidence building among local communities in the border region through good neighbourly relations, sustainable partnerships for socio-economic development and/or the removal of obstacles to this development.

The support to be provided under this multi-annual action plan will directly contribute and create synergies with the priorities of the Economic and Investment Plan³ and the Green Agenda⁴ for the Western Balkans.

1.2. Preparation of the programme and involvement of the partners

The programming process spanned a period of 16 months, from end of April 2020 to July 2021. Preparations involving both operating structures (OSs) started in early May 2020 and continued until July 2021. In this period the programme document was revised three times.

This document is the result of close and intensive cooperation among institutions from both Montenegro and Kosovo. For its preparation and endorsement, stakeholders were frequently consulted and asked to provide information. It is noted that the communication process was to a some extent hampered by the COVID-19 crisis and that as a result it was mainly conducted online.

For the preparation of the programme a JTF was set up. Five JTS meetings were organised during this period. All meetings were held online due to the pandemic.

A stakeholder consultation process was carried out which substantially supported the elaboration of the programme. The questionnaires were dispatched by the Operating Structures of the programme. 38 stakeholders responded to the questionnaire (21 from Montenegro and 17 from Kosovo), including local authorities (municipalities) and other entities such as local development agencies, NGOs, professional or business associations, etc. The results are referred to throughout the programme document and are there to justify the selected thematic priorities.

In addition, a public consultation was conducted from 11 to 30 December 2020. The draft programme document was published on various webpages (European Integration Office, programme website, EU4ME ME4EU, Ministry of Local Government Administration of Kosovo, Facebook page of the MLGA). Comments were received from three organisations/institutions from Montenegro (municipality of Andrijevića; ADP-Zid NGO; Regional Development Agency for Bjelasica, Komovi and Prokletije). No comments were received from stakeholders in Kosovo. Most of the comments have been incorporated in the programme document.

Table 1.1: Table of meetings, important milestones and consultations

³ COM(2020) 641, 6.10.2020

⁴ SWD(2020) 223, 6.10.2020

Date	Activities and Scope
22 April 2020	A letter from the European Commission regarding IPA III and the start of the programming process was received by the NIPAC Offices
5 May 2020	Kick-off meeting between the ME OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan)
6 May 2020	Kick-off meeting between the KS OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan)
End of July - end of September 2020	Setting up of the Joint Task Force (JTF), consisting of stakeholders' representatives from Montenegro and Kosovo
30 July-7 August 2020	The JTS dispatched the questionnaires to the CBC stakeholders
1 September 2020	Mobilisation of the programming expert
6 October 2020	The aggregated answers from the questionnaires were delivered to the programming expert for analysis
13 October 2020	Webinar on strategy development and formulation for the members of the JTF from ME
15-16 October 2020	Webinar on strategy development and formulation for the members of the JTF from KS
28 October 2020	1st JTF meeting on the draft situation analysis
2-5 November 2020	Stakeholder consultation on the draft situation analysis with OSs from Montenegro and Kosovo (collection of comments)
9 November 2020	2nd JTF meeting on the situation/SWOT analyses and preliminary discussion on selection of TCs/TPs
15-19 November 2020	Stakeholder consultation on the situation analysis and preliminary discussion on selection of TCs/TPs with OSs from Montenegro and Kosovo (collection of comments)
20 November 2020	Consultative meeting between the two OSs on the selection of TCs/TPs
20 November 2020	3rd JTF meeting on the draft programme strategy
25 November-2 December 2020	Stakeholder consultation on the draft programme strategy with CBC stakeholders from Montenegro and Kosovo
3 December 2020	4th JTF meeting on the 1st draft of the programme strategy
7 December 2020	Submission of the 1 st draft of the programme document to the European Commission
11-30 December 2020	Public Consultation
12 March 2021	Coaching event on the intervention logic of the IPA III CBC programme ME-KS
25 March 2021	Coordination meeting on the comments received by the European Commission on the 1 st draft of the IPA III CBC programme ME-KS
26 March 2021	The NIPAC in Montenegro receives officially the European Commission comments on the submitted 1 st draft of the programme document
16 April 2021	Coordination meeting to discuss the 2 nd draft of the programme document
22 April 2021	5th JTF meeting on the 2 nd draft of the programme document
29 April 2021	Submission of the 2 nd draft of the programme document to the European Commission
8 June 2021	The DEU MNE shares the unofficial comments on the 2 nd draft
18 June 2021	Coordination meeting to discuss the 3 rd draft of the programme
21-25 June 2021	Written procedure for the adoption of the 3 rd draft of the programme document by the JTF
16 July 2021	Submission of the final draft of the programme document to the European Commission

2. PROGRAMME AREA

2.1. Situation Analysis

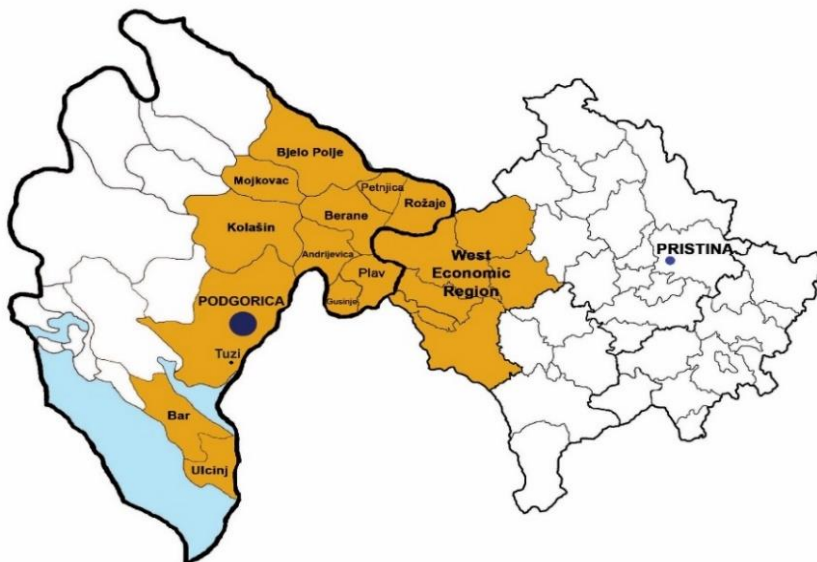
The situation analysis aims to explore the regional specificities of the programme area that will help to identify the most relevant thematic priorities and areas of intervention for the period 2021-2027.

2.1.1. Programme area

The programme area for the CBC programme Montenegro-Kosovo covers a territory of around 8 585 km² with a total population of about 716 110 inhabitants (KAS and MONSTAT estimations 2019)⁵. The territory of the programme area in Montenegro accounts for 73% as against 27% in Kosovo. The difference in total area (in km²) with the previous programming period arises from the establishment of three new municipalities in Montenegro during the period 2013 - 2018⁶.

The length of the border is 75.6 km. There are two border-crossing points with only one being currently in function and serving as a custom point in Kulla/Kula (on the road between Rožaje and Pejë/Peć) and the other one in Qakor/Čakor (on the road from Murino linking Plav and Pejë/Peć municipalities) that has been closed to traffic for nearly two decades.

Figure 2.1: Map of the Programme Area



Source: JTS of the programme

The eligible area in **Montenegro** consists of 13 municipalities including the capital city Podgorica and 12 main towns: Andrijevica, Bar, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Rožaje, Tuzi and Ulcinj. There are no administrative regions in Montenegro.

Kosovo has 38 municipalities, six of which are part of the programme area including the municipalities of Dečan/Dečani, Gjakova/Đakovica, Istog/Istok, Junik, Klinë/Klina and Pejë/Peć.

Table 2.1: The programme area

⁵ Programme area in Montenegro: 394 622 inhabitants; Programme area in Kosovo: 321 488 inhabitants

⁶ Amendments to the Law on Territorial Organization of Montenegro established the municipality of Petnjica in 2013, the municipality of Gusinje in 2014 and the municipality of Tuzi in 2018 (before part of Podgorica).

		Area (km²)	% of the total territory
Beneficiary	Montenegro (ME)	13 888	100%
Programme Area	Municipalities of Andrijevica, Bar, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Podgorica, Rožaje, Tuzi, Ulcinj	6 261	45 %
Beneficiary	Kosovo (KS)	10 905.25	100%
Programme area	Municipalities of Deçan/Dečani, Gjakova/Đakovica, Istog/Istok, Junik, Klinë/Klina, Pejë/Peć	2 324.4	21 %
Total programme area		8 585.4	ME: 73% KS: 27%

Source: MONSTAT (Statistical Yearbook, 2020), KAS (Statistical Yearbook, 2020)

Figure 2.1: Schematic presentation of the programme area characteristics



Source: Google maps

Six municipalities are directly on this specific part of border including Berane, Rožaje and Plav in Montenegro and Peja/Peć, Istog/Istok and Deçan/Dečani in Kosovo. The border line passes through the high mountain ranges of Bjeshkët e Nemuna/Prokletije (Accursed Mountains) and Hajla, also known as the Albanian Alps.

The programme area in Montenegro covers two coastal municipalities (Bar and Ulcinj) in the southern part of the country, the capital city Podgorica, the municipality of Tuzi and the north-eastern region, a mountainous area bordering with Kosovo, Serbia and Albania. In the east, the area is dominated by Prokletije and Hajla mountains adjacent to Albania and Kosovo. Mountain peaks reach up to 2 500 m and the territory is crossed by the rivers Lim, Morača and Tara. Another mountain range, Bjelasica, forms the centre of the northern part of the area.

Podgorica is located in the central part of Montenegro. Together with Tuzi municipality, it stretches to the northern shore of the Skadar Lake, the largest lake in the Balkans. The municipality of Bar, with the largest port in the country, is an important transport hub which serves as a key entry and exit point for large amounts of goods for Montenegro and its neighbouring countries.

The programme area in Kosovo borders Montenegro to the northwest, Albania to the southwest and Serbia to the north. It covers six municipalities and 314 settlements, with the municipality of Peja/Peć representing the centre of the region. The municipalities with the largest surface areas in the region are Peja/Peć and Gjakova/Đakovica. The area is covered largely by the Dukagjini/Metohija Plain that borders the Albanian Alps. The highest peak is Gjeravica/Đeravica (2 656 m) which is also the highest peak in Kosovo.

2.1.2. Governance

Montenegro and Kosovo are committed to become members of the European Union. Montenegro has obtained the candidate status and has opened 33 negotiating chapters, three of which are

provisionally closed. Kosovo has signed the Stabilisation and Association Agreement and is waiting to complete its visa liberalisation process. Ratification of the border demarcation agreement in 2018 was a key milestone regarding good neighbourly relations and cooperation.

In **Montenegro**, the local self-government legislative framework is in place and needs to be implemented. A new law on the financing of local self-government has also been adopted.

Kosovo is working on a new law on local finances. While municipalities have received more powers, it is assessed that they have insufficient resources and limited capacities to enforce laws, policies, and procedures. Harmonisation between local strategies and central level policies is also needed.

2.1.3. Economy

Montenegro and Kosovo represent the smallest economies in the Western Balkans in terms of GDP. While there are positive GDP growth rates, the unemployment rate remains high. GDP per capita in Montenegro (2019: EUR 7 960) is higher than in Kosovo (EUR 3 986), but significantly lower than the EU average (EUR 27 980). There is an uneven distribution of men's and women's contributions to the GDP due to a lower number of employed women and their employment in sectors with lower net wages.

In the eligible area in **Montenegro**, Podgorica is the economic and social centre, followed by the coastal municipalities of Bar and Ulcinj, which on the other hand rely heavily on tourism and seasonality. The northern region is the least developed area, with an unemployment rate up to nine times higher than in the coastal region. In **Kosovo**, Peja/Peć represents the economic centre of the area, being one of the richest cities. Gjakova/Đakovica is the second most important economic centre of the eligible area in Kosovo.

Sectoral and enterprise structure

In Montenegro, services, agriculture and manufacturing remain the main economic industries. Service industry is also key for the economy of Kosovo in terms of GDP, jobs and registered enterprises. Small and medium-sized enterprises (SMEs) remain the backbone of the economy. However, SMEs local development plans are missing in most municipalities in the region.

In the programme area, more than 99% of businesses are SMEs, mostly micro-enterprises. In **Montenegro**, support mechanisms are developed such as programmes for cluster development, business incubators, business zones and a strategy to improve SME innovation and competitiveness. In **Kosovo**, economic zones are established such as the industrial park and economic zone in Gjakova/Đakovica. A similar zone is envisaged to be established in Peja/Peć.

In both beneficiaries, business development remains constrained by weaknesses in the business environment, limited access to finance, red tape and informality (nearly 30% of GDP). Micro businesses and young businesses seem to be especially affected by the pandemic and are more often forced to stop their activity. The COVID-19 situation also seems to refrain businesses from making any investments and to possibly downsize their staff.

Tourism

Tourism represents a key driver of economic development, as also highlighted in various local, national and regional strategies and plans⁷. In **Montenegro**, the tourist services account for 80% of the total exports. Foreign tourists generate over 20% of the GDP. The eligible area contributed to 34% of tourist arrivals in 2019 (or 901 872 arrivals) and 32% of overnight stays (or 4 658 135 overnight stays). The two coastal municipalities and Podgorica welcome the highest number of tourists in the eligible area. The northern region reports a small number of tourists (MONSTAT 2020). **Kosovo**'s service exports are also dominated by tourism services, mainly offered to the diaspora. In 2019, the eligible area accounted for 25% of tourist arrivals (or 73 094) and 33% of

⁷The EU Economic and Investment Plan for the WB, Common Regional Market Action Plan for the Western Balkans 2021-2024; Charter on Good Neighbourly Relations, Stability, Security and Cooperation in SEE, etc.

overnight stays (or 163 226). Peja/Peć and Gjakova/Đakovica remain the most visited municipalities in the region (KAS 2020).

Considering its natural and cultural assets, the region has the potential to offer different types of tourism. The low number of tourists - particularly in mountain areas - stresses the need for improvement and diversification of the tourism offer and products. Initiatives are also needed to support the economic recovery after the pandemic and promote sustainable development.

Agriculture and forestry

Agricultural production and food processing represent a good opportunity for cross-border cooperation, especially in organic production. Several changes need to be addressed including fragmented agricultural production, outdated equipment, lack of diversified production, limited skills, etc. Forestry and wood processing are particularly developed in the northern region of Montenegro. Together with agriculture, they remain highly vulnerable to the climate change impact. Illegal logging remains a problem. Afforestation and reforestation activities shall be supported. Better management, monitoring and a more balanced use of forest resources are needed.

2.1.4. Labour market and education

In **Montenegro**, the unemployment rate stood at 15% in 2019, with major gap in the employment of women, youth and vulnerable groups. The northern region had the highest rate (36.3%) while the coastal region and Podgorica reported single-digit unemployment rates. In 2020, the labour market performance deteriorated due to the pandemic. The total unemployment rate reached up to 19%: 19.2% for women and 18.8% for men (see **Table 2.2**).

Education and training remain key reasons for (not) seeking work. Women make up around 44% of employed and active population, although they outnumber men as a percentage of educated population. Only 20% of them manage to reach managerial positions in companies.

Table 2.2: Unemployment rate by sex

Programme area	2019 (Total)	Quarter III 2020 (Total)	2019 (Female)	Quarter III 2020 (Female)	2019 (Male)	Quarter III 2020 (Male)
Montenegro (total)	15.1%	19%	15.7%	19.2%	14.7%	18.8%
i) Coastal region (Ulcinj, Bar, other coastal municipalities)	5.5%	NA	6%	NA	NA	NA
ii) Podgorica	7.6%	NA	7.9%	NA	NA	NA
iii) Northern region	36.3%	NA	40.4%	NA	NA	NA
Kosovo (total)	25.7%	24.6%	34.4%	33.1%	22.6%	21.5%

Source: MONSTAT Statistical Yearbook 2020; KAS Statistical Yearbook 2020, 2021

In **Kosovo**, the unemployment rate stood at 25.7% in 2019, being significantly higher among women. Data for 2020 show a slight decrease in the unemployment rate (24.6%) while it remains higher for women than men. These rates are expected to increase as a result of the pandemic. The mismatch between labour supply and demand is large due to the lack of access to and registration of jobseekers in employment offices. Labour market policies, pre-qualification schemes and vocational education and training programmes remain inadequate or underdeveloped. The outflow of educated and skilled workforce also poses serious challenges.

Self-employment occupies 18% of employed people in Montenegro compared to 79.4% of people who have the status of employees, with men being more involved than women, respectively 24.5% and 9.8% (MONSTAT 2020). Only 9.6% of companies are owned by women (Gender Equality Index 2019). Moreover, the culture that makes women accept a dependent role within the family is strong, even among young people.

In Kosovo, most women have the status of employees (2018: 80.6%) and only 13.8% being self-employed. Only 576 enterprises were owned/co-owned by women in the beginning of 2017. Key obstacles include limited access to finance, lack of entrepreneurial and financial skills and the perception of women about their lack of skill to manage a business.

On **youth unemployment**, the situation has improved in Montenegro but remains challenging at 22.3% (2019), being slightly higher for young men (22.5%) than for young women (21.9%). This high level of youth unemployment points to a skills mismatch and difficulties with entering the labour market. Despite some good measures implemented such as on-the-job learning, more efforts are needed to enhance tracer studies and address the discrepancy between education outcomes and skills sought in the labour market.

In Kosovo, the most pronounced unemployment rate is among **youth** (49.4% in 2019) especially for young women (60.3%) than young men (44.1%), although the number of female students in public and private universities has been higher than the number of male students for more than 10 years (KAS 2020). Demographic pressures, joblessness growth pattern, migration and difficulties of the education system to cope with the labour market needs are key factors in the precarious position of youth, especially in rural areas.

On **vocational education**, in Montenegro new educational programmes were included focused on the use of ICT. By 2024, employers are expected to take over the financing of second-grade dual education fees. Considering the COVID-19 impact, more efforts are needed to ensure that the teaching process and practical classes are effectively implemented and not interrupted. In Kosovo, the vocational education reform remains at an early stage, focusing mainly on analysing the situation in vocational education training (VET) schools. Further efforts should be made to establish and strengthen linkages between education and businesses.

2.1.5. Social

The population living in the programme area accounts for almost 18% of the total population of Kosovo (KAS estimations 2019: 321 488 inhabitants) and 63% of Montenegro (MONSTAT estimations mid-2019: 394 622).

In **Montenegro**, the population is relatively young and mostly living in urban areas (mainly in Podgorica). In the northern region, the population is mainly residing in rural areas. However, there is an increasing tendency of depopulation of rural areas. In **Kosovo**, the population is young and composed of various ethnicities. Most of the population live in rural areas.

The 2021 census is expected to reveal changes in the urban-rural and age distribution of the population in the programme area compared to the 2011 census due to migration.

Social issues

In Montenegro, **the at-risk-of-poverty rate** was 23.8% in 2018. The northern region reports the highest rate, 40%. The rate is the lowest for employed people while half of the poor are unemployed. In Kosovo, the share of population living below the poverty line has been decreasing but it is still high (2017: 18%). Inhabitants of rural areas and female-led households are disproportionately affected. People with tertiary education have lower chances of living in poverty.

On **vulnerable groups**, several strategies and programmes have been implemented or are under implementation. However, only some municipalities have local plans on Roma (e.g. Podgorica, Bar, Ulcinj, Gjakova/Đakovica, Klina). In Montenegro, 90% of Roma and Egyptian communities live in the conditions of material deprivation. Low educational level remains a key obstacle to their employment. In Kosovo, vulnerable groups and especially Roma, Ashkali and Egyptian communities remain in very poor economic conditions, with limited access to the labour market and education. The high level of out-of-pocket expenditures for health care is also a major concern due to a lack of a universal health coverage scheme. As regards their education, the drop-out rate may be especially high for RAE children that have been repatriated.

On **gender equality**, Montenegro still lags behind the EU countries. Likewise, women in Kosovo remain in an unfavourable position compared to men, especially in accessing the labour market and entrepreneurship. The pandemic restrictions had a major impact on sectors with high female employment shares (e.g. hospitality). The closure of schools and day-care centres also increased the domestic burden on women, who were more likely to reduce their working hours than men.

2.1.6. Infrastructure

Poor transport infrastructure is mostly worrying in remote areas. There is only one functional cross-border point between the two beneficiaries. While a second cross-border point could boost mobility and cooperation, this programme has limited financial capacity to substantially contribute to the realisation of such projects.

R&D investment remains low (2018: 0.5% of GDP in ME; 0.1% in KS), coming mostly from the public sector. Montenegro has adopted the 2019-2024 Smart Specialisation Strategy while Kosovo is at an early drafting stage.

2.1.7. Environment

In **Montenegro**, four of the five national parks (Biogradska Gora, Prokletije, Lake Skadar, Durmitor) and two nature parks (Komovi; Ulcinj) are located fully/partly in the eligible area⁸. The Ulcinj Salina nature park is part of the Ramsar list. **Kosovo** has 99 nature protected areas. 93.5% of total surface of protected areas belong to Bjeshkët e Nemuna/Prokletije national park (in the eligible area) and Sharri national park. The designation of Natura 2000 sites is at an early stage.

Further efforts are needed to ensure better water and sewage management, to address uncontrolled waste disposal, illegal landfills as well as deforestation due to uncontrolled logging. Investments need to comply with nature protection and water management requirements. The implementation of climate change mitigation and adaptation measures is also lacking behind.

2.2. Main findings

Economy

The economic development in the programme area relies significantly on foreign investments and trade. Services, and tourism in particular, agriculture and manufacturing remain the main economic industries. While trade and investments represent very broad areas to be addressed by a CBC programme, the programme will contribute to the economic development of the region by supporting actions in key economic sectors such as in tourism.

The private sector faces several challenges, such as red tape, a mismatch between education and labour market needs, limited access to finance and informality. As regards informality, it is an issue that requires complex measures and the involvement of various institutions. Hence, it cannot be substantially tackled within an IPA CBC programme. However, it must also be ensured that informalities do not occur when actions are implemented in the frame of the ME-KS programme.

Business development, cooperation and networking are important drivers to address the micro size of businesses in the area, particularly in sectors of common interest and potential such as in tourism. Harmonisation and synergies with other national and EU programmes such as COSME should be ensured when implementing actions related to SME development and cooperation.

Unemployment

The unemployment rate is significantly high in the northern region of Montenegro and most of the eligible area in Kosovo. The predominantly rural area of the region has limited employment opportunities, requiring relevant support in specific fields which would also reduce migration and ensure a more balanced development of the area. The high youth unemployment rates (especially in Kosovo) reveal the difficulties of the education system to cope with the labour market needs.

Considering that unemployment is strongly related to various interventions and covers a broad range of areas, the programme should focus on those areas with the highest impact in the border region. This is to a high extent related to tourism. Tourism and related sectors such as agriculture are of high relevance. Environmental protection and climate change are also important, particularly with regard to the development of capacities (e.g. in nature protection, etc.).

⁸Durmitor National Park (World Heritage Site); Biogradska Gora park, Ulcinj Old town (on the Tentative list)

Actions are also needed on the employment of youth, women and vulnerable groups, and promotion of self-employment. They should address intersectional inequalities, such as the needs of women and people with different abilities, ethnicities and those in rural areas. Youth employability should be supported, for example through temporary/seasonal work arrangements, internships and job-shadowing opportunities to prevent a “lost generation” due to COVID-19.

Labour market: skill mismatch and migration

Skill development is necessary and should be addressed, especially within the relevant thematic areas such as tourism and related topics such as environmental protection, agriculture, entrepreneurship and administrative aspects supporting these areas (e.g. digital exchange).

Migration is a common concern that can be in part addressed by creating new jobs and educational opportunities. While the programme may contribute somehow to reducing migration, other substantial actions are needed to improve the economic situation, especially in the northern region of Montenegro and in the eligible area in Kosovo. Skills development (e.g. ICT literacy) is a high priority for young people so to increase their employability and also to address migration. The lack of foreign language skills is also an obstacle that hampers employment. Overcoming language barriers is important to reduce mental barriers and accelerate joint actions of any kind.

Tourism and cultural heritage

Tourism is of high relevance for the programme. Several national and regional initiatives identify tourism as a strategic sector for spurring the long-term economic recovery of the region.⁹ Both Montenegro and Kosovo can benefit from cooperation to diversify and add value to their tourism offer and products and increase the number of tourists and their overnight stays. Joint actions could help to better promote the area internationally. Tourism can also produce spill-over effects in trade and investment, agriculture, valorisation of cultural heritage, business development and growth.

Several projects in this sector have been implemented (or are under implementation) on which future actions can build¹⁰. Synergies, complementarity and coordination with other programmes should be taken into account to better identify and tackle local needs.

Agriculture and forestry are also important for the programme area. Joint actions integrated into the activities related to tourism can be relevant such as natural heritage and its protection as well as the diversification of tourism products and services. In the context of rural tourism, complementarities between this programme and IPARD II, and IPARD III should be found with regard to operations supporting rural tourism and agricultural products to help diversify tourism products and services.

Social inclusion and health

Social inclusion of vulnerable groups remains necessary. Awareness raising and interventions (e.g. labour market measures) that address their needs are important. Know-how exchange and pilot actions related to the integration of vulnerable groups could help tackle some of their challenges, especially regarding employability. On healthcare, the CB relevance is relatively low considering that the healthcare system requires large investments and the CBC programme has limited financial capacity. However, activities related to tourism should consider measures to assure the safety of tourists and people involved in this sector (harmonised instructions, etc).

Environment

Environmental protection, waste management and climate change are of high CB relevance. Future actions can horizontally address these topics in the context of sustainable tourism development, employment and skill and business development. Future actions should also ensure alignment with the Green Agenda and the Economic and Investment Plan for the Western Balkans.

⁹ The EU Economic and Investment Plan for the Western Balkans; Common Regional Market Action Plan 2021-2024, Charter on Good Neighbourly Relations, Stability, Security and Cooperation in SEE, etc.

¹⁰ IPA CBC ME-KS 2014-20 projects, IPA multi-beneficiary projects 2014-20, UNDP projects on tourism etc.

Capacity building and cooperation of local authorities

Cooperation of local public authorities is a horizontal topic and must be integrated in all selected priorities. Joint actions should involve local authorities (based on their legal capacities) to assure better sustainability and to take up results after the projects are completed. Joint actions shall also help to reduce administrative obstacles, language barriers, etc.

COVID-19 pandemic impact

The pandemic is expected to have a severe economic impact. The weight of tourism has made the region highly vulnerable. Unregistered workers and vulnerable groups are also exposed to higher risks. Youth will be affected as the school-to-work transition is expected to be prolonged and be more difficult. Therefore, cooperation is needed to support the socio-economic development of the region. Tourism can be an engine for economic recovery and sustainable and inclusive growth. In addition, it is important to ensure that gender inequalities do not widen.

Lessons learned from the IPA I and IPA II CBC programmes

The evaluation of the 2007-2013 IPA CBC programmes suggests a more **in-depth analysis of the area**. Since data were mainly available at national level, questionnaires helped to gather local insights.

The mid-term review of the ME-KS programme 2014-2020 emphasises the **importance of IPA CBC programmes in tackling cross-border issues**. A **stronger link** between the objective of the new programme and the IPA III CBC objectives is particularly needed. The **cross-border dimension** should also be ensured when designing and implementing projects.¹¹

Since the IPA CBC programmes have limited budget, **only small-scale investments** are recommended. The review also stresses the need for **more projects targeting people with disabilities**, which the programme specifically addresses within TP 1.

Follow-up projects that take up the results of previous projects are necessary to avoid repetition and ensure sustainability and effective and efficient use of funds. The applicants should explicitly take into account the **sustainability of the proposed activities and outcomes** by considering how the outcomes will benefit the region after the operation has ended. The programme management should also follow up on impact and sustainability of the completed operations.

The COVID-19 impact also indicates that a **good risk management plan** must be conceived when designing the project and updated during implementation to mitigate risks and avoid delays.

Coherence and complementarity with previous and current operations should be ensured. The integration of some IPA programmes could be considered to reduce the administrative costs and avoid different programme rules in the same region. Coordination between JTSs of the IPA CBC programmes is necessary. While the CBC management structures seem to be functioning efficiently, the JMC's role should be improved and **the delay in the approval of operations** should be shortened.

3. PROGRAMME STRATEGY

3.1. Rationale - Justification for the selected intervention strategy

The **aim of the IPA III ME-KS programme 2021-2027** is to support cross-border cooperation, enhance trade and economic relations by fully implementing existing agreements with the Union, reducing regional imbalances (draft IPA III regulation Article 3, consolidated version 27.3.2019).

The CBC programme mainly addresses people rather than large infrastructure investments. It should improve cooperation among public authorities, other organisations and people to jointly

¹¹ ROM reports IPA CBC programme 2014-20; Mid-term review of the ME-KS programme 2014-20 (draft of January 2021)

address common challenges by mainly supporting joint capacity building activities as well as strategy development and pilot projects. While the analysis showed a number of challenges in the region, only a minor part of them can be tackled within this programme. Some them represent broad areas to be addressed by a CBC programme (e.g. informality, healthcare) or substantial efforts are needed that go beyond its limited budget.

Within the selected priorities, the programme can contribute to improving the socio-economic situation, especially in rural areas, by reinforcing the strengths and taking up the available opportunities. Considering the challenges of the region, a clear focus on those thematic areas which can be addressed by the 2021-2027 programme is needed, including the following:

- Enhancing **cooperation** among public authorities as well as other organisations to establish joint actions addressing common challenges;
- Adapting **skills and capacities** of youth, women and vulnerable groups to the labour market;
- Creating **job opportunities**, especially in rural areas (e.g. in rural tourism);
- **Better promoting** the mountain area internationally as a tourism attraction;
- **Improving tourism products and services**;
- **Building on existing projects** and combining results of different projects to ensure synergies;
- **Raising awareness** in terms of environmental protection for sustainable tourism.

Against this background, the following thematic priorities have been identified.

Table 3.1: Synthetic overview of the justification for selection of thematic priorities

Selected thematic priority/ies	Justification for selection
TP 1: Employment, labour mobility and social and cultural inclusion	<p>High unemployment rates and migration, especially in the northern region of Montenegro and in most of the eligible area in Kosovo.</p> <p>The mismatch between labour supply and demand is large. Cooperation, information sharing, capacity building and know-how exchange between the private sector and educational institutions, and between employment offices are needed.</p> <p>Gender gaps and low access of vulnerable groups to economic opportunities (especially REA communities) remains a challenge and requires specific attention.</p> <p>The high level of unemployment among young people (especially in Kosovo) reveals the difficulties of the education system and its outcomes to cope with the labour market needs.</p> <p>Low level of self-employment, especially among women stresses the need for better promotion of self-employment and people-to-people collaboration, and development of relevant skills.</p> <p>Ongoing/past projects, on which future projects can be built.</p> <p>Coherence with other regional/national/local strategies and initiatives that are relevant for the ME-KS programme. The programme can also support actions that contribute to the empowerment of women in line with the EU Gender Action Plan III.</p> <p>Alignment with the results of the questionnaires: Most of local authorities and legal entities in the region consider employment opportunities and social rights as a key area for establishing future CB cooperation, together with business development and competitiveness.</p>
TP5: Tourism and cultural and natural heritage	<p>The rich biodiversity of the programme area and its natural and cultural resources provide an excellent opportunity to promote sustainable tourism and to offer different types of tourism.</p> <p>Differences in tourist distribution and low number of tourists, especially in the mountain areas stress the need for improvement and</p>

	<p>diversification of the tourism offer. Tourism can also contribute to other sectors (e.g. agriculture, handicrafts etc).</p> <p>Ongoing and/or past projects on which future actions can be built.</p> <p>Coherence with other regional¹²/national/local strategies and initiatives which identify tourism as a key sector for economic development and cooperation.</p> <p>Alignment with the results of the questionnaires: Most of the local authorities and legal entities consider business development and competitiveness as a key area, with tourism, cultural and natural heritage being the main strengths for establishing future cooperation.</p> <p>Degradation of the environment represents a significant threat, affecting in particular the natural resources and the tourism sector. TP 5 allows for small-scale investment and better management of natural sites, and for mainstream activities to be implemented covering environmental protection and awareness raising.</p>
TP7: Promoting local and regional governance	Cross border cooperation among authorities has a high potential for improvement. Cooperation of local and regional authorities is a horizontal topic and must be integrated in all thematic priorities. Projects should involve local and public authorities to assure better sustainability and take up with results after project completion.

The **EU financial allocation** of the programme is divided as follows:

- Approximately **40%** shall be allocated to thematic priority 1. It is expected that this thematic priority will contribute to enhancing employment opportunities and entrepreneurship in the cross-border area. This thematic priority should address young people and vulnerable groups such as long-term unemployed, people with disabilities, unemployed women and marginalised ethnic minorities.
- Approximately **50%** shall be allocated to thematic priority 5. It is expected that this thematic priority will contribute to developing and promoting sustainable tourism in the cross-border area by supporting new and improved products/services, and by better integrating the cultural and natural heritage in the tourism offer.
- A maximum of **10%** of the programme allocation shall be used for technical assistance

3.2. Description of programme priorities

The IPA III Programming Framework contains the following indicators on the strategic objectives of IPA III CBC, common for all IPA III CBC programmes: :

Table 3.2: IPA III programming strategic indicators

IPA III strategic objectives for CBC	INDICATOR	Baseline (2021) ¹³	Target (2029)
Reconciliation, confidence building and good neighbourly relations	Number of organisations participating in cross-border networks/partnerships formed, disaggregated by type of organisation (special mention of women's associations)	101	200
	Number of organisations directly involved in the implementation of the projects, disaggregated by type of	247	400

¹²The EU Economic and Investment Plan for the WB; Common Regional Market Action Plan 2021-2024, Charter on Good Neighbourly Relations, Stability, Security and Cooperation in SEE, etc.

¹³ Baselines and target values have been revised following the collection of data until 31 March 2021

IPA III strategic objectives for CBC	INDICATOR	Baseline (2021) ¹³	Target (2029)
	organisation (special mention of women's associations)		
Economic, social and territorial development of border areas	Number of new jobs resulting from programme activities, disaggregated by sex and age of the new employees	152	300
	Number of new businesses established, disaggregated by sex and age of the owner	8 (25% women)	20 (30% women)
Capacity building of institutions at all levels	Number of organisations/institutions with increased capacities, disaggregated by the type of organisation (special mention of women's associations)	0	20 (at least 2 women's associations)

Programme beneficiaries will also report about these indicators in every annual implementation report. The regional monitoring system will help them in this task with the necessary data.

3.2.1. Thematic cluster : Improved employment opportunities and social rights

1 - Thematic priority 1: Employment, labour mobility and social and cultural inclusion

Specific objective 1.1 Increased cross-border employment of youth ¹⁴ and vulnerable people

This specific objective focuses on enhancing employment and self-employment opportunities in the cross-border area. Four types of actions and corresponding indicative actions are envisaged under this priority, which should be linked with national and regional strategies and plans.

- **Cross-border know-how and good practice exchange** among relevant stakeholders to address labour market issues with the following indicative actions:
 - cross-border exchange between local authorities addressing youth unemployment, and employment of vulnerable groups with new innovative solutions (e.g. apprenticeship, mentoring, on the job training, internship);
 - cross-border exchange between labour market institutions on the matters of improving the quality of their services for youth and vulnerable groups;
 - know-how and exchange of experience among stakeholders across the border on ICT skill development, languages, etc.
 - good practice exchange in vocational schools tailored to market needs in the region (e.g. ICT, agricultural production, food processing).
- **Joint strategy/action plan development** addressing the cross-border labour market access of young people and vulnerable groups. Indicative actions could be:
 - linking cross-border action plans with national strategies focusing on labour market development and skill development of youth and vulnerable groups;
 - joint action plans to improve the quality of labour market services and promote cross-border cooperation, specifically on vulnerable groups;
 - joint development of curricula and training plans addressing ICT literacy, language barriers, environmental protection, natural heritage, disaster management, etc;
 - joint elaboration of topics that can be addressed in vocational training and lifelong learning programmes to prepare youth and vulnerable groups for the labour market.
- **Joint actions including small-scale investments** with the following indicative actions:
 - joint events to support matching (e.g. between youth and business sector across the border), joint entrepreneurial events between young people across the border;
 - investment in equipment to support entrepreneurship and business development for young entrepreneurs;

¹⁴ Referring to Montenegro's Youth Strategy 2017–2021 and in accordance with the Youth Law (Art. 2), one person is legally considered as young person if he/she is between 15 and 30 years old. Kosovo's Youth Strategy 2019-2023 defines youth as the age cohort of 15-24. **For this CBC programme, youth are defined as young people between 15 and 29 years old**, enabling a better coverage of youth population in the region, and alignment with the Eurostat's definition (ec.europa.eu/eurostat/web/youth).

- introduction of good practices in vocational schools tailored to market needs;
- fostering cooperation between educational institutions and business entities (e.g. internships, apprenticeships);
- joint actions to support SMEs and enterprises to employ young people and vulnerable groups (e.g. developing mentoring programmes).
- **Training and skill development** with the following indicative actions:
 - training and skill development on ICT to boost the competitiveness of businesses in the cross-border area and facilitate their access to international markets;
 - training and development of entrepreneurial skills to increase the self-dependence of youth and vulnerable groups in the CB area (e.g. access to public procurement);
 - training and skill development to prepare young people for new/emerging markets and sectors such as circular economy in the cross-border area;
 - training and skill development to prepare young people for future challenges caused by climate change and its environmental consequences in the cross-border area (e.g. environmental protection, disaster management).

Results

- Result 1.1.1: The conditions for increased employability and self-employability of youth and vulnerable groups in the cross-border area are improved, linked with national and regional strategies and actions.

Target groups

- young people living in the cross-border area
- long-term unemployed people,
- people with disabilities,
- marginalised ethnic minorities,
- unemployed women.

Beneficiaries

- National authorities/institutions overseeing employment policies and social welfare policies
- Institutions and organisations responsible for providing social services
- Local governments represented in the programme area
- Local and regional development organisations/agencies
- Civil society organisations (CSOs)
- Youth organisations,
- Educational and research institutions and organisations
- Professional associations
- Social partners
- Business support organisations, self-employment promotion institutions

1 - Thematic cluster 1 - Improved employment opportunities and social rights						
Thematic priority 1: Employment, labour mobility and social and cultural inclusion			Indicators	Baseline value (2021)	Target value (2029)	Data source
Specific objective	Results	Types of activities (detailed description above)	Impact			
			Number of youth and people of vulnerable groups who found employment (disaggregated by sex and between youth and vulnerable group) ¹⁵	152 <i>(all youth, 21% women)</i>	200 <i>(30% youth, 30% women)</i>	Project reports Monitoring system
			Number of new businesses established (disaggregated by sex and age of the owner)	0	20 <i>(30% women)</i>	
SO 1.1. Increased cross-border employment of youth and vulnerable people	Result 1.1.1: The conditions for increased employability and self-employability of youth and vulnerable groups are improved in the cross-border area, linked with national and regional strategies and actions.	Joint strategy/action plan development Joint actions including small-scale investments Cross-border know-how and good practice exchange among relevant stakeholders to address labour market issues Training and skill development	Outcome			
			Number of joint strategies and action plans implemented by organisations	0	5	Project reports Monitoring system
			Percentage of vulnerable groups, youth and businesses claiming that the quality of new/upgraded services has been improved (disaggregated by sex and between youth and vulnerable group)	0	> 80%	survey
			Number of people with increased employment and self-employment competences and skills (on ICT, language, entrepreneurship, disaster management, environmental protection, etc.) disaggregated by sex and between youth and vulnerable group)	134 <i>(54% youth, 42% women)</i>	300 <i>(50% youth, 30% women)</i>	Monitoring, survey
			Output			
			Number of joint action plans developed addressing common problems in terms of youth/vulnerable group unemployment (disaggregated by sex and between youth and vulnerable group)	0	5	Project reports
			Number of new/improved joint local employment projects supporting youth and vulnerable groups	0	5	Project reports

¹⁵ Please note that the social categories 'youth' and 'women' can partially overlap; or in other words, that part of the young people are women, or the other way around, that part of the women benefiting from the operations will be young

1 - Thematic cluster 1 - Improved employment opportunities and social rights						
Thematic priority 1: Employment, labour mobility and social and cultural inclusion			Indicators	Baseline value (2021)	Target value (2029)	Data source
			Number of joint capacity building events organised (e.g. focused on digital technologies/ICT literacy, language, environmental protection, natural heritage, disaster management, etc.)	0	5	Project reports
			Number of participants among youth and vulnerable groups attending training and skill development activities (e.g. in ICT literacy, language, environmental protection, disaster management, etc) (disaggregated by sex and between youth and vulnerable group)	271 <i>(all youth, 25% women)</i>	500 <i>(50% youth, 30% women)</i>	Project reports
			Number of participants among youth and vulnerable groups attending training and skill development activities for establishing their own business (disaggregated by sex and between youth and vulnerable group)	0	100 <i>(50% youth, 30% women)</i>	Project reports
			Business start-up packs (equipment and supplies) provided to youth and vulnerable groups	0	50	Project reports
			Number of organisations participating in cross-border networks/partnerships formed under the programme	0	100	Project reports

3.2.2. Thematic cluster 4 - Improved business environment and competitiveness

2 - Thematic priority 5: Tourism and cultural and natural heritage

Specific objective 2.1. To boost sustainable tourism in the cross-border region

Specific objective 2.1 focuses on the joint development and promotion of sustainable tourism in the cross-border area by supporting new and improved products and services, and by better integrating cultural and natural heritage in sustainable tourism. It is important to assure that the integration of cultural and natural heritage and the boost of sustainable tourism follow a clear and strategic approach. People-to-people and institution-to-institution actions, cooperation and networking among actors shall be supported.

In this regard, four types of actions and corresponding indicative actions need to be addressed:

- **Joint planning, analysis and action plans** addressing sustainable tourism. Indicative actions are:

- alignment of cross-border sustainable tourism strategy with national strategies;
- strategic alignment of tourism activities with activities carried out under other programmes related to agriculture, environment and tourism;
- joint preparation of Visitor Management Action Plans, which should define the visitor capacity in the addressed areas;
- coordination among relevant organisations across the border to improve the planning and strategy development in this sector;
- joint analysis and feasibility study in order to identify type(s) of tourism offers and products that could be developed, based on joint comparative advantages;
- workshops identifying priority actions/activities for tourism development projects;
- joint studies on natural and/or cultural heritage sites to be improved.
- **Joint business development** in tourism and related sectors to improve and diversify the cross-border tourism offer in the region. Indicative actions are:
 - development of new models for tourism actors/SMEs promoting local products;
 - development of new, innovative and qualitative products/services in the tourism sector by taking into account the characteristics and potential of the CB region;
 - development of sustainable, circular and/or low-waste tourist products;
 - joint actions to involve local businesses and farmers in tourism services (e.g. organic food as new touristic products, wood products/souvenirs);
 - development of local bio products contributing to sustainable tourism;
 - small-scale investments to help local service providers upgrade their offer;
 - support for business start-ups with advice and mentoring in the field of tourism;
 - investment in facilities related to sustainable tourism;
 - investment in equipment for small business clusters relevant for sustainable tourism development;
 - joint actions in tourism related business (e.g. ICT, food and wood processing and packaging, joint market access, organic food production, women in business, joint producers' fairs, etc.);
 - matchmaking events for entrepreneurs.
- **Joint promotion activities** to make the cross-border region more visible. Indicative actions are:
 - organization of CBC partnership events for tourism service providers;
 - joint marketing solutions for local bio products/services contributing to sustainable tourism;
 - joint promotion of natural and cultural heritage sites;
 - support and promotion of intangible cultural heritage (history, tradition, recipes, etc)
 - development of innovative solutions (online digital tours, mapping, etc);
- **Joint training and skill development** to increase the capacity and know-how on sustainable tourism (aligned with projects within TP1). Indicative actions are:
 - skill development, know-how exchange and joint actions addressing sustainable tourism, including knowledge sharing and workshops for local stakeholders to integrate circular and sustainable principles in their products;
 - joint skill development activities (e.g. tourism management, language, digital skills particularly relevant for the tourism sector – aligned with projects within TP1).
 - curricula and training material for VET programmes for tourism enterprises in the programme area
- **Investment in cultural and national natural heritage** to better integrate it into sustainable tourism offers/services. Indicative actions are:
 - improvement of natural and cultural heritage sites – restauration;
 - improvement of services in cultural and natural heritage sites;
 - improvement of the monitoring system and management of cultural and natural heritage sites.

Results

- Result 2.1.1 Business competitiveness (products and services) in tourism related sectors is strengthened
- Result 2.1.2 Increased cross-border tourism integration of cultural and natural heritage.

Target groups

- people living in the border region, mostly in rural areas
- people struggling with unemployment
- development agencies
- professionals working in tourism organisations
- people working in agriculture and other sectors related to tourism

Beneficiaries

- Local governments represented in the programme area
- National authorities and institutions overseeing tourism, environmental, cultural policies
- Development organisations/agencies
- Business associations
- Tourism organisations
- Chambers of commerce and crafts
- Cooperatives/Associations of farmers
- Institutions in the fields of natural and cultural heritage, and environmental protection
- Educational, science and research institutions and organisations
- Civil society organisations (CSOs)

Thematic cluster 4 - Improved business environment and competitiveness						
TP5: Tourism and cultural and natural heritage			Indicators	Baseline value (2021)	Target value (2029)	Data source
Specific objective	Results	Types of activities (detailed description above)	Impact			
			Number of new jobs created in tourism and related sectors	0	150 (30% women)	Monitoring system
2.1. To boost sustainable tourism in the cross-border region	2.1.1. Business competitiveness (products and services) in tourism related sectors is strengthened	Joint business development in tourism and related sectors to improve and diversify the cross-border tourism offer in the region. Joint training and skill development to increase the capacity and know-how on sustainable tourism.	Outcome			
			Number of tourists using new/improved products/services/offers	0	7 000	Regional Monitoring System National/regional tourist agency statistics
			Number of people utilising the increased capacities in sustainable tourism	0	450	
			Output			
			Number of joint eco- and sustainable tourism product developed	1	9	Project reports
Number of new local products with tourism potential developed (organic food, wood products, souvenirs)	0	5	Project reports			

Thematic cluster 4 - Improved business environment and competitiveness						
TP5: Tourism and cultural and natural heritage			Indicators	Baseline value (2021)	Target value (2029)	Data source
			Number of participants attending training and skill development activities related to sustainable tourism (disaggregated by sex)	0	150	Project reports
			Number of new business established linked to sustainable tourism (disaggregated by sex of the owner)	8 (25% women)	15 (30% women)	Project reports
			Number of organisations participating in cross-border networks/ partnerships formed under the programme	101	200	Project reports
Result 2.1.2 Increase cross-border tourism integration of cultural and natural heritage	Joint planning, analysis and action plans addressing sustainable tourism. Joint promotion activities to make the cross-border region more visible. Investment in cultural and national natural heritage to better integrate it into sustainable tourism offers/services.	Outcome				
		Number of tourists in supported natural and cultural heritage sites ¹⁶	20 000	40 000	Regional Monitoring System National/regional tourist agency statistics	
		Output				
		Number of newly developed joint strategies/action plans addressing sustainable tourism including natural and cultural heritage	0	3	Project reports	
		Number of newly developed promotion activities (marketing, communication to the wider public)	0	5	Project reports	
		Number of joint projects to restore, protect and promote cultural heritage sites	0	5	Project reports	

¹⁶ The monitoring of this indicator will require that all operations under this result will have to set up or agree to set up a visitor management system/action plan in partnership with the managers of natural and cultural sites, no matter that the entry to those sites could be free of charge for part of the visitors.

Thematic cluster 4 - Improved business environment and competitiveness						
TP5: Tourism and cultural and natural heritage			Indicators	Baseline value (2021)	Target value (2029)	Data source
			Number of cultural and natural heritage sites upgraded	26	30	Project reports

3.2.3. Technical assistance

Technical assistance aims to ensure the efficient, effective, transparent and timely implementation of the 2021-2027 IPA III CBC programme as well as to raise awareness of the programme amongst central and local authorities, relevant organisations and citizens in general.

This priority also aims to reinforce the administrative capacity of the authorities and beneficiaries implementing the programme with the aim of improving ownership and sustainability of the programme and projects' results. The technical assistance allocation will be used to support the work of the Operating Structures (OS) and of the 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 JTS with its main office in the territory of Montenegro (Podgorica) and an antenna office in Kosovo (Pristina). The JTS will oversee the day-to-day management of the programme and will be reporting to the OSs and JMC.

Results:

- Enhanced administrative support to the Operating Structures and the Joint Monitoring Committee;
- Increased technical and administrative capacity for programme management and implementation;
- Visibility and publicity of the CBC programmes and their outcomes

Main target groups:

- Programme structures
- Potential applicants
- Grant beneficiaries
- Final beneficiaries
- General public

Main beneficiaries:

- Operating Structures
- Joint Monitoring Committee
- Local and regional authorities

3 - Technical assistance			Indicators	Baseline value (2021)	Target value (2029)	Data source
Specific objective	Results	Types of activities (examples)	Impact			
			Percentage of funds available under the programme that are contracted	54,63%	90%	AIR, Monitoring system
0.1. To ensure the efficient, effective, transparent and	0.1.1 The administrative capacity for CBC reinforced	<ul style="list-style-type: none"> • Establishment and functioning of the Joint Technical Secretariat and its 	Outcome			
			Percentage of JMC and OSs	90%	90%	AIR, MoM, Monitoring system

3 - Technical assistance			Indicators	Baseline value (2021)	Target value (2029)	Data source
timely implementation of the CBC programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the programme area		<ul style="list-style-type: none"> Antenna Organisation of JMS and OS meetings Support to the work of the Joint Task Force in charge of preparing the programme cycle 2028-2034 Monitoring of project and programme implementation, including the establishment of a monitoring system and related reporting Organisation of evaluation activities, analyses, surveys and/or background studies 	decisions ¹⁷ implemented in a timely manner (as prescribed in the minutes of meetings)			
			Percentage of projects covered by monitoring missions	100%	100%	AIR, Monitoring system, project reports
			Output			
			Number of JTS offices functional	2	2	AIR
			Number of events organized in relation to programme management	20	45	AIR, Monitoring system
	0.1.2. Potential applicants and grant beneficiaries supported	<ul style="list-style-type: none"> organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives preparation of internal and/or external manuals/handbooks assistance to potential applicants in partnership and project development (partners search forums etc.) advice to grant beneficiaries on project implementation 	Outcome			
			Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support	98,6%	90%	AIR, Monitoring system, project reports
			Output			
			Number of capacity building events for potential applicants, grant beneficiaries and programme structures' employees	40	75	AIR, project reports Monitoring system
			Number of internal/ external manuals or handbooks prepared	4	8	AIR and other reports

¹⁷ The decisions are any official decisions related to the programme/project implementation that fall under the scope of the responsibility of the JTS. The decisions would be related to anything and everything, like organisations of information/promotion events, implementation of ad-hoc monitoring missions, preparation of draft documents (e.g. related to TA grant application, or even CfP, if applicable), organisation of JMC or OSs coordination meetings, etc.

3 - Technical assistance			Indicators	Baseline value (2021)	Target value (2029)	Data source
		issues	Number of queries of grant beneficiaries resolved	571	1200	AIR and other reports
	0.1.3 The visibility of the programme and its outcomes is guaranteed	Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc.	Outcome			
			Number of people reached by information/promotion campaigns	2800	5600	AIR and other reports
			Output			
			Number of information/promotion campaigns implemented	6	12	AIR and other reports
			Number of promotional and visibility events organized	34	68	AIR and other reports
			Number of publications produced and disseminated	10	20	AIR and other reports

3.3. Horizontal and cross-cutting issues

3.3.1. Horizontal principles

Environmental protection, resource efficiency, climate change and risk management

As enshrined in the Guidelines for the Implementation of the Green Agenda in the WB and the Economic and Investment Plan for the WB, the programme will ensure full consistency with the green transition as an EU internal and external aid priority. The programme will mainstream in its operations an efficient use of resources by moving to a clean, circular economy, the restoration of biodiversity and the reduction of pollution.

Within the TP5, some activities may address environmental protection, climate change and risk management. Within the TP1, employment opportunities, education, capacity building related to environment protection and sustainable development shall be promoted. The programme will also emphasise environmentally friendly actions with specific selection criteria and specific focus during the assessment on the operation's environmental impact. The applicants should meet the requirements related to protection of the environment, public health, cultural heritage, and avoid impacts on the existing/planned ecological network (Emerald Network) sites.

Some indicative criteria could be as following:

- projects having potentially harmful effects on the environment will be excluded;
- projects having a positive impact will be preferred to those having neutral impact;
- projects contributing to better awareness on environmental issues will be supported;
- projects promoting employment opportunities, education, capacity building and other actions related to environment protection and sustainable development will be supported.

Projects should take measures to reduce negative environmental impacts, such as:

- use of online events, without compromising the quality and effectiveness of the actions;
- use and share of digital documents to the largest extent possible;
- raising awareness among partners, beneficiaries, target groups on environmental issues;
- implementation of activities with limited use of energy and natural resources.

To achieve the sustainability of the activities related to natural and cultural heritage, and an increase in the number of visitors, the project applications should foresee the preparation of Visitor Management Action Plans.

Call for proposals shall describe how to integrate these aspects in the project proposals. The programme bodies will also address this issue in relation to the implementation of their activities.

Equal opportunities and non-discrimination

Non-discrimination covers gender issues and any discrimination based on racial or ethnic origin, religion or belief, disability, age or sexual orientation. The ME-KS programme emphasises the importance of sharing knowledge and equal access to information. Special emphasis is put on supporting vulnerable groups with skill development and creating new jobs.

In particular, the selection process shall assess how far the principle of equal opportunity and non-discrimination is anchored in the joint projects submitted to evaluation, such as:

- needs and intended (and unintended) impact of the projects on different groups are considered (e.g. ethnic minorities, migrants, people with disabilities, etc.).
- equal opportunities and non-discrimination in project implementation are ensured;
- equal access to the project's outputs and benefits for the target groups and society.

Gender equality

The ME-KS programme supports the involvement of women, engaging women and men on equal footing in all its operations. In line with the EU Gender Action Plan III¹⁸, it aims to support actions

¹⁸ ec.europa.eu/international-partnerships/system/files/join-2020-17-final_en.pdf

that contribute to the empowerment of women, including women of vulnerable groups. The programme also contributes to the gender equality objectives set in various national strategies.¹⁹

The ME-KS programme shall put strong emphasis on gender equality with specific selection criteria in the application form and assessment focusing on how and where the project involves women and whether they are equally treated, and obstacles to their free and full participation in operations are removed. Sex-disaggregated indicators and statistics will be applied to monitor and evaluate the operations and the programme (e.g the number of women/men participating in projects; the number of women/men benefiting from funding, etc). The programme shall also support the involvement of a broad range of actors focused on women.

Good governance

The principle of good governance is ensured with the integrating of the TC5 into all specific objectives. This should ensure that local and regional authorities are involved in the implementation of all projects (in different roles) and also ensure the sustainability of project results. The programme will also contribute to improving the institutional capacity of local authorities for gender mainstreaming and raising awareness of gender equality.

3.3.2. Cross-cutting issues

Data and knowledge management

Due to transparency principles in CBC programmes, project partners are encouraged to make the data used or generated by the projects available to the public to ensure the promotion and visibility of project results to the largest extent possible.

Language barriers

The use of English language during the application and implementation of projects is considered by stakeholders as one of the obstacles to cross-border cooperation. Language barrier is also a key issue concerning better communication across the border. Therefore, measures should be taken to ensure that the stakeholders involved in projects as beneficiaries and/or participants have good access to information to overcome this difficulty (e.g. documents translated into national language, use of interpreters, etc.). The programme bodies will also address this issue when implementing their tasks and in their communication activities.

TC 5: Improved capacity of regional and local authorities to tackle local challenge (TP7: Governance, planning & administrative capacity building of local & regional authorities)

Local and regional authorities are important stakeholders of cross-border cooperation programmes. Their administrative capacity is a key element for the successful implementation of projects necessary for achieving the 2021-2027 CBC programme objectives. As the findings from the questionnaire showed, a key difficulty in engaging in CBC projects is the lack of managerial skills to handle EU-funded projects/contracts.

Mainstreaming to improve their capacity with a view of increasing and strengthening the participation of local and regional authorities in CBC will be dealt with at the level of CB operations and through activities to be implemented by OSs and JTS under the Technical Assistance priority.

At the **level of CBC operations**, the following may apply:

- Every application is encouraged to **involve regional and local authorities** in their development and future implementation and to describe how it is aligned to and contributes to local development plans, and ensuring that the projects address priority issues for local development and provide tangible solutions to citizens' problems.

¹⁹ ME: draft National Strategy for Gender Equality 2021–2025; Action Plan for Achieving Gender Equality 2017-2021; National Strategy of Sustainable Development 2030; KS: Programme for Gender Equality 2020–2024; National Development Strategy 2016-2021

- If so agreed, in some calls for proposals or within a specific lot of a call for proposals, **to include regional and local authorities in every CBC partnership of applicants.** For regions eligible to different CBC programmes, attention should be paid to avoid saturation. Such calls for proposals or lots within a call could receive, for example applications that have several local authorities as implementing partners (inter municipal cooperation), and most importantly, it should encourage partnerships with smaller, weaker, rural local authorities, by which, for instance, the main applicant (a larger municipality) will assist a smaller one, seconding staff to it, or receiving staffers for training purposes from those less developed municipalities (share of resources).

NB: If so decided, operations fully relying on staff of the regional and local authorities should be privileged, while reducing to a minimum the presence of external managers among the human resources of the project.

Under the **Technical Assistance priority**, the following may apply:

- **To review the specific needs and interests** of the regional and local authorities to increase their participation in CBC operations and based on findings, amend the JTS work plans as appropriate, including but not limited to the following: **to launch targeted awareness raising campaigns**, especially prior to the publication of calls of proposals; these campaigns will go in parallel with, and be reinforced by usual OSs/JTS activities such as **partner search forums, project clinics for unsuccessful applications, help desks** and **trainings** on preparation of CBC application organized for potential applicants, in which all types of potential applicants will also be included.

Measures envisaged in the programme to increase the capacity of regional and local authorities to tackle local challenges will also encompass the field of environmental governance.

3.4. Coherence with other programmes and macro regional strategies

European, regional, national and local strategies and programmes have been considered when elaborating the programme document. Complementarity and synergies with other forms of support and programmes should be focused on the benefit the cross-border cooperation between both Montenegro and Kosovo can bring over the programming period 2021 - 2027.

3.4.1. Macro-regional strategies

For the IPA III CBC ME-KS programme the following macro-regional strategies are relevant:

- EU Strategy for the Adriatic and Ionian Region (only ME), www.adriatic-ionian.eu/eusair
- EU Strategy for the Danube Region (only ME), danube-region.eu

Table 3.3: EU Strategy for the Adriatic and Ionian Region

Pillars	Specific objectives of IPA III CBC ME-KS
Pillar 4: Sustainable tourism	
Improving the quality and innovation of tourism offer and enhancing the sustainable and responsible tourism capacities of the tourism actors across the macro-region.	<p><i>5.1. To boost sustainable tourism in the cross-border region</i></p> <p>The TP5 is complementary to Pillar 4: Sustainable Tourism. The following flagships are agreed within this pillar: Development of the network of sustainable tourism businesses and clusters; Green mapping for the AI Region-Supporting development and market access for responsible and sustainable tourism destinations and Micro/SME operations in the EUSAIR region; R&D for improvement of SME's performance and growth/diversification; CULTOURAIR; Training and skills in the field of tourism, DES_AIR; Expanding the tourist season to all-year round; CRUSAIR; Development of sustainable and thematic cultural routes/connecting cultural routes; AIR cultural routes.</p>

Table 3.4: EU Strategy for the Danube Region

Pillars of the Danube region	Specific objectives of IPA CBC ME-KS
Policy area 3: Culture and Tourism Policy area 9: People and skills	<p>1.1 To enhance the access of youth and vulnerable groups to the labour market</p> <p>5.1. To boost sustainable tourism in the cross-border area</p> <p>Two EUSDR priority areas (PA) are particularly linked to the TPs selected for the ME-KS programme:</p> <ul style="list-style-type: none"> • PA "Culture & Tourism", which aims to promote culture and tourism, including the following actions: Action 1: Promote sustainable tourism and capitalise on EUSDR projects in the areas of culture, nature, tourism Action 3: Invest in sustainable quality products, services, innovative forms and infrastructure in the fields of tourism and culture, promote skills, education and creating jobs... Action 5: Promote and encourage the development of the cultural activities and creative sectors • PA9 "People and Skills", which aims to invest in people and skills including the following actions: Action 3: Integration of Vulnerable Groups into the Labour Market Action 4: Fighting Poverty and Promoting Social Inclusion for All

3.4.2. Other relevant strategies and programmes

Based on the objectives of the ME – KS programme and those of other national and EU strategies and programmes, synergies and complementarities should be found with respect to actions supporting sustainable tourism within the TP5 and improving the social and economic situation of youth and vulnerable groups within the TP1. Coordination between JTSs and authorities involved in these strategies/programmes is necessary to avoid overlapping, take up the results (where possible), and to enhance the impact of the programme at cross-border and national level.

Some relevant strategies and programmes for the IPA CBC ME–KS programme are as following:

EU and regional strategies/programmes: EU Economic and Investment Plan for the WB; Common Regional Market Action Plan 2021-2024; Charter on Good Neighbourly Relations, Stability, Security and Cooperation in South-Eastern Europe; Horizontal Facility for the WB and Turkey 2019-2022; EU Gender Action Plan III

National strategies/programmes:

- Montenegro: National Strategy for Sustainable Development 2020; Smart Specialisation Strategy 2019-2024; Economic Reform Programme 2019–2021; National Strategy for Gender Equality 2021 – 2025; Action Plan for Achieving Gender Equality 2017- 2021
- Kosovo: Strategy for Local Economic Development 2019-2023; Economic Reform Programme 2020–2022; Programme for Gender Equality 2020 – 2024

IPA CBC programmes:

- IPA III CBC ME-AL; IPA III CBC BA-ME; IPA III CBC RS-ME; IPA III CBC AL – KS

Interreg Transnational Programmes:

- Interreg Adrion Programme; Danube Transnational Programme (DTP); Interreg Med Programme; Interreg IT-ALB-ME Programme (Entire ME)
- Interreg CRO-BIH-ME Programme (ME: HercegNovi, Tivat, Kotor, Budva, Bar, Ulcinj, Cetinje, Danilovgrad, Podgorica, Nikšić)

Other EU programmes:

- Horizon Europe; ERASMUS + (entire ME and KS)
- COSME; Instrument for Pre-Accession Assistance for Rural Development Programme - IPARD II (entire ME)

3.5. Conditions and assumptions

An effective coordination and a strong ownership should be combined with the good will of the national authorities of the IPA III beneficiaries to friendly dispel and solve any dispute and/or misunderstanding affecting the smooth implementation of the programme. Governmental changes should have no impact in this respect.

As a necessary condition for the effective management of the programme, the participating beneficiaries shall establish a JMC and provide proper and functioning premises and staff for the head and antenna²⁰ offices of the JTS. Particular attention should be paid to create the necessary working conditions to ensure the continuity and professional development of staff in key functions within all management structures of the programme. The latter should strive to present the programme as a beneficial instrument for strengthening collaboration and exchanges among citizens of the eligible area.

Under indirect management by the IPA III beneficiary, the participating IPA III beneficiaries shall conclude for the whole duration of the programme a bilateral arrangement setting out their respective responsibilities for 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.

²⁰ In case this office is deemed necessary to be set up.

4. INDICATIVE BUDGET

A single 7-year Commission financing decision will be adopted, subject to the availability of budget appropriations for the respective financial years after the adoption of the budget or as provided for in the system of provisional twelfths

Table 4.1: Indicative financial allocations per year for the period 2021-2027

	IPA III CBC PROGRAMME Montenegro - Kosovo															
	Amounts in EUR															
	2021		2022		2023		2024		2025		2026		2027		Total (EUR)	
	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing
<i>Per type of activity</i>																
Operations	-	-	2 160 000	381 176	-	-	3 240 000	571 765	-	-	2 160 000	381 177	-	-	7 560 000	1 334 118
Technical Assistance (Direct Grant)	-	-	240 000	-	-	-	360 000	-	-	-	240 000	-	-	-	840 000	-
<i>Per method of implementation</i>																
Direct Management: Total Envelope for Grants **	N/A														840 000	-
Direct Management: Total Envelope for Procurements **	N/A														-	-
Indirect Management with the IPA III beneficiary: Total Envelope	-	-	2 160 000	381 176	-	-	3 240 000	571 765	-	-	2 160 000	381 177	-	-	7 560 000	1 334 118
GRAND TOTAL²¹	-	-	2 400 000	381 176	-	-	3 600 000	571 765	-	-	2 400 000	381 177	-	-	8 400 000	1 334 118

** Total Envelope for Grants; Total Envelope for Procurements - only the total budget for 2021-2027 needs to be filled in.

²¹ GRAND TOTAL from Tables 4.1 and 4.2 should be equal

Table 4.2: Indicative financial allocation per priority and rate of Union contribution (for the period 2021-2027)

CLUSTERS	PRIORITIES	IPA II CBC PROGRAMME Montenegro - Kosovo			
		European Union funding (EUR)	Co-financing (EUR)	Total (EUR)	Rate per Thematic Priority (%)
		(a)	(b)	(c) = (a)+(b)	(d) = (c)/(e)
TC 1: Improved employment opportunities and Social Rights	1) Thematic Priority 1: Employment, labour mobility and social and cultural inclusion across borders	3 360 000	592 941	3 952 941	40.6%
TC 4: Improved business environment and competitiveness	2) Thematic Priority 5: Tourism and cultural and natural heritage	4 200 000	741 177	4 941 177	50.8%
3) Technical Assistance		840 000	0.0	840 000	8.6%
GRAND TOTAL		8 400 000	1 334 118	9 734 118	100%

The European Union contribution at the level of thematic priority shall not exceed the ceiling of 85% of the eligible expenditure. The co-financing will be provided by the final grant beneficiaries. The amount dedicated to technical assistance shall be limited to 10% of the total amount allocated to the programme. For technical assistance, the Union co-financing rate shall be 100%.

5. IMPLEMENTATION ARRANGEMENTS

5.1. Financing agreement

In order to implement this programme, it is envisaged to conclude a financing agreement between the European Commission, Montenegro and Kosovo.

5.2. Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 6 years from the date of entry into force of the financing agreement, or from the date in which the exchange of letters is agreed upon for all subsequent yearly allocations.

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

5.3. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²².

5.3.1 Operations

Indirect management with Montenegro

The operations part of this action will be implemented under indirect management by Montenegro. Montenegro will host the managing authority and the intermediate body for financial management. The managing authority shall be responsible for the overall management of the programme, and shall designate intermediate bodies.

Subject to the finalisation of the IPA III legal framework, the managing authority responsible for the execution of the action in all participating beneficiaries is the Government of Montenegro – European Integration Office (EIO) . The CBC structures established under IPA III legal framework in Montenegro and in Kosovo shall co-operate closely in all tasks of mutual interest relating to the programming and implementation of the programme.

Budget implementation tasks such as calls for tenders, calls for proposals, contracting, contract management, payments and revenue operations, shall be entrusted to the following intermediate body for financial management: Ministry of Finance and Social Welfare, Directorate for Finance and Contracting of the EU Assistance Funds (CFCU). It shall ensure legality and regularity of expenditure.

Calls for Proposal- Grants

a) Purpose of the grants:

²² www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

The grants selected through calls for proposals during the seven-year period will contribute to the specific objectives and results under each thematic priority in section 3.2.

b) Type of applicants targeted:

The beneficiaries shall be legal entities, local authorities, public bodies, NGOs, economic actors such as SMEs, profit, or non-profit organisations.

The applicants shall be established in an IPA III beneficiary participating in the CBC programme.

Potential key beneficiaries as specified in section 3.2 could be: local governments and their institutions; development agencies, national institutions overseeing employment policies and social welfare policies, educational institutions; bureaus of education and vocational education centres, organizations involved in education; licensed youth and adult education providers; youth organisations, tourism organisations at national/local level, chambers of commerce, crafts, business associations, clusters, association of farmers; institutions in the field of natural/cultural heritage; organisations (including CSOs)/institutions for nature protection and climate change.

5.3.2 Technical Assistance (Direct Grants)

The technical Assistance priority will be implemented in Direct Management through Direct grants made during the duration of the programme.

The grants will be awarded for the implementation of the thematic priority technical assistance under this programme. Under the responsibility of the Commission's authorising officer responsible, the grants may be awarded without a call for proposals to the Government of Montenegro-European Integration Office, as lead partner, and the public institution hosting the CBC structure Kosovo as co-beneficiary.

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

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Government of Montenegro-European Integration Office.

5.4. Programme Management Structure

The description of the programme management structures with the list of their main responsibilities and tasks in programme preparation, implementation and management (i.e. NIPAC, NAO, Management Structure, CBC Structures, Managing Authority, Audit Authority, the Intermediate Body for Financial Management, JMC, JTS) is presented under the Financial Framework Partnership Agreement and/or Financing Agreements.

In addition to these Agreements, the Beneficiaries shall conclude for the whole duration of the cross-border cooperation programme a bilateral arrangement setting out their respective responsibilities for implementing the relevant cross-border cooperation programme in accordance with the provisions laid down in the Financial Framework Partnership Agreement.

5.5. Project development and selection and implementation

For the majority of interventions, this Programme will be implemented through public calls for proposals (CfP) to be launched covering one or more thematic priorities or specific

objectives/outcomes. The JMC will be responsible for identifying the thematic priorities, specific objectives/outcomes, results/outputs, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission. The responsible authorities in the participating beneficiaries will ensure full transparency in the process and access to a wide range of public and non-public legal entities.

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. The JMC, as the body monitoring the performance of the programme, will review, before the publication of the calls for proposals (and the definition of the tendering documents, e.g, the guidelines for applicants), the progress of programme indicators to the date. The selection of TPs, specific objectives and results of all calls for proposals other than the first one under the programme will be based on that progress of performance. The publication and strategic orientation of every call for proposals will be coordinated with the plans of other programmes in order to increase synergies and avoid double funding.

JMC decisions may also consider the recommendations stemming from consultations held with stakeholders at local and national level.

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 (a maximum of 30-35%) to one or more strategic projects, within the Thematic cluster and thematic priorities identified, and within the limits set out in the Programming Framework. 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. The Commission will carry out an assessment of their relevance and maturity. 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.

5.6. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

6. REPORTING, MONITORING AND EVALUATION

The description of the programme reporting, monitoring and evaluation requirements and modalities is presented under the Financial Framework Partnership Agreement/or Financing Agreements.

7. INFORMATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by: providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the public administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations. The European Commission and the EU Delegations should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

The design and implementation of the communication and visibility measures shall be the responsibility of the CBC Structures. The latter, assisted by the JTS, will present the communication strategy with a detailed information and visibility plan to the JMC.

8. SUSTAINABILITY

The sustainability of outcomes and outputs delivered under the action requires a commitment from the national authorities involved in the management of the programme. Respecting the provisions of the legal framework applicable to CBC between IPA III Beneficiaries, the authorities commit to ensure, as far as possible, the necessary financial and institutional resources, including the relevant seasoned staff, for making the implementation of the programme a success story. As a fundamental sign of responsibility, they will pay especial attention to create the necessary conditions for securing the continuity of staff in essential functions and institutions as a way to guarantee the smooth performance of the programme.

Sustainability at operation level equally plays a crucial role. Every operation should have a tangible impact on its target groups at cross-border level. Sustainability should be embedded in every application, showing how the expected outcomes will benefit the region even after the operation might have ended. In every call for proposals, one of the award criteria is sustainability as shown in Section 5 of the evaluation grid for full applications. Operations that cannot demonstrate that they will intensify neighbourly relations, create cross-border partnerships for social, territorial or economic development and/or remove cross-border obstacles to sustainable development, are very unlikely to have tangible outcomes, multiplier effects or long-term impact in a cross-border perspective, and hence should be excluded from funding, irrespective of any other merits.