



Brussels, 11.12.2014
C(2014) 9307 final

COMMISSION IMPLEMENTING DECISION

of 11.12.2014

adopting a

**Cross-border Cooperation Programme Montenegro-Kosovo* for the years 2014-2020
and Cross-border Cooperation Action Programme Montenegro-Kosovo for the year
2014**

* 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.

COMMISSION IMPLEMENTING DECISION

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adopting a

Cross-border Cooperation Programme Montenegro-Kosovo* for the years 2014-2020 and Cross-border Cooperation Action Programme Montenegro-Kosovo for the year 2014

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) The Regulation (EU) No 231/2014³ lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex 1 of 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 framework for assistance referred to in Article 4 of 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) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex 1 of the Regulation (EU) No 231/2014. The Commission adopted an indicative multi-country strategy paper for 2014 – 2020 which provides indicative allocations for the 2014-2020 territorial cooperation programmes⁴.
- (4) The responsible authorities of Montenegro and Kosovo submitted to the Commission on 30 May 2014 a proposal for a cross-border cooperation programme between Montenegro and Kosovo for the period 2014-2020. This draft programme has been draw up in accordance with Article 49 of the Commission Implementing Regulation

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¹ OJ L 77, 15.03.2014, p. 95.

² OJ L 298, 26.10.2012, p.1.

³ The 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

(EU) No 447/2014.⁵ It aims at providing assistance for cross-border cooperation in the following thematic priorities: encouraging tourism and cultural and natural heritage; protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management, promoting employment, labour mobility and social and cultural inclusion across the border, and sets out the indicative allocations for the period 2014-2020. In accordance with Article 31(4) of the Commission Implementing Regulation (EU) No 447/2014, the Commission shall approve such programme.

- (5) The cross-border cooperation programme between Montenegro and Kosovo for the period 2014-2020 annexed to the present Decision, will serve as a reference for the adoption of the relevant financing decisions, without constituting a financial commitment itself.
- (6) The Commission should be able to entrust budget-implementation tasks under indirect management to the IPA II beneficiary identified in this Decision, subject to the conclusion of a Financing Agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012 and Article 14(3) of the Commission Implementing Regulation (EU) No 447/2014, the authorising officer responsible has ensured 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 1605/2002 and Commission Regulation (EC) No 718/2007⁶ and the entity's present compliance with the requirements of such regulations, budget implementation tasks can be entrusted to this entity. In accordance with Article 60(1)(c) of the Regulation (EC, Euratom) No 966/2012, the authorising officer responsible has ensured that measures have been 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 1 to the Decision.

- (7) It is necessary to adopt a financing decision for 2014, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012⁷.
- (8) 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 the Regulation (EC, Euratom) No 966/2012 and Article 111(4) of Commission Delegated Regulation (EU) No 1268/2012.
- (9) Pursuant to Article 94(4) of Commission 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 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 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).

⁷ 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.

- (10) The action programmes or measures provided for by this Decision are in accordance with the opinion of the IPA II Committee set up by Article 13 of the Regulation (EU) No 231/2014⁸,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The cross-border cooperation action programme Montenegro-Kosovo under the Instrument for Pre-accession Assistance (IPA II) for the year 2014 as set out in the Annex 1, is hereby approved.

The 2014-2020 cross-border cooperation programme Montenegro-Kosovo under the Instrument for Pre-accession Assistance (IPA II) as set out in the Annex 2 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 Montenegro – Kosovo under the Instrument for Pre-accession Assistance (IPA II) for year 2014 referred to in Article 1 is set at EUR 840 000 to be financed from budget line 22.02.04.01 of the general budget of the EU for year 2014.

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

Article 3

Implementation modalities

This programme shall be implemented by indirect management.

A Financing Agreement shall be concluded between the Commission and the Governments of the Montenegro and Kosovo **in conformity with the Framework Agreement concluded between the Commission and Montenegro and Kosovo 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 10 million;
- (b) cumulated reassignments of funds between specific actions not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;

⁸

The Member States have declared, recalling the Council Conclusions of 18 February 2008, that the adoption of this programme does not prejudice the position of each individual Member State on the status of Kosovo, which will be decided in accordance with their national practice and international law.

(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, 11.12.2014

For the Commission
Johannes HAHN
Member of the Commission

ANNEX I

Cross-border Cooperation Action Programme Montenegro- Kosovo* for the year 2014

1 IDENTIFICATION

Beneficiaries	Montenegro, Kosovo
CRIS/ABAC Commitment references	2014/ /037-592
Union Contribution	EUR 840 000.00
Budget line	22.020401
Management mode	Indirect management by Montenegro
Responsible Structures	<p>The Operating Structure responsible for the execution of the operations : Ministry of Foreign Affairs and European Integration</p> <p>The partner Operating Structure in Kosovo is: Ministry of Local Government Administration</p>
Final date for concluding <u>Financing Agreement(s)</u> with the IPA II beneficiary countries (tripartite)	For the budgetary commitment of year 2014 at the latest by 31 December 2015
Final date for concluding <u>procurement and grant contracts</u>	3 years following the date of conclusion of the relevant Financing Agreement (signature of the last party) 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	Unit B1 Montenegro, Iceland

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

Implementing Delegation	Unit/	EU	EU Delegation in Podgorica
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2 DESCRIPTION OF THE ACTION PROGRAMME

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

Programme Area:

Montenegro:

- The municipalities of Andrijevisa, Bar, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Podgorica, Rožaje and Ulcinj

Kosovo:

- West Economic Region, which is composed of the municipalities of Pejë/Peć, Istog/Istok, Klinë/Klina, Junik, Deçan/Dečani, Gjakovë/Đakovica;

Cross-border cooperation (CBC) eligible area context

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

protection organisations, conservation of the cultural heritage etc. could play an important role in tourism development.

- The whole programme area is abounding in environmental resources and biodiversity. Environmental protection and preservation is therefore the key for a sustainable development of this area.
- Overview of past and on-going CBC experience including lessons learned

Key recommendations from interim evaluations and audits on the 2007-2013 CBC programmes have been taken on board in the development of this programme. Thus, the 2014-2020 CBC programmes are more focused as regards the number of thematic priorities addressed and the geographical eligibility, which will help to achieve better results and 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.

Following the experience gained in the period of 2007 to 2013, the Joint Monitoring Committee (JMC) will act as the cross-border program's decision making body to oversee the effectiveness and quality of implementation of the programme. The JMC role refers to the overall programming and monitoring of the CBC programme meanwhile the selection of actions will fall under the responsibility of the Contracting Authority under indirect management mode.

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

Action 1	Cross-Border Cooperation Operations	EUR 840 000.00
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(1) Description of the action, objective, expected results

The following thematic priorities, objectives and expected results, will be achieved over the period of implementation of 2014 programme, from 2014 to 2020.

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

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

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

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

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

Expected results:

Increased level of employment, decreased level of pollution and increased tourism in the area.

(2) Assumptions and conditions

As a necessary condition for the effective management of the programme, the beneficiaries shall 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 established.

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) Short description of the tasks entrusted

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

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

(4) Essential elements of the action

Grant – Call for proposal: EUR 840 000.00

a) The essential eligibility criteria:

The following list is a summary indicating the main eligible actions/operations:

- Improving public sewage and solid waste collection and processing systems and facilities
- Exchange of good practices between local authorities and environmentally friendly initiatives

- Promotional campaigns and activities (e.g. at schools) to raise the public awareness about the need for a cleaner environment
- Joint environmental management of river banks and national parks
- Fight against illegal landfills
- Small scale infrastructure investments and procurement of equipment
- Transfer of know-how on pollution control systems and techniques
- Encourage entrepreneurship in the tourism sector
- Support the development and upgrading of small-scale (public) tourism infrastructure
- Create and improve training for upgrading hospitality skills in the tourism sector, involving the regional education and private sector
- Promote and stimulate the introduction of (international) certifications and standards in order to improve the stable quality of tourism providers
- Promote and stimulate joint tourism products (for example: hiking and biking tours etc.) as well as (multi-sector) clusters in the tourism sector
- Improve and integrate (web-based) possibilities to find (cross border) tourism information and booking facilities
- Support initiatives to preserve, restore and maintain cultural and historical sites
- Support the upgrading, maintenance and promotion of National Parks and other environmentally precious areas
- Support research on and protection of vulnerable and valuable flora and fauna
- Support youth initiatives addressing conservation of cultural heritage and values
- Promote the creative industry (e.g. women producing handicraft)
- Support joint initiatives to promote, preserve and innovate the national cultural heritage in the programme area
- Promotion of outdoor tourism services and facilities

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

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

- b) The essential selection criteria are financial and operational capacity of the applicant.
- c) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- d) Maximum rate of Union co-financing for grants under the calls is 85% of the eligible cost of the action.

- e) Indicative amount of the call(s): at least EUR 840 000.00. The responsible structures may decide to merge the 2014 allocation with subsequent budget allocations.
- f) Indicative date for launch of the call(s) for proposals: tentatively in the first semester of 2016.

3 BUDGET

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

2014			
	Union contribution	Beneficiary/ies Co-financing*	Total expenditure
CBC Operations	840 000.00	148 235.30	988 235.30
in %	85	15	100
TOTALS 2014	840 000.00	148 235.30	988 235.30

* 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 Montenegro 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 Country Strategy Paper.

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

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Enlargement 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.