



Brussels, 22.7.2015
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COMMISSION IMPLEMENTING DECISION

of 22.7.2015

**adopting a Cross-border cooperation action Programme Serbia – Montenegro for the
years 2015, 2016, 2017**

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures of the implementation of the Union's instruments for financing external action¹ and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002² and in particular Article 84(2) thereof,

Whereas:

- (1) Regulation (EU) No 231/2014³ lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex I to that Regulation.
- (2) In accordance with Article 7 of the Regulation (EU) No 231/2014 the assistance should be implemented through annual or multi-annual programmes, country specific or multi-country programmes, as well as cross-border cooperation programmes. These programmes should be drawn up in accordance with the Regulation (EU) No 231/2014 and the relevant country or multi-country indicative strategy papers referred to in Article 6 of that Regulation.
- (3) In accordance with Article 6(3) of Regulation (EU) No 236/2014, the Commission may adopt multi-annual action programmes for a period of up to three years in the case of recurrent actions. For years other than the initial commitment year (2015), the commitments are indicative and depend on the future annual budgets of the Union.
- (4) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex I to Regulation (EU) No 231/2014. The Commission adopted an indicative multi-country strategy paper for 2014 – 2020 on 30 June 2014 which provides indicative allocations for the 2014-2020 territorial cooperation programmes⁴.
- (5) The cross-border cooperation programme between Serbia and Montenegro for the period 2014-2020, approved through Commission Decision C(2014) 9423 of 10 December 2014 provides the framework for the adoption of the cross-border

¹ OJ L 77, 15.03.2014, p. 95.

² OJ L 298, 26.10.2012, p.1.

³ Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), OJ L 77, 15.03.2014, p. 11.

⁴ C(2014) 4293 of 30.06.2014.

cooperation action programmes and sets out the indicative allocations for the period 2014-2020 without constituting a financial commitment itself⁵.

- (6) The cross-border cooperation action Programme Serbia-Montenegro for the years 2015-2017It aims at providing assistance for cross-border cooperation in the following thematic priorities: 1) Promoting employment, labour mobility and social and cultural inclusion across the border; 2) Protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management; and, 3) Encouraging tourism and cultural and natural heritage.
- (7) It is necessary to adopt a financing decision, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012.⁶
- (8) The Commission should be able to entrust budget-implementation tasks under indirect management to Serbia, subject to the conclusion of a Financing Agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012 and first subparagraph of Article 14(3) of the Implementing Regulation (EU) No 447/2014, the authorising officer responsible needs to ensure that the entrusted entity guarantees a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012, when the Commission manages Union funds.

The entrusted entity is currently undergoing a complementary assessment of its systems and procedures. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entity's positive assessment under Council Regulation (EC, Euratom) No 1605/2002⁷ and Commission Regulation (EC) No 718/2007⁸ and the entity's present compliance with the requirements of points (a) to (d) of Article 60(2) of Regulation (EC, Euratom) No 966/2012, budget implementation tasks can be entrusted to this entity. In accordance with Article 60(1)(c) of Regulation (EC, Euratom) No 966/2012, the authorising officer responsible needs to ensure that measures are taken to supervise and support the implementation of the entrusted tasks. A description of these measures and the entrusted tasks are laid down in the Annex to the Decision.

- (9) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.
- (10) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.

⁵ Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for Implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II) , OJ L 132, 3.5.2014, p. 32.

⁶ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, OJ L 362, 31.12.2012, p. 1.

⁷ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1).

⁸ Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA), OJ L 170, 29.6.2007, p.1.

(11) The action programme provided for by this Decision is in accordance with the opinion of the IPA II Committee set up by Article 13 of the Regulation (EU) No 231/2014,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The cross-border cooperation action programme between Serbia – Montenegro under the Instrument for Pre-accession Assistance (IPA II) for the years 2015, 2016 and 2017 as set out in Annex 1, is hereby approved.

Article 2

Financial contribution

The maximum amount of the European Union contribution for the implementation of the cross-border cooperation action programme Serbia - Montenegro under the Instrument for Pre-accession Assistance (IPA II) referred to in Article 1 is set at EUR 3,240,000.00,

EUR 1,200,000.00 to be financed from budget line 22.02.04.01 of the general budget of the EU for year 2015.

EUR 1,200,000.00 to be financed from budget line 22.02.04.01 of the general budget of the EU for year 2016.

EUR 840,000.00 to be financed from budget line 22.02.04.01 of the general budget of the EU for year 2017.

The implementation of this Decision is subject to the availability of the appropriations provided for in the draft budget for years 2016 and 2017, after the adoption of the general budget for that financial year or as provided for in the system of provisional twelfths.

The financial contribution referred to in the first sub-paragraph may also cover interest due for late payment.

Article 3

Implementation modalities

This programme shall be implemented by indirect management.

The budget implementation tasks under indirect management may be entrusted to Serbia subject to the conclusion of the relevant agreements.

A Financing Agreement shall be concluded between the Commission and the Governments of Serbia and Montenegro in conformity with the Framework Agreements concluded between the Commission and Serbia and Montenegro respectively.

Article 4

Non-substantial changes

The following changes shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions:

- (a) increases or decreases for not more than 20% of the maximum contribution set in the first paragraph of Article 2, and not exceeding EUR 10 million;
- (b) cumulated reassignments of funds between specific actions within each budgetary year not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;
- (c) extensions of the implementation and closure period;
- (d) within the limits of 20% referred to in points (a) and (b) above, up to 5% of the contribution referred to in the first paragraph of Article 2 of this financing decision may serve to finance actions which were not foreseeable at the time the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 22.7.2015

For the Commission
Johannes HAHN
Member of the Commission

ANNEX 1

CROSS-BORDER COOPERATION ACTION PROGRAMME SERBIA – MONTENEGRO FOR THE YEARS 2015, 2016 AND 2017

1 IDENTIFICATION

Beneficiaries	Serbia and Montenegro
CRIS/ABAC Commitment references Union Contribution Budget line	<p>IPA/2015/038-203 EUR 1,200,000.00 BGUE-B2015-22.020401</p> <p>IPA/2016/038-204 EUR 1,200,000.00 BGUE-B2016-22.020401</p> <p>IPA/2017/038-205 EUR 840,000.00 BGUE-B2017-22.020401</p>
Management mode Responsible Structures	<p>Indirect management by the Republic of Serbia</p> <p>The Operating Structure responsible for the execution of the operations is: Serbian European Integration Office – Sector for Cross-border and transnational programmes</p> <p>The Contracting Authority is the Department for Contracting and Financing of EU funded projects (CFCU) at the Ministry of Finance</p> <p>The partner Operating Structure in Montenegro is: National IPA Coordinator (NIPAC); Ministry for European Integration.</p>
Final date for concluding <u>Financing Agreement(s)</u> with the IPA II beneficiary countries (tripartite)	<p>For the budgetary commitment of year 2015: at the latest by 31 December 2016.</p> <p>For the budgetary commitment of year 2016: at the latest by 31 December 2017.</p> <p>For the budgetary commitment of year 2017: at the latest by 31 December 2018.</p>
Final date for concluding <u>procurement and grant</u>	3 years following the date of conclusion of the Financing Agreement (signature of the last party)

<u>contracts</u>	with the exception of the cases listed under Article 189(2) Financial Regulation
Final date for operational implementation	6 years following the date of conclusion of the Financing Agreement (signature of the last party)
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed) after the acceptance of the accounts	12 years following the conclusion of the Financing Agreement (signature of the last party)
Programming Unit	DG NEAR – Dir. D, Unit D2 - Serbia
Implementing Unit/ EU Delegation	EU Delegation in Serbia

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 OVERVIEW OF THE 2014-2020 CROSS-BORDER COOPERATION PROGRAMME AND THE 2015-2017 CBC ACTION PROGRAMME

The 2014-2020 CBC programme Serbia-Montenegro was approved by Commission Implementing Decision C(2014) 9423 of 10 December 2014. The adopted 2014-2020 programme constitutes the CBC cooperation strategy for the border region, setting out among others the list of geographical eligible areas, the area context, the programme thematic priorities and the indicative budget allocations for the 7 years period.

The 2014-2020 CBC programmes also serve as a reference for the adoption of the CBC action programmes. The 2015-2017 CBC action programme aims at providing assistance for cross-border cooperation in the thematic areas spelled out in the 2014-2020 programme (as indicated in section 2.2).

- List of geographical eligible areas

In Montenegro, the eligible areas are: Andrijevica, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Pljevlja, Plužine, Rožaje, Šavnik; and, Žabljak.

In Serbia, the eligible areas are: Nova Varoš, Priboj, Prijepolje, Sjenica (Zlatiborski district), Kraljevo, Novi Pazar, Raška, Tutin, Vrnjačka Banja (Raški district); and, Ivanjica (Moravički district).

- Cross-border cooperation (CBC) eligible area context

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

Increasing employability and generation of sustainable jobs

Generation of sustainable jobs is the main economic and social challenge for the programme area. The young people are the most vulnerable. Youth unemployment is caused by the mismatch between the education and the labour market needs, a high share of young people with no qualifications, lack of jobs in general and the high share of the grey economy.

Protecting the environment

Effective waste management and wastewater treatment are the key environmental challenges. Waste generated by the population living in villages and small settlements is to a large extent not collected due to lack of services and is disposed on illegal dumpsites. Water pollution is also a threat to the area. Discharge of communal and industrial wastewater into natural water flows is done with almost no treatment. An additional problem is the lack of pre-treatment of industrial wastewater discharged into the public sewage systems and a low level of residential connection to the sewerage.

The programme territory includes areas exposed to the risk of floods, fires, earthquakes and landslides. The risk of fires is particularly acute along the border. Joint risk prevention and mitigations measures are of strategic importance, especially with a view of the recent disasters (floods, fires).

Valorisation of natural and cultural assets of the programme area

The programme area has well preserved environment and significant surface under protection. The eligible areas contain four national parks, which are important assets for sustainable

tourism development and have potential to improve the income of the people living within and nearby.

The programme area is also one of the most culturally diverse areas in the Balkan region. It is known for its cultural heritage of national and international importance. It is known for some important monasteries, churches, and mosques. Access to cultural offer in the eligible area varies especially with a view of the urban and rural area. There is generally good coverage of the area with libraries, while other offer such as theatre or concert halls is rare. Each of the municipalities is known for a specific cultural event or festival. There are over 100 events taking place in the area every year.

Based on the above analysis results, thematic priorities and definition of programme strategy have been guided by the following principles:

- Promoting the integration of the programme area;
 - Building on strengths and potentials to seize the most relevant opportunities;
 - Mitigating the most relevant weaknesses and minimising threats;
 - Creating synergies and value added in addressing common needs and challenges by cross border cooperation;
 - Building on the objectives and actions set up by the two macro-regional Strategies where both Serbia and Montenegro are members: the EU Strategy for the Danube Region and the EU Strategy for the Adriatic and Ionian Region;
 - Respecting specificities within the programme area;
 - Promoting sustainable, innovative and inclusive development of the regions aiming at better quality of life for the people;
 - Complementing national, EU and other donors programme; and,
 - Building on the past experience and aiming at improving the effectiveness of partnerships, feasibility of implementation and the quality and sustainability of results.
- Overview of past and on-going CBC experience including lessons learned
- Serbia and Montenegro benefited from Cross-Border Cooperation Programme under IPA I for a total amount of EUR 8.4 million for the period 2007-2013. Evaluations and audits have been carried out as well as monitoring activities. Key recommendations from interim evaluations and audits on the 2007-2013 CBC programmes have been taken on board in the development of this programme. Thus, the 2014-2020 CBC programmes are more focused as regards the number of thematic priorities addressed and the geographical eligibility, which will help to achieve better results and increased impact. Additionally the implementation of the CBC programmes has been simplified mainly by having a single contracting authority and a single financial envelope per programme. Moreover the Programme should build on the precise features and actions defined by both countries, Serbia and Montenegro, in the framework of the EU Adriatic and Ionian macro-regional Strategy (COM(2014) 357 on the EU Strategy for the Adriatic and Ionian Region), as well as, the EU Danube macro-regional Strategy (COM(2010) 715 on the EU Strategy for the Danube Region).

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

Action 1	Cross-Border Cooperation Operations	EUR 3,240,000
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(1) Description of the action, objective, expected results

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

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

- promoting employment, labour mobility and social and cultural inclusion across borders through, inter alia: integrating cross-border labour markets, including cross-border mobility; joint local employment initiatives; information and advisory services and joint training; gender equality; equal opportunities; integration of immigrants' communities and vulnerable groups; investment in public employment services; and supporting investment in public health and social services.
- protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness.
- encouraging tourism and cultural and natural heritage.

Where applicable, the actions related to the aforementioned objectives as developed in the Action Plan of the Adriatic and Ionian macro-regional strategy and the EU Strategy for the Danube Region where both countries participate shall be taken into account.

Expected results:

Employment, labour mobility and social and cultural inclusion:

- Improved knowledge, skills and competence, and work experience of unemployed and employed persons to better adjust to the needs of the labour market and to exploit the employment potential in perspective sectors;
- Increased access to social and cultural services for vulnerable/excluded groups.

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

- Improved capacities of the municipalities and public utility companies for effective and efficient waste management and wastewater treatment; and,
- Better awareness of the inhabitants and industry on the importance of preserving the environment and nature;
- Increased capacities for joint management of nature resources; and,
- Improved level of emergency preparedness and joint risk management

Tourism and cultural and natural heritage

- Joint tourism offers and products enhanced through valorisation of natural and cultural potentials; and,
- Complementary products and services developed through complemented, upgraded and diversified tourism offers.

The 2015-2017 CBC Action Programme will contribute to the achievement of the overall objectives and expected results as defined in the 2014-2020 CBC programme. For further details see section 3.2 of the 2014-2020 CBC programme (Annex 2 of the Commission Decision C(2014) 9423 of 10 December 2014).

(2) Assumptions and conditions

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

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.

(3) Description of the tasks entrusted

The operating structures of Serbia and Montenegro jointly prepared the 2014-2020 cross-border cooperation programme and agreed on the necessary arrangements for the management and implementation of the programme including establishing a system to monitor the implementation.

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

(4) Essential elements of the action

Grant – Call for proposal: EUR 3,240,000

a) The essential eligibility criteria:

The list of eligible actions (activities) is set in section 3.2 of the Annex 2 of the Commission Decision C(2014) 9423 of 10 December 2014. The following list is a summary indicating the main eligible actions/operations: trainings and capacity building, people to people activities, support to education, enhancement of health care facilities and social services, technical cooperation and development of data's' system exchange, joint risk management activities,

etc. Additionally, in the context of the implementation of the programme, preference may be given to the actions related to the macro-regional strategies where both countries participate.

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

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

- b) The essential selection criteria are financial and operational capacity of the applicant.
- c) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- d) Maximum rate of EU co-financing for grants under the calls is 85% of the eligible cost of the action.
- e) Indicative amount of the call(s): EUR 3,240,000

The responsible structures may decide to publish more than one call for proposals. Every call for proposals will have the same objectives, results, and essential eligibility, selection and award criteria as described above. Each grant contract will be funded from one budgetary commitment.

- f) Indicative date for launch of the call(s) for proposals: 1st quarter of 2016

3 BUDGET

2015				2016				2017				Total Financing Decision
	Union contribution*	Grant beneficiary/ies Co-financing**	Total expenditure		Union contribution	Grant beneficiary/ies Co-financing	Total expenditure		Union contribution	Grant beneficiary Co-financing	Total expenditure	
CBC operations	1,200,000	211,764	1,411,764	CBC operations	1,200,000	211,764	1,411,764	CBC operations	840,000	148,235	988,235	3,240,000
in %	85%	15%	100%		85%	15%	100%		85%	15%	100%	
TOTALS 2015	1,200,000	211,764	1,411,764	TOTALS 2016	1,200,000	211,764	1,411,764	TOTALS 2017	840,000	148,235	988,235	3,240,000

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

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

4 IMPLEMENTATION

4.1 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

INDIRECT MANAGEMENT:

This programme shall be implemented by indirect management by Serbia in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the Financing Agreement between the Commission and the IPA II beneficiaries participating in the cross-border cooperation programme

5 PERFORMANCE MONITORING ARRANGEMENTS

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

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

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

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