

**Interreg IPA Cross-border Cooperation Programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020**

**following the**

**COMMISSION IMPLEMENTING REGULATION (EU) No. 447/ 2014 of 2 May 2014  
on the specific rules for implementing Regulation (EU) 231/2014 of 11 March 2014 of the  
European Parliament and the Council establishing an Instrument for Pre-accession  
assistance (IPA II)**

## Interreg IPA Cross-border Cooperation Programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020

under the IPA instrument

CCI	2014TC16I5CB004
Title	Interreg IPA Cross-border Cooperation Programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020
Version	Version 5.0
First year	2014
Last year	2020
Eligible from	01.01.2014
Eligible until	31.12.2023
EC decision number	
EC decision date	
MS amending decision number	
MS amending decision date	
MS amending decision entry into force date	
NUTS level III regions (or equivalent regions in the non-MS) covered by the cross-border cooperation programme	<p>Croatia:</p> <ol style="list-style-type: none"> <li>1. HR04A Brod-Posavina County</li> <li>2. HR04C Vukovar-Srijem County</li> <li>3. HR04D Karlovac County</li> <li>4. HR04E Sisak-Moslavina County</li> <li>5. HR032 Lika-Senj County</li> <li>6. HR033 Zadar County</li> <li>7. HR034 Šibenik-Knin County</li> <li>8. HR035 Split-Dalmatia County</li> <li>9. HR037 Dubrovnik-Neretva County</li> <li>10. HR047 Bjelovar-Bilogora County</li> <li>11. HR049 Požega-Slavonia County</li> <li>12. HR042 Zagreb County</li> </ol> <p>Bosnia and Herzegovina:</p> <p>Brčko District of Bosnia and Herzegovina and 109 municipalities: Bijeljina, Teočak, Ugljevik, Lopare, Tuzla, Lukavac, Čelić, Srebrenik, Petrovo, Gračanica, Dobož Istok, Gradačac, Pelagićevo, Donji Žabar, Orašje, Domaljevac-Šamac, Šamac, Modriča, Vukosavlje, Odžak, Brod, Srebrenica, Bratunac, Milići, Han-Pijesak, Vlasenica, Kladanj, Šekovići, Kalesija, Osmaci, Zvornik, Banovići,</p>



Živinice, Sapna, Prnjavor, Srbac, Laktaši, Čelinac, Kotor Varoš, Kneževo, Dobretići, Šipovo, Jajce, Jezero, Mrkonjić Grad, Banja Luka, Gradiška, Kozarska Dubica, Prijedor, Oštra Luka, Sanski Most, Ključ, Ribnik, Glamoč, Bosansko Grahovo, Drvar, Istočni Drvar, Petrovac, Bosanski Petrovac, Bosanska Krupa, Krupa na Uni, Novi Grad, Kostajnica, Bužim, Velika Kladuša, Cazin, Bihać, Doboj, Derventa, Prozor/Rama, Konjic, Nevesinje, Gacko, Bileća, Trebinje, Ravno, Ljubinje, Berkovići, Mostar, Jablanica, Kupres, Kupres (RS), Tomislavgrad, Posušje, Široki Brijeg, Čitluk, Stolac, Neum, Čapljina, Ljubuški, Grude, Livno, Istočni Mostar, Doboj Jug, Kakanj, Maglaj, Tešanj, Usora, Zavidovići, Zenica, Žepče, Bugojno, Busovača, Donji Vakuf, Gornji Vakuf-Uskoplje, Novi Travnik, Travnik, Vitez, Teslić

Montenegro:

1. Herceg Novi
2. Kotor
3. Tivat
4. Budva
5. Bar
6. Ulcinj
7. Cetinje
8. Danilovgrad
9. Nikšić
10. Podgorica
11. Tuzi

Map of the programme area is Annex 3 to Cooperation Programme.

## **SECTION 1 STRATEGY FOR THE COOPERATION PROGRAMME'S CONTRIBUTION TO THE SELECTED THEMATIC PRIORITIES AND THE RELEVANT PARTNERSHIP AGREEMENT AND INDICATIVE STRATEGY PAPER(S)**

[Reference: Article 31, Commission Implementing Regulation (EU) No. 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) 231/2014 of 11 March 2013 of the European Parliament and of the Council establishing an Instrument for Pre-Accession assistance (IPA II)]

### **1.1 Strategy for the cooperation programme's contribution to the selected thematic priorities and the relevant Partnership Agreement and Indicative Strategy Papers**

#### **1.1.1. Description of the cooperation programme's strategy for contributing to the selected thematic priorities and the relevant Partnership Agreement and Indicative Strategy Papers**

##### **1.1. General context of the programme**

Interreg IPA Cross-border Cooperation programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020 (the Programme) as IPA cross-border cooperation programme is seen as the instrument for the implementation of, on one hand, EU cohesion policy as the main investment tool for delivering Europe 2020 goals: smart, sustainable and inclusive growth to be achieved by concentrating on more effective investments in education, research and innovation, move towards a low-carbon economy, job creation and poverty reduction thus focusing on five ambitious goals in the areas of employment, innovation, education, poverty reduction and climate/energy.

On the other hand, the Programme will be used as the instrument for contribution to South East Europe 2020 strategy goals interlinked within the development pillars concentrated on integrated, sustainable and inclusive growth as well as governance for growth thus focusing on improving living conditions and enhancing competitiveness and development in the region by closely following the vision of the Europe 2020 strategy.

In that respect, the Programme is seen as the tool for interlinking both strategies and contributing to the achievement of the related goals by addressing the common needs and challenges of the programme area.

Furthermore, taking into account the fact that Croatia, Bosnia and Herzegovina and Montenegro participate in EU Strategy for the Danube Region as well as in the EU Strategy for the Adriatic and Ionian Region, this programme will seek to contribute to the relevant strategies' priorities thus creating synergies between programme interventions and their actions.<sup>1</sup>

The regulatory framework for the Programme is provided by the relevant regulations for Cohesion Policy and EU External Actions for 2014-2020 period.

The possible thematic scope of the Programme is provided within 8 thematic priorities as described in Annex II to the Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA II). The

<sup>1</sup> For more details on coherence between Programme and macro-regional strategies, please refer to Section 4.3.

Regulation No 1299/2013 of the European Parliament and the Council on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal outlines that cross-border cooperation should aim to tackle common challenges identified jointly in the border regions, such as: poor accessibility, especially in relation to information and communication technologies (ICT), connectivity and transport infrastructure, declining local industries, an inappropriate business environment, lack of networks among local and regional administrations, low levels of research and innovation and take-up of ICT, environmental pollution, risk prevention, negative attitudes towards neighbouring country citizens and aim to exploit the untapped growth potential in border areas (development of cross-border research and innovation facilities and clusters, cross-border labour market integration, cooperation among education providers, including universities or between health centres), while enhancing the cooperation process for the purpose of the overall harmonious development of the Union.

Taking into consideration the goals of the abovementioned strategies and the challenges the programme area is facing, the aim of this Programme is to increase socio-economic growth of the programme area through interventions in the areas of health and social care, environment and nature protection, risk prevention, sustainable energy and development of sustainable tourism and business environment.

In that respect, the Programme will make use of the existing cross-border cooperation established within 2007-2013 programmes in order to further strengthen and extend its scope of cooperation within this Programme.

With regard to the Croatian national programmes for 2014-2020 period, the specific measures will be undertaken in order to ensure creating synergies and complementarities between the actions under this Programme and relevant 2014-2020 programmes. Furthermore, MA and NAs will take specific measures to prevent any overlapping between the activities or double financing when taking into account national programmes and this Programme.

Special attention will also be given to the Rural Development Programme of the Republic of Croatia for the period 2014-2020 and rural programmes of Bosnia and Herzegovina and Montenegro in terms of preventing any overlapping between the activities or double financing as well as to Interreg IPA CBC programme Croatia-Serbia 2014-2020, Cohesion and Competitiveness 2014-2020, Efficient Human Resources 2014-2020, IPA cross-border programme Serbia – Bosnia and Herzegovina 2014-2020 and IPA cross-border programme Bosnia and Herzegovina-Montenegro 2014-2020 when it comes to creating synergies and complementarities between relevant actions.

## **1.2. General description of the programme area**

The programme area includes 12 counties on the Croatian side, Brčko District and 109 municipalities on the side of Bosnia and Herzegovina and 10 municipalities on the Montenegrin side. The geographical area amounts to total of 87.453.95 km<sup>2</sup> with 5.587.836 inhabitants within the programme area.

The Croatian part of the programme area covers 38.405.00 km<sup>2</sup> and includes the following counties: Zagreb County, Sisak-Moslavina County, Karlovac County, Bjelovar-Bilogora County, Lika-Senj County, Požega-Slavonia County, Brod-Posavina County, Zadar County, Šibenik-Knin County, Vukovar-Srijem County, Split-Dalmatia County and Dubrovnik-Neretva County.

The programme area within Bosnia and Herzegovina covers 42.540.95 km<sup>2</sup> and includes Brčko District of Bosnia and Herzegovina and the following municipalities: Bijeljina, Teočak, Ugljevik, Lopare, Tuzla, Lukavac, Čelić, Srebrenik, Petrovo, Gračanica, Doboj Istok, Gradačac, Pelagićevo, Donji Žabar, Orašje, Domaljevac-Šamac, Šamac, Modriča, Vukosavlje, Odžak, Brod, Srebrenica, Bratunac, Milići, Han-Pijesak, Vlasenica, Kladanj, Šekovići, Kalesija, Osmaci, Zvornik, Banovići, Živinice, Sapna, Prnjavor, Srbac, Laktaši, Čelinac, Kotor Varoš, Kneževo, Dobretići, Šipovo, Jajce, Jezero, Mrkonjić Grad, Banja Luka, Gradiška, Kozarska Dubica, Prijedor, Oštra Luka, Sanski Most, Ključ, Ribnik, Glamoč, Bosansko Grahovo, Drvar, Istočni Drvar, Petrovac, Bosanski Petrovac, Bosanska Krupa, Krupa na Uni, Novi Grad, Kostajnica, Bužim, Velika Kladuša, Cazin, Bihać, Doboj, Derventa, Prozor/Rama, Konjic, Nevesinje, Gacko, Bileća, Trebinje, Ravno, Ljubinje, Berkovići, Mostar, Jablanica, Kupres, Kupres (RS), Tomislavgrad, Posušje, Široki Brijeg, Čitluk, Stolac, Neum, Čapljina, Ljubuški, Grude, Livno, Istočni Mostar, Doboj Jug, Kakanj, Maglaj, Tešanj, Usora, Zavidovići, Zenica, Žepče, Bugojno, Busovača, Donji Vakuf, Gornji Vakuf-Uskoplje, Novi Travnik, Travnik, Vitez and Teslić.

The Montenegrin part of the programme area covers 6.508.00 km<sup>2</sup> and includes the municipalities as follows: Herceg Novi, Kotor, Tivat, Budva, Bar, Ulcinj, Cetinje, Nikšić, Podgorica, Tuzi and Danilovgrad.

### **1.3. Situation Analysis of the programme area**

To carry out Situation Analysis of the programme area was a challenge due to the fact that the programme area is large and heterogeneous in geographical terms and characterised by development imbalance due to various factors such as location, geography, historical events including recent war damages, road and/or water interconnections, natural resources and different traditions. In addition, national and regional/local units differ significantly in terms of the statistical indicators and methodology of their monitoring and calculation which presented a significant challenge for the MA and NAs to derive needed data on the level of the programme area.

However, the situation analysis of the programme area showed a significant number of common assets and challenges which are analysed according to eight thematic areas for IPA cross-border programmes as classified by eight thematic priorities given in Annex II to the Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA II).

These thematic priorities are:

- Employment, labour mobility, social inclusion, health and social care
- Environment, nature, risk prevention, sustainable energy and energy efficiency
- Sustainable transport and public infrastructures
- Tourism and cultural and natural heritage
- Youth and education
- Local and regional governance, planning and administrative capacity building
- Competitiveness and business environment development
- Research, technological development, innovation and ICT.

A detailed situation analysis of the programme area per each thematic priority can be found in Annex 7, whereas the summarized overview of four priority thematic priorities chosen for this Programme is presented in the following section:

### *Health and social care*

In general, public health care system in the programme area is characterized by inefficient network of healthcare institutions, inappropriate distribution and mobilisation of capacities at different levels of care, in reduced access to services for the patients, underperforming system management including insufficient focus on quality standards, low level of ICT solutions in use, resulting in reduced financial sustainability of the system, inadequate communication and information connectivity between its different parts and finally in reduced access to services for the patients as well as unsatisfactory level of quality of the healthcare provided. The programme area is in a need for modernization of the system with the aim to make the healthcare more efficient and responsive to contemporary and future health care needs which can be achieved by focusing on the implementation of efficient investments into public health care in terms of small scale infrastructure and equipment and strengthening of human resources in order to improve the related public facilities and services.

In Croatia, the share of population living at risk of poverty or social exclusion was 32.3% in 2012, whereas in Bosnia and Herzegovina the relative poverty rate was 17.9% in 2011 while in Montenegro it was 11.3% in 2012. High unemployment rate and low labour market participation, coupled with raising costs of living, have increased the share of population living at risk of poverty or social exclusion. However, social care systems in the programme area are not well adapted to the users in vulnerable positions and their diversified needs and the changing environment, such as ageing of population, increased number of users, different user profiles and lack of community based support for the active inclusion of vulnerable groups. Based on the data deriving from Situation Analysis, the following groups are considered to be in vulnerable position within the programme area: children, elderly, disabled, people receiving social care and long-term unemployed older women. Quality, scope and delivery mechanism of social services are unequally developed at different levels across the regions, which leads to significant differences in access to services and reduces the effectiveness of service provision. Responses to these challenges should be sought through the modernization of the social care system, by aiming to increase its transparency, supporting and developing community based social care services, strengthening human resources and by improving the quality and availability of social services in the programme area.

### *Environment, nature, risk prevention, sustainable energy and energy efficiency*

The natural environment of the programme area is considered to be one of the key driving elements when it comes to the economic and social development, however the level of environmental and nature protection in the participating countries is still lower than in other developed EU countries.

Key environmental feature of the northern part of the programme area is the border area between Croatia and Bosnia and Herzegovina which is mainly constituted by the river Sava, its defining and common feature. All environmental issues linked to Sava clearly require joint action to be taken by the relevant stakeholders.

Sava River Basin represents a major drainage basin of South Eastern Europe and one of the most significant sub-basins of the Danube River Basin. The scope of Sava River Management Plan is to align river management with EU Water Framework Directive ( legal framework aiming to protect and enhance the status of all waters and protected areas including water-dependent ecosystems, to prevent their deterioration and to ensure long-

term, sustainable use of water resources), to align related flood management with EU Flood Directive and Flood Action Programme for Danube as well as to enhance accident prevention and control through Accident Emergency Warning System (AEWS). AEWS's main purpose is to increase public safety and to protect the environment in the event of accidental pollution by providing early information for affected riparian countries, improving information exchange and management through establishing a platform for Information exchange in accordance with EU INSPIRE Directive and the Water information System and to enhance rehabilitation and development of navigation.

Key environmental feature of the southern part of the programme area is Adriatic Sea with its highly sensitive marine ecosystem. Furthermore, coastal areas are characterized by a high degree of biodiversity, sensitive habitats and ecosystems. Both, Adriatic Sea and coastal areas play significant role in the development of economy, cultural and social life of the programme area. In this sense, Adriatic Sea should be given special attention in terms of its use and conservation. Significant challenges are related to the protection of biodiversity, nature and landscape of both the sea and the coastal zone.

This programme will also contribute to the commitments of the Barcelona Convention for the protection of the marine and coastal environment, to which all three participating countries are parties.

Due to rich rainfall and relatively well-preserved water resources, the programme area has good quality and abundant underground and surface waters. Richness and quality of water resources represent one of the most important comparative advantages of the whole programme area. In general, responses to the environmental challenges should be sought through the protection of especially valuable habitats and through an integrated management of the whole area.

Environment pollution, spatial urbanization, global climate changes, pressures from the economic activities and unsustainable usage of natural resources represent a potential threat to the environment and nature protection. Therefore, this programme is seen as the opportunity to address these challenges and to strengthen the management of environment and nature protection of the programme area.

The programme area is in growing trend of natural disasters in recent years due to its climatic and seismic conditions. Most serious damages are related to floods, droughts and fires. North-East of Croatian and North of Bosnian and Herzegovinian part of the programme area as well as the South part of these two countries are at risk of floods, while the functionality of the flood protection system requires significant improvements in order to reach the highest level of quality. As an EU Member State, Croatia adopted the Water Framework Directive (2000/60/EC) which establishes a legal framework to protect and enhance the status of all waters and protected areas, including water dependent ecosystems, to prevent their deterioration and to ensure long-term and sustainable use of water resources and Floods Directive (2007/60/EC), integrated with overall water management and pollution prevention requirements.

It is to be noted that in line with Act on Accession of the Republic of Croatia, Croatia has to implement the requirements of Urban Waste Water Treatment Directive (UWWTD) for agglomeration of more than 15 000 population equivalent by 31 December 2018 and by 31 December 2020 for agglomerations of more than 10 000 population equivalent whose waste water is discharged into sensitive area as well as for treatment plants, which are situated in the relevant hatchment areas of the Danube and of other sensitive areas and that contribute



to the pollution of these areas. The most important tasks in water sector are achievement of drinking water quality compliance, provision of wastewater collection and appropriate treatment to all agglomerations over 2000 P.E. and PUC reform.<sup>2 3</sup>

Coastal part of the programme area is under the influence of climate change as much as other parts, however due to the high temperatures and long-lasting severe droughts, this area is more than ever susceptible to open air. Fire-fighting systems in these parts of the programme area are not on the satisfactory level and need to be improved.

Furthermore, the programme area is a high risk area, mainly due to climate changes, snowmelt and rainfall. Signs that can be attributed to the climate change as seen in all three countries in steady increase of average air temperature within the last decade, steadily trend of reduction in annual precipitation level, trend of evaporation compared to the air temperature trend and increased occurrence rate of extreme weather events. All these effects require climate change adaptation and management measures addressing establishment or further improvement of risk prevention management systems in order to improve disaster response capability in the programme area.

Additionally, the programme area is facing risks regarding air pollution, in particular particulate matter (PM) due to transport and combustion of solid fuel for domestic heating. In that sense, this programme takes into account Clean Air Policy Package of 18 December 2013 which describes the air pollution problem and sets out new interim objectives for reducing health and environmental impacts up to 2030. It also defines the necessary emission reduction requirements for the key pollutants and the policy agenda that will be necessary to achieve the objectives.

The programme area has favourable conditions in terms of renewable energy resources. In terms of development of sustainable energy, there is a potential in Croatia to increase the energy capacities deriving from biomass and biogas, wind power, sun power, geo-thermal power and hydropower. In Bosnian and Herzegovinian part of the programme area, geothermal energy from natural resources is used for medical and recreational and tourism purposes while in Montenegro there is a significant hydro potential, which is considered among world's top potentials taking into account its economy and suitability for ecological and social environment. In Montenegro, there is also a good potential for exploitation of wind energy on locations along the Adriatic Sea. However, putting all these potentials into use requires large infrastructure investments and overcoming a number of regulatory obstacles. Taking into account that the upgrade of infrastructures in the energy sector is predominately dealt within national level policies and requires large investments, this Programme can intervene on the qualitative aspect by supporting the raising capacity for better management of energy, exchange of experience, practices and innovative projects contributing to decrease of CO<sub>2</sub> emission and energy consumption, implementation of innovative technologies and solutions in the area of sustainable energy and energy efficiency. This can be done with the special emphasis on public infrastructures thus involving public infrastructure owners and managers but also end users to ensure coherence of capacity building measures in the area of sustainable energy.

#### *Tourism and cultural and natural heritage*

<sup>2</sup> Large infrastructure projects in the area of waste water treatment are not envisaged to be financed under this Programme

<sup>3</sup> Furthermore, it is to be noted that transport infrastructure is also not envisaged to be financed this Programme.

Due to extremely rich cultural and natural heritage, tourism is becoming increasingly important throughout the whole programme area. In Croatia, share of tourism in GDP in 2012 was 15,4%, in Bosnia and Herzegovina it was 2,05% whereas in Montenegro it was 9,9 %. It is estimated that the impact of tourism to the GDP in all three countries should grow in the next decade on the annual basis. Tourism is one of the main economic activities in the southern part of the programme area but recently the role of continental tourism has become more important for other parts of the programme area as well. Additionally, the number of employees in tourism sector in 2013 in Croatia was 6,3%, while in Montenegro it was 8,7% in 2012. Despite the fact that tourism already represents one of the most important economy drivers of the programme area, it is necessary to put in place an adequate tourism infrastructure in order to provide for a more dynamic development of tourism in coastal and continental areas. The assets that present attractiveness of the programme area are national parks and other protected areas (40 sites in total) and as such have important potential for further development of joint regional tourist offer. However, the significant obstacles to such development lies in the fact that the areas which have a special natural value are not all yet organized or equipped to accept and offer a quality stay to a large number of guests. Therefore, it is important to address this issue and to enhance the tourism infrastructure, increase the quality of marketing of cultural and natural sites, information exchange, entrepreneurship initiative, strengthen the human and administrative capacities in order to focus on sustainable tourism. Meanwhile, it is important to take care of the preservation of the nature, as well as the control of traffic through the protected areas.

In general, the programme area has a huge potential for the diversification of tourist offer and development of interventions of combining agricultural and food production with tourism sector services especially those targeting geographical origin of the products.

Cultural tourism can be developed in some urban centres given the rich cultural heritage and the great variety of cultural events organized throughout the year. Richness in cultural heritage is characterised by numerous monuments many of which are enlisted on the UNESCO World Heritage List (Dubrovnik old town, Diocletian palace and Medieval Split, Historical core of Trogir, St. Jacob's Cathedral in Šibenik, National Park Plitvice Lakes, Starigrad Plain, Kotor old town, Old bridge in Mostar). However, the lack of resources for preserving this heritage for future generation remains a source of concern. Therefore, this Programme can address this issue by focusing on sustainable management of cultural and natural assets. Furthermore, the cultural heritage represents the important asset for the development of tourism by including the cultural activities and sites in the cross-border tourism offer. In that respect, there is an opportunity for this programme to address the programme area needs and challenges described above by providing financing opportunities for strengthening, diversifying and integrating the cross-border tourism offer as well as on focusing on sustainable management of existing cultural and natural assets thus contributing to the setting up the sustainable tourism sector as the important driver of the programme area economy development.

#### *Competitiveness and business environment development*

The development of competitiveness and business environment in the participating countries and therefore in the programme area is seen as a significant contributor to the increase in the gross domestic product, creation of new jobs, reduction of the unemployment rate and increase in export and competitiveness of the programme area economy.

In total, there are more than 150.000 SMEs in the programme area. This number represents the highest percentage out of total number of enterprises existing in all three countries.

Furthermore, out of total labour force, the highest percentage of employees in all three countries is in the SMEs. In Croatia, SMEs employed 64,2% of total labour force in 2013, in Bosnia and Herzegovina this rate was 75.83% in 2012 and in Montenegro it was 67% in 2012. SMEs do employ significant number of population however there is a need to provide SMEs with the stronger support in order to enhance their capacities in various business processes e.g marketing, developing and or implementing new services/products, using ICT, new technologies and research, implementing innovative solutions in business organisation and processes, etc. This can be done by directly supporting business support institutions as well as the development of clusters. Furthermore, collaboration between business support institutions, business sector, clusters and education and research institutions can create the potential for applying innovation in trade sector thus contributing to regional economy development.

The situation analysis has shown that the development of clusters and cluster networks is uneven across the programme area. However, strategic documents and programmes of the participating countries support the strengthening of existing regional advantages, competitiveness and innovativeness through cluster policy. Until 2011, in Croatia clusters have been developed within the following industries: wood processing, leather and footwear industry, printing industry, construction industry, ICT, tourism and catering, shipbuilding, medical equipment manufacture, municipal equipment manufacture, food industry and metallurgical industry. The existing clusters in Croatia are generally small and the emphasis is on the improvement of cooperation and networking of existing clusters, as well as building of international cluster network. Cluster networking through strengthening connections and synergies with other enterprises, educational institutions, business incubators, business parks, regional development agencies and other institutions is not only important on the regional level within Republic of Croatia, but also in cross-border context. In order to strengthen and improve those synergies, efforts in establishing and strengthening of cluster networks through cross border cooperation will be undertaken and supported.

There have been several cluster development programmes in Bosnia and Herzegovina since 2004 such as the Cluster Competitiveness Activity (2004-2008), financed from United States Assistance for International Development (USAID). It was conducted in order to assist businesses in sectors with large potential for economic development of Bosnia and Herzegovina in the following sectors: wood processing and forestry and tourism. Another important cluster initiative was Automotive Cluster Bosnia and Herzegovina (AC-BiH), led by the German Gesellschaft für Technische Zusammenarbeit (GTZ), focused on supporting a growing automotive component cluster. There are also a number of active clusters at the regional level in Bosnia and Herzegovina, including wood processing and renewable energy industries. However, the number of active clusters is decreasing. According to the survey of the World Economic Forum, there were less active clusters in 2013 than in 2012 in Bosnia and Herzegovina.

The Ministry of Economy of Montenegro in its cluster strategy also recognises cluster development as a mean of overcoming regional differences, reducing unemployment, stimulating job creation and increasing export capacities thus strengthening micro, small and medium enterprises (MSMEs). In the Strategy for Sustainable Economic Growth, the Ministry also identifies tourism, wood processing, agriculture and food processing, and construction industry as the main potential as regards to clusters in Montenegro.

As regards to business support institutions, there is a need for the improvement of their professional structure and services in order for them to be able to help the SMEs in building up the performance and strengthening the competitiveness.

The Programme can contribute to the enhancement of competitiveness and development of business environment by supporting business support institutions and clusters directly in order for the SMEs to be supported indirectly. This effect will lead to strengthening their ability to compete in domestic and international markets, and have a more significant impact on the economy, particularly in generating the export revenues. Furthermore, by expanding their product ranges and quality, the SMEs would have better chance to increase turnover, internationalise their products and create more jobs. In addition, the focus should be placed on strengthening the preconditions for higher number of innovative products, by increasing investment in research and development and bringing together the academic community and the business sector to be able to cooperate and increase the range of cluster activities related to innovation, new technologies and ICT solutions. ICT development may be used also as a driver to achieve more inclusive growth. The potential of ICT should be used particularly in the rural and remote areas of the programme area (e.g. inhabited islands) to provide better education, healthcare, public and social services and facilitate business growth. This could also provide a good opportunity for the growth of the local ICT industry, creating demand for content development and employment.

Concerning specialization strategies for the development of smart industries, most of the regional/local level development strategies of the programme area recognize insufficient orientation of the regional businesses towards R&D as their developmental weakness and envisage measures that should lead to the improvement of such situation. With regard to the national level smart specialization strategy in Croatia in the context of smart, sustainable and inclusive growth, prospective economic areas that are currently being discussed are: (i) health and quality of life, (ii) energy and sustainable environment, (iii) transport and mobility, (iv) security and (v) agro-food and bio economy. The Smart Specialisation Strategy (S3, in draft) also recognised several important cross cutting themes: key-enabling technologies (KET), ICT, engineering, tourism, creative and cultural industries. The Strategy is expected to be adopted by the end 2015.

The aspect of smart specialization in Bosnia and Herzegovina and Montenegro has been reflected in the respective Country's Indicative Strategy Papers. The Indicative Strategy Paper for Bosnia and Herzegovina, under one of its main pillars of IPA assistance, calls for an integrated approach aimed at strengthening SMEs competitiveness and innovation, through increased research capacity, employment and job creation, as well as social inclusion, building on partnerships at local level, including municipalities, SME, education and training institutes, as well as civil society.

The Indicative Strategy Paper for Montenegro also states that the important mechanism to increase the competitiveness of the economy of the country includes improving the quality and efficiency of the research and innovation policy and strengthening its links with businesses.

Taking into account the needs and challenges of the programme area, this Programme is seen as an opportunity to address them in order to increase the competitiveness of the programme area by providing support to business support institutions and clusters in order to enhance business sector in terms of improving knowledge and skills as well as standardisation, marketing and branding, by fostering cooperation between business sector, business support institutions, clusters, public sector and research institutions, by

implementing innovation and new technologies, by improving the quality of services, by exchange of good practice and implementation of pilot projects and other activities that can be important driver for stimulating programme area's economy development.

#### **1.4. Strengths, weaknesses, opportunities and threats of the programme area**

The SWOT analysis presents internal strengths and weaknesses as well as external opportunities and threats of the Croatia-Bosnia and Herzegovina-Montenegro programme area. It combines the situational analysis of the programme area with an analysis of strategic documents on national and sectorial level (e.g. programming documents and policy papers). Furthermore, programme SWOT analysis is the result of extensive consultations process conducted at Task Force meetings and workshops as well as of valuable feedback and inputs provided by the stakeholders during the two rounds of consultative workshops with stakeholders held in April and August 2014 as well as during online consultations held from 1 August 2014 to 1 September 2014. The SWOT table per 8 thematic priorities is Annex 8 to Cooperation Programme.

#### **1.5. Assessment of challenges, needs and potential of the programme area**

In the process of defining the overall needs of the programme area based on the analysis of situation in different sectors, the main objective was to identify the challenges and needs that can be addressed specifically by the Programme in line with its cross-border character, its budget and its intervention capacities by exploiting joint untapped potentials and further strengthening of the existing ones.

It is important to point out that cross-border cooperation programmes are not aimed to support large investments or infrastructures that can be better taken in charge by other relevant European or national programmes. Therefore, Interreg IPA CBC programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020 is mainly dedicated to the small-scale interventions in the areas of common interest, building the capacities and competitiveness of the programme area, the joint institutional cooperation, share of experience and practices, implementing pilot actions, improvement of policies and governance with the objective to ensure territorial coherence of the cross-border area.

Therefore, the scope of the Programme is such that it will not create a large-scale financial impact. Its main principle is to support cross-border cooperation actions and pilot projects in priority fields such as strengthening public health and social care, protecting and preserving environment and nature and risk prevention and promoting the use of sustainable energy and energy efficiency, strengthening and further developing tourism and preserving cultural and natural heritage and increasing the competitiveness of the programme area.

Taking into account the conclusions derived from situation and SWOT analyses and the fact that the programme area extends over large heterogeneous territory of three countries, situation analysis has identified a number of programme area needs, potentials and challenges presented below.

Public health and social care systems of all three programme countries are in a need for modernisation whereas the services in the sectors should become more accessible. Furthermore, the level of ICT solutions in use should be increased as well as skills of health and social care workers better adapted to the real needs of the beneficiaries, especially in the rural areas. Quality, scope and delivery mechanism of social services provided to users in vulnerable positions are not well adapted to their diversified needs and the changing

environment, such as ageing of population, increased number of users, and different user profiles. The social care system is unequally developed at different levels where the services are provided and across the regions, which leads to significant differences in access to services and reduces the effectiveness and availability of service provision.

In line with situation analysis of the programme area, there is a need to improve protection measures and management for sustaining the environment and nature of the programme area as well as for adapting to the climate changes which have resulted in natural disasters as floods, fires and draughts recently in order to improve disaster response capability. Furthermore, taking into account existing potential in renewable energy resources of the programme area as well as the need for strengthening energy efficiency as it is one of the lowest-cost means of reducing carbon dioxide (CO<sub>2</sub>) emissions, this programme seeks the opportunity in using this potential to contribute to the sustainable use of energy and strengthening energy efficiency, especially in the public infrastructures.

In line with the conclusions from situation analysis, there is a strong need for diversification of tourism offer, integrated destination management system, building capacities of the personnel working in the sector, improving tourism infrastructure and facilities, joint branding and marketing and better support to entrepreneurs in the sector. Long historical and cultural tradition, rich cultural and natural heritage and large number of tourist attractions represent the most important potential of the programme area. This programme seeks the opportunity to use this rich potential in the tourism sector in order to contribute to the economic and social development of the programme area by further developing different tourism niches, integrating cultural and natural resources into sustainable tourism offer, developing joint products and brands and strengthening the capacities in these sectors.

Situation analysis has identified that despite recovery from financial crisis worldwide, programme countries are still facing problems with revitalizing production and trade sectors but also economy in general which is reflected in poor economic performance, lack of entrepreneurial capacities, inadequate business support of the programme area and poor level of cooperation between different actors such as business support institutions, business sector, public sector, clusters and education and research institutions. However, as the analysis has indicated that there is existing intuitional infrastructure for business development as well as strategic orientation towards cluster development, this programme will focus on providing the opportunity to strengthen business support sector and clusters development in order to enhance common sectors/industries by supporting cooperation and further development, e.g. of new products/brands/services and applying innovativeness, new technologies and ICT in business processes thus leading to the enhancement of competitiveness and development of business environment in the programme area.

#### **1.6. How the cooperation programme will address these needs and challenges**

Besides taking into account identified needs and challenges of the programme area, the overall programme strategy is formulated as a direct response to the relevant Partnership Agreement for Croatia (HR) and Indicative Strategy Papers for Bosnia and Herzegovina (BA) and Montenegro (ME).

Partnership Agreement for Croatia identifies main funding priorities for the ESI fund for Croatia for the period 2014-2010. These are:

- **Innovative and competitive business and research environment**
- **Promoting energy efficiency, renewable energies and protecting natural resources**
- Sustainable and modern transport and network infrastructure

- **Enhancing labour market participation and quality of the education system**
- **Active inclusion** and reduction of poverty
- Supporting the quality, effectiveness and efficiency of public administration and judiciary.

Indicative Country Strategy Paper for Bosnia and Herzegovina identifies main funding priorities in the following areas:

- Democracy and management
- Rule of law and basic rights
- **Competitiveness and innovation**, local development strategies
- **Education, employment and social policies.**

Indicative Country Strategy Paper for Montenegro identifies main funding priorities in the following areas:

- Democracy and governance
- Rule of law and fundamental rights
- **Environment and climate action**
- Transport
- **Competitiveness and innovation**
- **Education, employment and social policies**
- Agriculture and rural development
- **Regional cooperation and territorial cooperation.**

Furthermore, the specific objectives of the Programme are specifically directed to the coherence and complementarity with pillars set out in the South East Europe 2020 strategy and specific sectorial dimensions under each of its pillar. Consequently, the implementation of the Programme cross-border cooperation activities will contribute to the achievement of the headline targets set out for each pillar of the SEE 2020 strategy.

The overview of interlinked specific objectives and pillars is given below under description of each priority axis. As indicated, it is obvious that the wide range of interconnection between specific objectives of the Programme and the SEE 2020 strategy pillars exist since each specific objective undertakes several sectorial dimensions of different pillars.

The strategy of the Interreg IPA CBC programme Croatia- Bosnia and Herzegovina-Montenegro 2014-2020 programme is based on the specific analysis and identified needs of the programme area, which have been discussed and agreed on during the extensive programming process that included meetings and workshops of the Task Force as well as public and online consultation among the programme stakeholders. Moreover, the programming process took into account the lessons learned from the previous programming period, the given financial framework, the existence of suitable implementation and administration structures and priorities identified in the relevant strategic documents (Partnership Agreement, Country Indicative Strategic Paper, Europe 2020, SEE 2020, COSME and Horizon 2020).

To achieve the intended targets for the priority axes, the actions supported within the priority axes have to contribute to the specific objectives of the relevant priority axis. The results of the different actions will have to be measured with the given result indicators. Effectiveness in the ratio between the costs of the actions and their contribution to reach the target values is also an important factor as well as the compliance of these actions with the relevant cross-border strategies.

The specific objectives of Interreg IPA CBC programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020 take into account common challenges and needs shared by the programme area and can thus contribute to social, economic and territorial cohesion better than national endeavours alone. The programme strategy seeks to reduce barriers to development by promoting sustainable and integrated territorial approaches. It aims to strengthen existing or to make use of yet untapped potentials to support territorial integration, which will ultimately result in creation of growth and jobs.

Consequently, by exploiting potentials of the area and striving to overcome barriers to the development, the Interreg IPA CBC programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020 builds on the following thematic priorities (TPs) which are in line with issues identified as well as with the development goals set out in relevant national strategy papers:

- Public health and social care sector (TP 1)
- Environment, nature, risk prevention, sustainable energy and energy efficiency (TP 2)
- Tourism and cultural and natural heritage (TP 4)
- Competitiveness and business environment development (TP 7)

The selected thematic priorities have been translated into four priority axes, which reflect the needs and challenges as identified in the situational analysis of the programme area. For each thematic priority one or two specific objectives (SO) were then defined. The six specific objectives indicate specific changes that the Interreg IPA CBC programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020 intends to reach.

The programme area needs and challenges will be addressed through the following priority axes:

***Priority Axis 1 – “Improving the quality of the services in public health and social care sector”***

Priority axis 1 aims to contribute to enhancing public health and social care by improving accessibility and effectiveness of public health and social care services and institutions, by strengthening the human resources in the sectors, by promoting the use of ICT solutions as well as by enhancing services dealing with vulnerable groups in the programme area.

More concretely, the programme will support actions with aim of enhancing accessibility to and effectiveness of the public health and social services and institutions, developing and implementing related lifelong learning programmes, developing and implementing programmes for increasing skills of health and social care workers to better adapt to the real needs of the beneficiaries, implementing actions for improving quality, scope and delivery mechanism of social services provided to users in vulnerable positions as well as support to networking activities with the aim of enhancing health care and social services and facilities. In addition, the actions that will be supported under this priority axis will be those implementing ICT solutions aiming at improving public health and social care services as well as actions creating synergies with the actions addressing developing schemes and using ICT tools for establishing networking structures for the purpose of common disaster response across the borders. Therefore, this priority axis is to address common challenges through cross-border cooperation in order to enhance the common opportunities and improve the potentials by searching common cross-border solutions.

A clear contribution to the following main funding priorities of relevant national strategy papers can be observed:



- Active inclusion and reduction of poverty – by generating programme outputs and results under PA 1, public health and social care services will be enhanced and improved with special attention on the quality and availability of social services through community based support for the active inclusion of vulnerable groups.
- Education, employment and social policies – by generating programme outputs and results under PA 1, skills of health and social care workers will be increased to better adapt to the real needs of the beneficiaries.
- Regional cooperation and territorial cooperation – by generating programme outputs and results under PA 1, regional and territorial cooperation will be strengthened.
- Health and quality of life (draft Croatian S3) – by generating programme outputs and results under PA 1, quality of facilities, services and skills in the areas of public health and social care will be enhanced thus contributing to better accessibility to health services as well as directly improving quality of life.

In addition, a clear contribution to the South East Europe 2020 strategy pillars can be observed through interconnection of PA 1 specific objective (SO 1.1):

- Regarding the smart growth, SO 1.1 is complementary with the sectorial dimensions related to education and competences.
- Regarding the inclusive growth, it corresponds to the sectorial dimension related to health.
- Regarding the governance for growth, it is likely to have impact on the sectorial dimension related to the effective public services.

### *Priority Axis 2 – “Protecting the environment and nature, improving risk prevention and promoting sustainable energy and energy efficiency”*

Priority axis 2 directly responds to the environment and nature protection needs, risk prevention challenges in terms of improvement in the area of disaster response capability and aims at strengthening the usage of renewable energies thus improving energy efficiency.

Developing and implementing joint management initiatives in the area of environment and nature protection, improving emergency preparedness and risk prevention systems (from fires, floods, draughts), supporting measures and tools for reducing the risk of natural disasters and increasing disaster response capability shall be supported in order to tackle the challenges that the programme area is facing in the area of environment and nature protection and risk prevention. In addition, actions that will be supported under this priority axis are those aiming to develop and implement joint pilot and demonstration projects on innovative technologies and solutions in the field of energy efficiency and renewable energy resources, and those with the aim of joint investing in public infrastructure on sustainable energy and energy efficiency. The change that is to be sought is the increase in capacities and improved infrastructure for utilisation of renewable energy resources and application of energy efficiency in the programme area. Therefore, the aim of this priority axis is to address common challenges through cross-border cooperation in order to enhance the common opportunities and improve the potentials by searching common cross-border solutions.

This axis primarily contributes to the main funding priority of relevant national strategy papers below:

- Promoting energy efficiency, renewable energies and protecting natural resources – by generating programme outputs and results under PA 2, conditions for further protection of the environment, improvement of risk prevention and promotion of sustainable energy and energy efficiency will be created.

- Environment and climate action – by generating programme outputs and results, under PA 2, measures for reducing the risk of natural disasters in order to tackle the challenges that the programme area is facing in the area of environment and climate will be supported.
- Regional cooperation and territorial cooperation – by generating programme outputs and results under PA 2, regional and territorial cooperation will be strengthened.
- Energy and sustainable environment (draft Croatian S3) – by generating programme outputs and results under PA 2, energy and sustainable environment will be directly influenced and improved.

In addition, a clear contribution to the South East Europe 2020 strategy pillars can be observed through interconnection of PA 2 specific objectives (SO 2.1. and SO 2.2.):

- Regarding the sustainable growth, SO 2.1. is in line with the sectorial dimension related to environment and regarding the inclusive growth, it corresponds to the sectorial dimension related to health.
- Regarding sustainable growth, SO 2.2. is likely to have impact on the sectorial dimensions related to energy and environment.

### *Priority Axis 3 – “Contributing to the development of tourism and preserving cultural and natural heritage”*

Priority axis 3 aims at further development and diversification of existing tourism potential of the programme area at the same time using and protecting the natural and cultural heritage in a sustainable way.

The priority axis targets at the strengthening of existing and further development of cross-border tourism potentials by diversifying tourism offer, by improving management capacities in tourism sector, by including other sectors and developing complementary services in the tourist offer, by supporting introduction of certifications and standardisation as regards to tourist services and products, developing and improving small-scale tourism infrastructure, implementing ICT and innovative solutions and supporting capacity building in the tourism sector. Furthermore, this priority aims to valorising cultural and natural potentials of the programme area in order to integrate culture, nature and leisure activities into tourism offer however taking care of the sustainability factor. All the above-mentioned actions will contribute to strengthening and diversifying the tourist offer of the programme area. Therefore, this priority axis will address common challenges of the programme area through cross-border cooperation in order to enhance the common opportunities and improve the potentials by searching common cross-border solutions.

This priority axis supports the following main funding priorities of the relevant national strategic papers:

- Promoting energy efficiency, renewable energies and protecting natural resources – by generating programme outputs and results under PA 3, direct impact on natural resources protection will be created.
- Tourism (draft Croatian S3) – by generating programme outputs and results under PA 3, significant effect on the development of tourism will be created.

A clear contribution to the South East Europe 2020 strategy pillars can be observed through interconnection of PA 3 specific objectives (SO 3.1.):

- Regarding the smart growth, SO 3.1. is complementary with the sectorial dimensions related to culture and creative sectors, education and competences.

- Regarding the integrated growth, SO 3.1. is likely to have impact on the sectorial dimensions related to competitive economic environment and integration into global economy.
- Regarding the sustainable growth, SO 3.1. is complementary with the sectorial dimension related to competitiveness and regarding the inclusive growth, SO 3.1. is in line with the dimension related to employment.

*Priority Axis 4 – “Enhancing competitiveness and developing business environment in the programme area”*

Priority axis 4 addresses the main challenges and needs as regards to enhancing competitiveness and development of business environment in the programme area.

More specifically, developing and supporting existing business support institutions, existing business clusters and networks of SMEs, improving capacities in the area of entrepreneurship and supporting development of innovative products and services as well as applying innovation, ICT and new technologies in the activities of clusters and business processes shall be supported in order for SMEs to have better chance to increase turnover, internationalise their products and create more jobs. These actions will contribute to accelerating development of business environment and overall, the competitiveness of the programme area. In that respect, this priority axis will address common challenges through cross-border cooperation in order to enhance the common opportunities and improve the potentials by searching common cross-border solutions.

A clear contribution to the following main funding priorities of relevant national strategy papers can be observed:

- Innovative and competitive business and research environment – by generating programme outputs and results under PA 4, the development of business environment and overall, the competitiveness of the programme area will be accelerated.
- Competitiveness and innovation, local development strategies – by generating programme outputs and results under PA 4, the development of competitiveness of the programme area will be supported.
- Regional cooperation and territorial cooperation – by generating programme outputs and results under PA 4, regional and territorial cooperation will be strengthened.

In addition, a clear contribution to the South East Europe 2020 Strategy pillars can be observed through interconnection of PA 4 specific objective (SO 4.1.):

- Regarding the integrated growth, SO 4.1. is likely to have impact on the sectorial dimensions related to free trade area, competitive economic environment and integration into global economy.
- Regarding the smart growth, SO 4. corresponds to the sectorial dimensions related to R&D and innovation and digital society
- Regarding the sustainable growth, SO 4.1. is in line with the sectorial dimension related to competitiveness.
- Key-enabling technologies (KET), ICT, engineering, creative and cultural industries (draft Croatian S3) - by generating programme outputs and results, the programme will promote KET, ICT, engineering, creative and cultural industries.

Concise overview of the programme strategy and its structure is given in programme intervention logic - Annex 9 to Cooperation Programme.

- 1.1.2. Justification for the choice of thematic priorities, based on an analysis of the needs within the programme area as a whole and the strategy chosen in response to such needs, addressing, where appropriate, missing links in cross-border infrastructure, taking into account the results of the ex-ante evaluation

**Table 1: Justification for the selection of thematic priorities**

Selected thematic priority	Justification for selection
<p><b>TP 1</b> <b>Public health and social care sector</b></p>	<p>Despite sufficient number of health care institutions in the programme area, there is inefficient and ineffective network of healthcare institutions, inappropriate mobilisation of care capacities, underperforming management system including insufficient focus on quality standards and low level of ICT solutions in use.</p> <p>The social care services in general do not have the capacity to provide personalized and integrated services and information especially to vulnerable groups (children, elderly, disabled, etc.).</p> <p>Health and social services in the programme area are especially ineffective in managing emergency responses to disasters across the borders.</p> <p>The systems are in need for modernization and restructuring. In that respect, there is a need for joint pilot projects on implementing ICT solutions, small infrastructural improvements, small equipment and equipping small ambulances, mobile teams and emergency help-centres in order to make the services more effective, accessible and available.</p>
<p><b>TP 2</b> <b>Environment, nature, risk prevention, sustainable energy and energy efficiency</b></p>	<p>The programme area is rich in natural resources, biodiversity and protected areas, as well as in sensitive ecosystems that require significant efforts to protect them.</p> <p>The programme area is also at high risk as regards to natural disasters (floods, droughts and fires) which is mainly due to climate changes. The functionality of risk prevention and protection systems is not on satisfactory level, the joint cross-border initiatives in relation to emergency preparedness and disaster response capability need to take place.</p> <p>Energy indicators in the programme area are showing low share of production and consumption from renewable energy resources. The analysis has shown that there is a need to improve energy efficiency in public buildings. Therefore, joint CB initiatives need to be implemented in order to strengthen the use of sustainable energy, to improve the related</p>

	<p>legal framework, to strengthen awareness raising and to increase energy efficiency, especially in public buildings.</p>
<p><b>TP 4 Tourism and cultural and natural heritage</b></p>	<p>The programme area has rich natural and cultural heritage which reflects long and eventful history but also ethnic, natural and cultural diversity. Adriatic Sea coast is well-known for its beauty and diversity whereas the continental part of programme area shows great potential (castles, protected areas, mountains, rivers, etc.). The richness of the programme area needs to be preserved and management improved. Also, the programme area potentials are not sufficiently used and need to be further strengthened.</p> <p>There is insufficient diversification of tourism services, lack of joint cross-border touristic offer, insufficient number of globally branded destinations, lack of trained personnel and inadequate tourism infrastructure. There is a need to link the tourism sector with other economy sectors (e.g. agriculture), especially through better cooperation and coordination between relevant stakeholders in order to enhance sustainable management and use of cultural and natural assets.</p>
<p><b>TP 7 Competitiveness and business environment development</b></p>	<p>In the programme area, there is a lack of innovative skills and knowledge as well as link between businesses, clusters and research institutions, including investments in products and process innovations. Entrepreneurial capacity is insufficiently developed and need further strengthening.</p> <p>Creation and networking of clusters, increase in the range of cluster activities aiming at the use of innovation, new technologies and ICT solutions should also be supported.</p> <p>To create a positive business environment and to foster its development, programme area needs to have strong BSIs responding to the needs of entrepreneurs and enabling them to collaborate with education and R&amp;D institutions thus creating the platform for the support to products protection, marketing and addressing the needs of the programme area in expanding the quality of services and products meanwhile improving the skills and knowledge on applying innovative technologies and fostering the exchange of experience.</p>

## 1.2 Justification for the financial allocation

Justification for the financial allocation (i.e. Union support) to each thematic priority in accordance with the thematic concentration requirements (taking into account the ex-ante evaluation).

The overall programme EU budget is EUR 57,155,316 as indicated in Section 3 – Financing plan. The financial allocation to the chosen thematic priorities reflects the following criteria:

- The needs and opportunities as described in the Situation Analysis and SWOT Analysis
- The estimated financial size of the actions foreseen in each priority axis
- The coherence with the funding priorities as set in the Partnership Agreement for Croatia and Indicative Country Strategy Papers for Bosnia and Herzegovina and Montenegro
- The inputs provided by relevant partners within public and online consultations
- The experiences of the programming period 2007-2013 for the IPA programmes Croatia-Bosnia and Herzegovina and Croatia-Montenegro
- The allocation for Technical Assistance according to the Commission Implementing Regulation no. 447/2014 (10%).

Furthermore, for the estimation of the number of operations under each thematic objective an average budget of an operation of EUR 640,000 for PA 1, EUR 980.000 for PA 2, EUR 1.200.000 for PA 3 and EUR 790.000 for PA 4 has been assumed. However, since the financial size of an operation shall reflect the activities and outputs planned, also smaller and larger operations can be supported.

When working on the estimates on allocations per PAs and the size of operations, it was taken into account that cross-border stakeholders of the programme area have a long tradition and a growing need for cooperation in the field of community based services, environment, cultural and natural heritage protection, tourism and entrepreneurship in line with priority measures of the relevant IPA cross-border programmes in the 2007-2013 programming period. Also, it is important to note high level of interest for the cross-border programmes 2007-2013 in general, taking into account that there were around 1150 project applicants who applied to the published calls for proposals of the IPA cross-border programme Croatia-Bosnia and Herzegovina 2007-2013 and around 545 project applicants who applied to the published calls for proposals of the IPA cross-border programme Croatia-Montenegro 2007-2013.

#### *Priority Axis 1*

The planned IPA allocation to Priority Axis 1 is EUR 10,350,654 corresponding to approximately 18% percent of the programme budget, with an estimated number of about 17 operations to be supported. This financial allocation reflects the planned size of actions facing the needs to strongly improve services in the area of public health and social care sector. Furthermore, it is expected that there will be both smaller and larger projects as they have been also in the IPA programmes Croatia-Bosnia and Herzegovina and Croatia-Montenegro in the 2007-2013 programming period.

The financial allocation is in line with the emphasis given to enhancing effectiveness, improving accessibility and availability of public health and social care services as well promoting active inclusion, reduction of poverty and strengthening social policies by creating conditions for further positive development of health and social care systems, as indicated within the funding priorities defined in the national strategy papers of all partner countries.

#### *Priority Axis 2*

The planned IPA allocation to Priority Axis 2 is EUR 13.483.899 corresponding to approximately 24% percent of the programme budget, with an estimated number of about 14 operations to be supported. Therefore, the large part of programme budget is reserved for Priority Axis 2 and this financial allocation reflects the planned size of rather more complex actions in order to address the needs to strongly improve environment and nature protection, improve disaster response

capability, promote utilization of renewable energy resources and to strengthen energy efficiency in the programme area.

The financial allocation is in line with the emphasis given to promoting energy efficiency, renewable energies and protecting natural resources by creating conditions for further positive development of the relevant sectors, as indicated within the funding priorities defined in the relevant national strategy papers.

#### *Priority Axis 3*

The planned IPA allocation to Priority Axis 3 is EUR 16.641.545 corresponding to approximately 29% percent of the programme budget, with an estimated number of about 14 operations to be supported. Therefore, the largest part of programme budget is reserved for Priority Axis 3 and this financial allocation reflects the needs to strengthen and diversify the tourism offer and to enable sustainable use of cultural and natural heritage in the programme area. Furthermore, both smaller (e.g. promoting products) and larger projects (e.g. cycle paths) are expected as they have been also in the IPA programmes Croatia-Bosnia and Herzegovina and Croatia-Montenegro in the 2007-2013 programming period.

The financial allocation is in line with the emphasis given to protecting natural resources and promoting tourism, as indicated within the funding priorities defined in the relevant national strategy papers.

#### *Priority Axis 4*

The planned IPA allocation to Priority Axis 4 is EUR 10.963.687 corresponding to approximately 19% percent of the programme, with an estimated number of about 14 operations to be supported. This financial allocation reflects the planned size of actions addressing the needs to accelerate the competitiveness and development of business environment in the programme area. Furthermore, it is expected that there will be both smaller (e.g. networks) and larger projects as they have been also in the IPA programmes Croatia-Bosnia and Herzegovina and Croatia-Montenegro in the 2007-2013 programming period.

The financial allocation is in line with the emphasis given to enhancing innovative and competitive business, development of business environment as well as applying research and innovation by creating conditions for further positive development of the relevant sectors, as indicated within the funding priorities defined in the national strategy papers of all partner countries.

**Table 2: Overview of the investment strategy of the cooperation programme (indicative allocations)**

<b>Priority axis</b>	<b>Union support (in EUR)</b>	<b>Proportion (%) of the total Union support for the cooperation programme</b>	<b>Thematic priorities</b>	<b>Result indicators corresponding to the thematic priority</b>
PA 1	10.350.654	84,99%	TP 1	<ul style="list-style-type: none"> <li>• The level of accessibility and availability of the services within public health care sector</li> </ul>
PA 2	13.483.899	84,99%	TP 2	<ul style="list-style-type: none"> <li>• Disaster response capability in the programme area</li> <li>• Energy consumption by public buildings in the programme area</li> </ul>
PA 3	16.641.545	84,99%	TP 4	<ul style="list-style-type: none"> <li>• Increase in arrivals of non-residents staying in hotels and similar establishments</li> </ul>
PA 4	10.963.687	84,99%	TP 7	<ul style="list-style-type: none"> <li>• Range of cluster activities enhancing innovation, new technologies and ICT solutions</li> </ul>
PA 5	5,715,531	84,99%	TA	
<b>TOTAL</b>	<b>57,155,316</b>	<b>84,99%</b>		



## SECTION 2. PRIORITY AXES

(Reference: points (b) and (c) of Article 8(2) of Regulation (EU) No 1299/2013)

### Section 2.1. Description of the priority axes (other than technical assistance)

(Reference: point (b) of Article 8(2) of Regulation (EU) No 1299/2013)

#### 2.1.1 Priority axis 1

<i>ID of the priority axis</i>	PA 1
<i>Title of the priority axis</i>	<b>Improving the quality of the services in public health and social care sector</b>

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	

#### 2.1.2 Fund, calculation basis for Union support and justification of the calculation basis choice

<i>Fund</i>	IPA
<i>Calculation basis (total eligible expenditure or public eligible expenditure)</i>	Total eligible expenditure
<i>Justification of the calculation basis choice</i>	

### 2.1.3. The specific objectives of the thematic priority and expected results

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>ID</i>	<i>1.1.</i>
<i>Specific objective</i>	To improve the quality of the services in public health and social care sector across the borders
<i>The results that the partner States seek to achieve with Union support</i>	<p>Taking into account that despite sufficient number of health care institutions, public health care services are not well adapted to users and require modernisation in terms of quality, scope and delivery mechanisms and that social care services also need substantial improvement, especially for users in vulnerable positions, this Programme aims to improve the quality of services, institutions and to strengthen human resources in both sectors, thus making them more accessible and effective.</p> <p>In addition, under this specific objective, the Programme will also address promotion of healthy life style, active and healthy ageing, strengthening palliative care, implementing ICT solutions and dissemination of good practices in the programme area.</p> <p>The following result is expected to be achieved within SO 1.1: Improved quality of the services in public health and social care sector</p>

### 2.1.4. Elements of other thematic priorities added to the priority axis

(Reference: Article 35(1) of IPA II Implementing Regulation)

N/A
-----

### 2.1.5. Actions to be supported under the thematic priority 1

***2.1.5.1. A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries***

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic Priority</i>	TP 1 Public health and social care sector
<p>The supported actions under priority axis 1 will contribute to enhancing public health and social care by improving accessibility and effectiveness of public health and social care services and institutions and by strengthening the human resources in the sectors.</p> <p>More concretely, the programme will support actions with the aim of enhancing accessibility to and effectiveness of the public health and social services and institutions, developing and implementing related lifelong learning programmes, developing and implementing programmes for increasing skills of health and social care workers to better adapt to the real needs of the beneficiaries, implementing actions for improving quality, scope and delivery mechanism of social services provided to users in vulnerable positions as well as support to networking activities with the aim of enhancing health care and social services and facilities. In addition, the actions to be supported under this priority axis will be those implementing ICT solutions aiming at improving public health and social care services as well as actions creating synergies with the actions addressing developing schemes and using ICT tools for establishing networking structures for the purpose of common disaster response across the borders.</p> <p>According to the specific objective within priority axis 1, the following actions will be supported:</p> <ul style="list-style-type: none"> <li>- Actions to improve the quality of the services in public health and social care sector across the borders (as per SO 1.1. - expected result 1.1.)</li> </ul> <p><b>Actions to improve the quality of the services in public health and social care sector across the borders</b></p> <p><i>Examples of actions supported within SO 1.1. are:</i></p> <ul style="list-style-type: none"> <li>- Providing support to public health and social care institutions in improving accessibility and effectiveness (e.g. small infrastructure and equipment), including related pilot projects.</li> <li>- Developing and implementing joint lifelong learning, education and training programmes addressing skills and capacity strengthening needs in the area of health and social care.</li> <li>- Developing and implementing joint activities on enhancing the quality of health care and social care services (e.g. joint health services delivery, promoting healthy lifestyles and active and healthy aging, disease prevention implementation plan, etc.)</li> <li>- Implementing ICT solutions in order to improve public health and social care services.</li> <li>- Developing schemes and using ICT tools for establishing networking structures for the purpose of common disaster response across the borders.</li> <li>- Joint strengthening of health care and social care for vulnerable groups with focus on children, elderly, disabled, people receiving social care and long-term unemployed older women.</li> <li>- Awareness rising activities aiming at promotion of different types of services available for vulnerable groups.</li> </ul>	

- Networking of organisations (e.g. health care and social care institutions, family centres, education institutions, etc.) in order to create joint activities for enhancing accessibility to health and social services.
- Implementing exchange of experience concerning the identification, transfer and dissemination of good practices and innovative approaches as well support to the sustainability and implementation of the Cross-border Healthcare Directive (2011/24) and European Reference Networks, especially in relation to the aims of territorial cohesion, including territorial aspects and harmonious development of Union territory.

*Main target groups and types of beneficiaries*

The main target groups to be understood as those individuals and/or organisations positively affected by the activities and results of an operation, though not necessarily being directly involved in the operation. They include private, public and civil sector, such as enterprises, policy makers and planners, organisations dealing with health care and social care as well as all population groups which are affected by the issue.

Beneficiaries to be understood as project partners directly benefitting from programme funds and implementing activities within the operation are all legal personalities that can contribute to improving facilities and services in the area of public health care and social sectors across the borders. They comprise amongst others: organisations responsible for providing public health and social services, public/non-profit organisations including institutes, universities, colleges, educational institutions, public institutions for adult education/learning, NGOs, local and regional government bodies, development agencies.

*Specific territories targeted*

Taking into account that common potentials and challenges have been identified throughout the whole programme area, no specific territories will be targeted under the Priority axes 1. Therefore, the supported actions can be implemented throughout the whole programme area.

**2.1.5.2. Guiding principles for the selection of operations**

(Reference: point (b) (iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic priority</i>	TP 1 Public health and social care sector
<p>The selection of operations will be carried out in line with Article 39 of Regulation (EU) No 447/2014 following a standardised assessment procedure. The methodological framework for the selection of operations includes eligibility check and quality assessment. In case of regular calls for proposals, the quality assessment will consist of 3 sets of predefined criteria:</p> <p><b>Relevance criteria</b> allow for assessing the relevance of applications and the extent of their contribution to achieving a specific objective. They are directly linked to the results envisaged within a specific objective and can be summarised as follows:</p> <ul style="list-style-type: none"> <li>• Contribution to programme objectives and results, as defined by relevant specific objective</li> <li>• Contribution to relevant programme indicators</li> </ul>	

- Coherence of planned activities and outputs with types and examples of actions and outputs, as per relevant priority axis
- Coherence of operation relevance to programme area challenges and needs addressed by specific objectives
- Coherence with relevant policies at different level
- Contribution to the requirement of operation delivering clear cross-border impacts and benefits.
- Cooperation in the development and implementation of operations
- In addition, cooperation either in the staffing or the financing or both
- Integrated approach principle (projects with integrated nature that are tackling a specific problem with a multi-modal approach and mixing the logic and methods of different sectors, or they are prepared to address all of the challenges of a specific territory, with cross-sectorial and harmonized solutions) may be considered as added value

**Operational criteria** allow for assessing the quality of implementation with regard to the feasibility of applications as well as their value for money (invested resources in relation to results delivered). They can be summarised as follows:

- Structure, coherence and transparency of the operation work plan
- Correlation between defined problems, activities, objectives and operation indicators
- Operation communication and capitalisation strategy and activities
- Coherence of the budget with project work plan and value for money
- Structures and procedures set in place for the daily management of operations

**Sustainability criteria** allow for assessing the quality of sustainability factors such as added value or horizontal issues. They can be summarised as follows:

- The project is expected to have a long lasting effect
- The project is having an added value, is building on previous activities, is not repeating exactly the same activities in the same area.
- The project is contributing to the horizontal issues.

Detailed quality assessment criteria will be laid down and made available to applicants in call specific documents. The assessment will be conducted by qualified independent assessors, in line with the required expertise.

In cases when the achievement of programme results requires implementation of targeted or strategic actions, JMC may decide to implement strategic projects or to launch targeted/strategic calls. An operation that is critical to achieve the expected results of the programme is considered as strategic operation. For targeted/strategic calls for proposals, the methodological framework for selection of operations will include all the above mentioned criteria and additionally:

**Strategic criteria:**

- The JMC considers an operation as strategic one

- The operation is considered to be crucial to realise the objectives of the programme.

**2.1.5.3. Planned use of financial instruments** (where appropriate)

(Reference: point (b) (iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic priority</i>	PA 1 (TP 1)
<i>Planned use of financial instruments</i>	N/A
N/A	

## 2.1.6 Common and programme specific indicators

(Reference: point (b)(ii) and (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013 and Article 2(2) of IPA II Implementing Regulation)

### 2.1.6.1 Priority axis result indicators (programme specific)

**Table 3: Programme specific result indicators**

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
PA 1	The level of accessibility and availability of the services within public health care sector	Percentage	44%	2015	75%	HR-Croatian National Institute of Public Health BA-Ministry of Health of RS, Ministry of Health of Federation of Bosnia and Herzegovina and Department for Health of Brčko District ME-Ministry of Health	2018 2020 2023

**2.1.6.2. Priority axis output indicators (common or programme specific)**

**Table 4: Programme common and specific output indicators**

<b>ID</b>	<b>Indicator (name of indicator)</b>	<b>Measurement unit</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Frequency of reporting</b>
PA 1a	Number of jointly developed and/or implemented tools and services that enable better quality of health and/or social care services	Number	13	Monitoring of operations (progress reports)	Annually
PA 1b	Number of participants in joint education and training schemes on health and/or social care	Number	935	Monitoring of operations (progress reports)	Annually
CO36	Population covered with improved health and/or social care services (CI) *	Number	130.000	Monitoring of operations (progress reports)	Annually

\*Common output indicator, chosen by the Programme from Annex 1 (common output indicators for ERDF support under the investment for growth and jobs goal) of the Regulation no. 1301/2013 on the European Regional Development Fund (ERDF).

**2.1.6.3. Priority axis performance framework**

**Table 5: Performance framework – financial performance**

<b>ID</b>	<b>Priority Axis</b>	<b>Measurement unit</b>	<b>Financial performance (2018)</b>	<b>Financial allocation</b>	<b>Source of data</b>	<b>Explanation</b>



<b>PA 1</b>	Improving the quality of the services in public health and social care sector	EUR	625,000	10,350,654	Certifying Authority	Financial indicator relates to the n+3 spending obligation in 2018 (allocation for 2015) within the PA1, as well as to the spending of allocation for 2016.
-------------	---	-----	---------	------------	----------------------	---

**Table 6: Performance framework – output indicators**

<b>ID</b>	<b>Indicator (<i>name of indicator</i>)</b>	<b>Measurement unit</b>	<b>Milestone for 2018</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Explanation</b>
<b>PA1</b>	Number of jointly developed and/or implemented tools and services that enable better quality of health and/or social care services	Number	3	13	Monitoring of operations (progress reports)	The output indicators have been selected based on the approved project applications and their envisaged outputs in relation to the Programme output indicators. Taking into account that the contracting of the projects selected within the first Call for Proposals is envisaged for May 2017 and that the average project duration is 24 months, only minor part of Programme
<b>PA1</b>	Number of participants in joint education and training schemes on health and/or social care	Number	70	935	Monitoring of operations (progress reports)	
<b>PA1</b>	Population covered with improved health and/or social care services (CI)*	Number	0	130.000	Monitoring of operations (progress reports)	

						<p>output will be achieved by 2018.</p> <p>The total budget of the Programme is divided in four selected priority axes, it is envisaged that the financial allocation per each priority axis is divided in a way that 30% of the allocation will be staff and related costs while 70% of the allocation will contribute directly to the programme specific result. Since there are several programme specific outputs contributing to the programme specific result, that 70% has been divided between programme specific outputs under each priority axis that is the allocated percentage represents the share of financial allocation represented by operations that will produce the outputs.</p> <p>In priority axis 1, we have selected all 3 output indicators in this priority, which in total represents 70% (33%, 2% and</p>
--	--	--	--	--	--	--

						35%) of the total budget envisaged for PA1.
--	--	--	--	--	--	---

<b>ID</b>	<b><i>Key implementation step</i></b>	<b>Measurement unit</b>	<b>Milestone for 2018</b>	<b>Source of data</b>	<b>Explanation</b>
<b>PA1</b>	Projects contracted	Number	5	JMC Decision	<p>There are five projects selected under this Priority Axis within the 1<sup>st</sup> Call for Proposals. The contracting of the projects is envisaged for May and June 2017.</p> <p>Due to the fact that the projects selected under this Priority Axis have some activities related to infrastructure and purchase of sophisticated diagnostic equipment, the output indicators are envisaged to be reached in the later stage of the project implementation, i.e. at the beginning of 2019.</p>

## 2.1.7. Categories of intervention

(Reference: point (b)(vii) of Article 8(2) of Regulation (EU) No 1299/2013)

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

### Tables 5-8: Categories of intervention

<b>Table 5: Dimension 1 Intervention field</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 1	080 e-Inclusion, e-Accessibility, e-Learning and e-Education services and applications, digital literacy	2,750,000
PA 1	081 ICT solutions addressing the healthy active ageing challenge and e-Health services and applications (including e-Care and ambient assisted living)	2,750,000
PA 1	107 Active and healthy ageing	1,150,654
PA 1	111 Combating all forms of discrimination and promoting equal opportunities	1,000,000
PA 1	112 Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest	1,420,000
PA 1	118 Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning systems, including dual learning systems and apprenticeship schemes	1,280,000

<b>Table 6: Dimension 2 Form of finance</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 1	01 Non-repayable grant	10,350,654

<b>Table 7: Dimension 3 Territory type</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>

PA 1	01 Large Urban areas (densely populated > 50 000 population)	3,450,218
PA 1	02 Small Urban areas (intermediate density > 5 000 population)	3,450,218
PA 1	03 Rural areas (thinly populated)	3,450,218

<b>Table 8: Dimension 6 Territorial delivery mechanisms</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 1	07 Not applicable	

**2.1.8. A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions for to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)**

(Reference: point (b)(vi) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Priority axis</i>	PA 1
N/A	

## 2.2.1 Description of Priority axis 2

<i>ID of the priority axis</i>	PA 2
<i>Title of the priority axis</i>	<b>Protecting the environment and nature, improving risk prevention and promoting sustainable energy and energy efficiency</b>

## 2.2.2 Fund, calculation basis for Union support and justification of the calculation basis choice

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	

<i>Fund</i>	IPA
<i>Calculation basis (total eligible expenditure or public eligible expenditure)</i>	Total eligible expenditure
<i>Justification of the calculation basis choice</i>	

### 2.2.3. The specific objectives of the thematic priority and expected results

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>ID</i>	2.1.
<i>Specific objective</i>	To promote and improve environment and nature protection and management systems for risk prevention
<i>The results that the partner States seek to achieve with Union support</i>	<p>The programme area is rich in natural resources and has a vast protected area that needs to be further protected and valorised. Therefore, under this specific objective, the Programme will address these challenges and will aim to strengthen the environmental and nature management within the programme area.</p> <p>Furthermore, the programme area is at high risk as regards to mine suspected areas and natural disasters, especially floods, droughts and fires which are mainly due to the climate changes. Therefore, under this specific objective, the programme will aim to establish new and improve the existing risk prevention systems in order to improve disaster response capability and to ensure the safety of the inhabitants of the programme area.</p> <p>The following result is expected to be achieved within SO 2.1.:</p> <p>Improved protection of environment and nature and management systems for risk prevention.</p>

<i>ID</i>	PA 2
<i>Specific objective 2.2.</i>	To promote utilization of renewable energy resources and energy efficiency
<i>The results that the partner States seek to achieve with Union support</i>	<p>Programme area has not only the potential but is also in need for improving the share of renewable energy in total energy consumption in order to meet the EU levels in that sector. Therefore, under this specific objective, the Programme aims to implement joint cross-border initiatives in order to strengthen the use of sustainable energy, to improve the related planning and legal framework,</p>

	<p>to strengthen awareness raising and to increase energy efficiency, especially in public buildings and housing sector.</p> <p>The following result is expected to be achieved within SO 2.2.:</p> <p>Increased capacities and improved infrastructure for utilisation of renewable energy resources and energy efficiency</p>
--	---

#### **2.2.4. Elements of other thematic priorities added to the priority axis**

(Reference: Article 35(1) of IPA II Implementing Regulation)

N/A
-----



## 2.2.5. Actions to be supported under the thematic priority 2

### 2.2.5.1. A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic Priority</i>	TP 2 Environment, nature, risk prevention, sustainable energy and energy efficiency
<p>The supported actions under priority axis 2 will contribute to the environment and nature protection, risk prevention improvement and to strengthening the utilization of renewable energies and improving energy efficiency.</p> <p>Actions under this specific objective shall be based on cross-border cooperation in order to develop and implement joint management initiatives in the area of environment and nature protection, improve emergency preparedness and risk prevention systems (from fires, floods, draughts), support measures and tools for reducing the risk of natural disasters and increase disaster response in the programme. In addition, actions that will be supported under this priority axis are those aiming to develop and implement joint pilot and demonstration projects on innovative technologies and solutions in the field of energy efficiency and renewable energy resources, and those with the aim of joint investing in public infrastructure on sustainable energy and energy efficiency. The change that is to be sought is the increase in capacities and improved infrastructure for utilisation of renewable energy resources and application of energy efficiency in the programme area.</p> <p>According to the specific objectives within priority axis 2, two sets of actions will be supported:</p> <ul style="list-style-type: none"> <li>- Actions to promote and improve environment and nature protection and management systems for risk prevention (as per SO 2.1. - Expected result 2.1.)</li> <li>- Actions to promote utilization of renewable energy resources and energy efficiency (as per SO 2.2. - Expected result 2.2.)</li> </ul> <p><b>Actions to promote and improve environment and nature protection and management systems for risk prevention</b></p> <p><i>Examples of actions supported within SO 2.1. are:</i></p> <ul style="list-style-type: none"> <li>- Developing and implementing joint management initiatives in the area of environment and nature protection (e.g. monitoring and exchange of data, biodiversity and geo-diversity maps, management plans for nature protected areas of cross-border interest, marine protected areas, maritime spatial planning and integrated coastal management for cross-border areas, etc.)</li> <li>- Implementing joint actions in the area of monitoring and managing environmental protection addressing locally specific cross-border priorities and/or contributing to implementation of higher-level regional initiatives such as Sava River Basin Management Plan and the EU Strategy for the Adriatic and Ionian Region.</li> <li>- Implementing joint initiatives for designation and preservation of cross-border habitats (including large carnivore habitats) and ecosystems with high biodiversity value, including protection and restoration of coastal wetland areas and karst fields relevant for the Adriatic Flyway</li> </ul>	

- Implementing awareness raising activities, information campaigns and education and training concerning environmental and nature protection.
- Improving emergency preparedness and risk prevention systems that addresses existing as well as expected cross-border hazards (fires, floods, draughts, hazardous pollution events, including trans boundary air and water pollution and other natural disasters) through, for example: mapping of water pollution hazards in the flood zones, adopting comprehensive multi-hazard framework to risk management and communication, harmonizing information about risks using internationally accepted definitions and guidelines, addressing priority gaps and needs for exchanging available data, developing and/or implementing plans that specify standard operating procedures on local level (who, what, when, how and with whom) based on higher level initiatives for disaster management.
- Implementing cross-border measures and tools for reducing or mitigating environmental problems and risks, including small-scale infrastructure and equipment.
- Implementing joint interventions in case of accidents and natural disasters and establishment of strong cooperation between the emergency centres, including small-scale infrastructure and equipment.

As regards to actions supported within SO 2.1, the following should be taken into account:

- it is recommended that relevant applications related to environmental monitoring systems should be designed in order to maximise potential synergies with other relevant higher-level monitoring systems on regional, national, international or macro-regional level.
- it is important to point out that relevant actions should be in line with the EC Floods Directive and be aligned with the Danube and Sava Basin Flood Risk Management Plans.
- new initiatives in the area of cross-border civil protection and disaster management should not overlap with the existing European structures such as the Union Civil Protection Mechanism, which is the European framework for coordination in disaster response. In that respect, activities under this Programme should be complementing, creating the synergies and supporting the countries' current or future participation within the management framework of the Union Civil Protection Mechanism.

#### **Actions to promote utilization of renewable energy resources and energy efficiency**

*Examples of actions supported within SO 2.2. are:*

- Developing and implementing joint pilot and demonstration projects on innovative technologies and solutions in the field of energy efficiency and renewable energy resources.
- Joint investing in public infrastructure on sustainable energy and energy efficiency.
- Joint incentives in order to improve planning and regulatory framework in the area of renewable energy resources and energy efficiency (e.g. analyses, comparisons, recommendation, local/regional action plans, etc.).

- Implementing transfer of knowledge (awareness rising), dissemination of experience, exchange of good practice and capacity building on the utilization of renewable energy resources and energy efficiency.
- Elaboration of joint studies and documentation on (the utilization of) renewable energy resources and energy efficiency.

As regards to actions supported within SO 2.2, the following should be taken into account:

- The implementation of renewable energy measures related to the use of biomass should take into account strict emission standards and abatement measures reducing emissions, notably of PM. Furthermore, the programme recommends to link energy related measures to Air Quality plans (under Directive 2008/50/EC in the EU or equivalents elsewhere).

*Main target groups and types of beneficiaries*

The main target groups to be understood as those individuals and/or organisations positively affected by the activities and results of an operation, though not necessarily being directly involved in the operation. They include private, public and civil sector, such as enterprises, policy makers and planners, organisations dealing with environment and risk prevention as well as all population groups which are affected by the issue.

Beneficiaries to be understood as project partners benefitting from programme funds and implementing activities within the operation are all legal personalities that can contribute to improving in the area of natural resources, management systems for risk prevention, energy production and energy efficiency throughout the programme area. They comprise amongst others: NGO's, public companies (e.g. water management companies, public electrical companies, etc.), public energy agencies, public institutions (e.g. institutes and other research organisations, development agencies national/regional/local institutions responsible for environment and nature, etc.), educational institutions (for example universities, faculties, open universities, adult education institutions, primary and secondary schools etc.), local and regional authorities, business supporting institutions, etc.

*Specific territories targeted*

Taking into account that common potentials and challenges have been identified throughout the whole programme area, no specific territories will be targeted under the Priority axes 2. Therefore, the supported actions can be implemented throughout the whole programme area.

**2.2.5.2. Guiding principles for the selection of operations**

(Reference: point (b) (iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic priority</i>	TP 2 Environment, nature, risk prevention, sustainable energy and energy efficiency
The selection of operations will be carried out following the guiding principles and the methodological framework as outlined in Section 2.1.5.2. referring to Priority axis 1.	

**2.2.5.3. Planned use of financial instruments** (where appropriate)

(Reference: point (b) (iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic priority</i>	TP 2 Environment, nature, risk prevention, sustainable energy and energy efficiency
<i>Planned use of financial instruments</i>	N/A
N/A	

## 2.2.6 Common and programme specific indicators

(Reference: point (b)(ii) and (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013 and Article 2(2) of IPA II Implementing Regulation)

### 2.2.6.1 Priority axis result indicators (programme specific)

**Table 3: Programme specific result indicators**

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
PA 2	Disaster response capability in the programme area	Percentage	55	2015	89	HR-Ministry of Interior BA-Civil Protection Agencies of RS and Federation of Bosnia and Herzegovina ME-Ministry of Interior, Directorate for Protection and Rescue System	2018 2020 2023
PA 2	Energy consumption by public buildings in the programme area	kWh	2,697,101,345.25	2010	2,508,304,251.08	HR-Agency for Transactions and Mediation in Immovable Properties (ATMIP) BA-Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina ME-Ministry of Capital Investments	2018 2020 2023

**2.2.6.2. Priority axis output indicators (common or programme specific)**

**Table 4: Programme common\* and specific output indicators**

<b>ID</b>	<b>Indicator (name of indicator)</b>	<b>Measurement unit</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Frequency of reporting</b>
PA2a	Surface area of habitats supported in order to attain a better conservation status (ha) (CI)*	ha	11.400	Monitoring of operations (progress reports)	Annually
PA2b	Area covered by improved emergency preparedness and risk prevention systems (km2)	km2	26.300	Monitoring of operations (progress reports)	Annually
PA2c	Population benefiting from flood protection measures (CI)*	Number	150.000	Monitoring of operations (progress reports)	Annually
PA2d	Additional capacity of renewable energy production (MW)	MW	3,5	Monitoring of operations (progress reports)	Annually

\*Common output indicators, chosen by the Programme from Annex 1 (common output indicators for ERDF support under the investment for growth and jobs goal) of the Regulation no. 1301/2013 on the European Regional Development Fund (ERDF).

**2.2.6.3. Priority axis performance framework**

**Table 5: Performance framework – financial performance**

<b>ID</b>	<b>Priority Axis</b>	<b>Measurement unit</b>	<b>Financial performance (2018)</b>	<b>Financial allocation</b>	<b>Source of data</b>	<b>Explanation</b>
PA2	Protecting the environment and nature, improving risk prevention and promoting sustainable energy and energy efficiency.	EUR	1,050,000	13,483,899	Certifying Authority	Financial indicator relates to the n+3 spending obligation in 2018 (allocation for 2015) within the PA2, as well as to the spending of allocation for 2016.

**Table 6: Performance framework – output indicators**

<b>ID</b>	<b>Indicator (name of indicator)</b>	<b>Measurement unit</b>	<b>Milestone for 2018</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Explanation</b>
PA2	Population benefiting from flood protection measures (CI)*	Number	0	150.000	Monitoring of operations (progress reports)	The indicated milestone for 2018 is zero due to the fact that all output indicators in the selected projects

PA2	Additional capacity of renewable energy production (MW)	MW	0	3,5	Monitoring of operations (progress reports)	<p>are envisaged to be reached in the later phase of the project implementation because of their complexity.</p> <p>The total budget of the Programme is divided in four selected priority axes, it is envisaged that the financial allocation per each priority axis is divided in a way that 30% of the allocation will be staff and related costs while 70% of the allocation will contribute directly to the programme specific result. Since there are several programme specific outputs contributing to the programme specific result, that 70% has been divided between programme specific outputs under each</p>
-----	---	----	---	-----	---	---



						<p>priority axis that is the allocated percentage represents the share of financial allocation represented by operations that will produce the outputs.</p> <p>In priority axis 2 we have selected 2 output indicators out of 4, which in total represent 39% (20% and 19%) of the total budget envisaged for PA2.</p>
--	--	--	--	--	--	--

<b>ID</b>	<b><i>Key implementation step</i></b>	<b>Measurement unit</b>	<b>Milestone for 2018</b>	<b>Source of data</b>	<b>Explanation</b>
-----------	---------------------------------------	-------------------------	---------------------------	-----------------------	--------------------

<b>PA2</b>	Projects contracted	Number	6	JMC Decision	<p>There are six projects selected under this Priority Axis within the 1<sup>st</sup> Call for Proposals. The contracting of the projects is envisaged for May 2017.</p> <p>Due to the fact that the projects selected under this Priority Axis have many activities related to infrastructure and more complex implementation plans, the output indicators are envisaged to be reached in the later stage of the project implementation, i.e. at the beginning of 2019.</p>
------------	---------------------	--------	---	--------------	--

## 2.2.7. Categories of intervention

(Reference: point (b)(vii) of Article 8(2) of Regulation (EU) No 1299/2013)

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

**Tables 5-8: Categories of intervention**

<b>Table 5: Dimension 1 Intervention field</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 2	009 Renewable energy: wind	400,000
PA 2	010 Renewable energy: solar	1,000,000
PA 2	011 Renewable energy: biomass	900,000
PA 2	012 Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure)	500,000
PA 2	013 Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures	2,000,000
PA 2	014 Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures	1,900,000
PA 2	083 Air quality measures	400,000
PA 2	085 Protection and enhancement of biodiversity, nature protection and green infrastructure	1,400,000
PA 2	086 Protection, restoration and sustainable use of Natura 2000 sites	1.183.899
PA 2	087 Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures	1,900,000
PA 2	088 Risk prevention and management of non-climate related natural risks (i.e. earthquakes) and risks linked to human activities (e.g. technological accidents), including awareness raising, civil protection and disaster management systems and infrastructures	1,900,000

<b>Table 6: Dimension 2 Form of finance</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>

PA 2	01 Non-repayable grant	13,483,899
------	------------------------	------------

<b>Table 7: Dimension 3 Territory type</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 2	01 Large Urban areas (densely populated > 50 000 population)	4,494,633
PA 2	02 Small Urban areas (intermediate density > 5 000 population)	4,494,633
PA 2	03 Rural areas (thinly populated)	4,494,633

<b>Table 8: Dimension 6 Territorial delivery mechanisms</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 2	07 Not applicable	

**2.2.8. A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions for to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)**

(Reference: point (b)(vi) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Priority axis</i>	PA 2
N/A	

### 2.3.1 Description of Priority axis 3

<i>ID of the priority axis</i>	PA 3
<i>Title of the priority axis</i>	<b>Contributing to the development of tourism and preserving cultural and natural heritage</b>

### 2.3.2 Fund, calculation basis for Union support and justification of the calculation basis choice

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	

<i>Fund</i>	IPA
<i>Calculation basis (total eligible expenditure or public eligible expenditure)</i>	Total eligible expenditure
<i>Justification of the calculation basis choice</i>	

### 2.3.3. The specific objectives of the thematic priority and expected results

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>ID</i>	3.1.
<i>Specific objective</i>	To strengthen and diversify the tourism offer through cross border approaches and to enable better management and sustainable use of cultural and natural heritage
<i>The results that the partner States seek to achieve with Union support</i>	<p>The programme area is rich in natural and cultural resources reflecting a long and eventful history as well as ethnic, natural and cultural diversity. It has the potential to use the existing resources and assets to promote and develop the tourism of the programme area through cross border approaches. In addition, the aim of this specific objective is to address the challenges related to insufficient diversification of tourism services, lack of joint cross-border touristic offer, insufficient number of globally branded destinations, lack of trained personnel, lack of management skills and inadequate tourism infrastructure.</p> <p>Under this specific objective, the Programme aims to support the development of new tourism niches and new tourism products jointly developed and promoted. Furthermore, it aims to address challenges related to lack of tourism and management skills in order to ensure better quality of the public tourism services and sustainable use of cultural and natural heritage. The Programme will aim to valorise and preserve cultural and natural heritage potentials of the programme area and integrate them with culture, nature and leisure activities into tourism offer while taking care of their sustainability.</p> <p>The following result is expected to be achieved within SO 3.1.:</p> <p>Strengthened and diversified tourism offer in the programme area and improved management and sustainable use of cultural and natural heritage.</p>

### 2.3.4. Elements of other thematic priorities added to the priority axis

(Reference: Article 35(1) of IPA II Implementing Regulation)

N/A
-----

### 2.3.5. Actions to be supported under the thematic priority 3

#### 2.3.5.1. A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic Priority</i>	TP 4 Tourism and cultural and natural heritage
<p>The supported actions under priority axis 3 will contribute to the development and diversification of existing tourism potential as well as to the development of sustainable tourism by protecting and preserving cultural and natural heritage assets.</p> <p>The actions under this priority axis will contribute to strengthening of existing and further development of cross-border tourism potentials by diversifying tourism offer, by improving management capacities in tourism sector, by including other sectors and developing complementary services in the tourist offer, by supporting introduction of certifications and standardisation as regards to tourist services and products, developing and improving small-scale tourism infrastructure, implementing ICT and innovative solutions and supporting capacity building in the tourism sector. Furthermore, the actions under this priority will aim to valorise cultural and natural potentials of the programme area in order to integrate culture, nature and leisure activities into tourism offer however taking care of the sustainability factor thus contributing to strengthening and diversifying the tourist offer of the programme area.</p> <p>According to the specific objectives within priority axis 3, a set of actions will be supported:</p> <ul style="list-style-type: none"> <li>- Actions to strengthen and diversify the tourism offer through cross border approaches as well as to enable a better management and sustainable use of cultural and natural heritage (as per SO 3.1. - expected result 3.1.)</li> </ul> <p><b>Actions to strengthen and diversify the tourism offer through cross border approaches</b></p> <p><i>Examples of actions supported within SO 3.1. are:</i></p> <ul style="list-style-type: none"> <li>- Developing, promoting and branding of joint tourism niches, services and products including the development and diversification of joint tourism activities and sustainable tourism offer, inter alia, by including other relevant sectors (e.g. agriculture, organic food supply, handicrafts and other local products, culture, sustainable transport, etc.) in order to develop projects in ecotourism, hunting, rural,</li> </ul>	

mountain, excursion, cultural, adventure, religious, nautical, conference, health, wellness and spa tourism.

- Developing complementary services in tourist offer.
- Promoting and introducing (international) certifications and standards, in order to improve the quality of tourism providers and their services.
- Supporting development and improvement of destination management capacity building in tourism sector (e.g. by developing destination management skills and focusing on enhancing quality (e.g. standardisation) and integration of offers, tourist destination development, management, marketing and promotion).
- Implementing cross-border networking of institutions and dissemination of good practices and innovative approaches in tourism sector, including support to establishment and development of clusters.
- Developing the cross-border tourism offer including the development of innovative products and services and using ICT and other technologies (e.g. GPS routes, booking systems).
- Developing and improving small-scale cross-border tourism infrastructure such as: walking paths, cycling routes, hiking, riding trails, signposting, visitor centres, etc.
- Implementing joint incentives of integrating culture, nature and leisure activities into sustainable tourism offer in the programme area taking care of preservation of nature and cultural protected areas (e.g. marine and coastal environment, historical and cultural sites, etc).
- Valuating, preserving, restoring and reviving (e.g. animation of site) cultural, historical and natural heritage assets (e.g. UNESCO and other historical and cultural sites and landscapes), including enabling or improving access to them, but at the same time preserving marine and coastal environment.
- Enabling joint cultural cooperation initiatives including creation of joint cultural events such as cultural festivals, cultural exchanges, joint theatre performances or joint/traveling exhibitions.
- Developing and implementing training programs in quality assurance systems and different types of standardisation (e.g. ISO certification, etc.) on cultural and natural heritage.
- Implementing investments in certification including training, equipment supply but also small scale infrastructure on cultural and natural heritage.
- Developing and promoting public cultural and heritage services.

*Main target groups and types of beneficiaries*

The main target groups to be understood as those individuals and/or organisations positively affected by the activities and results of an operation, though not necessarily being directly involved in the operation. They include private, public and civil sector, such as enterprises, policy makers and planners, organisations dealing with tourism and cultural and natural heritage as well as all population groups which are affected by the issue.

Beneficiaries to be understood as project partners directly benefitting from programme funds and implementing activities within the operation are all legal personalities that can contribute to improving in the area of tourism and management of cultural and natural heritage throughout the programme area. They comprise amongst others: NGOs (for example citizens associations, development agencies, local action groups, chambers, clusters, expert associations etc.), public institutions (for example institutes and other research organisations, development agencies national/regional/local institutions



responsible for environment and nature, national/regional/local institutions responsible for culture including museums, libraries and theatres, etc.), educational institutions (for example universities, faculties, open universities, adult education institutions, primary and secondary schools etc.), local and regional authorities, tourist boards and organisations, business supporting organisations, etc.

*Specific territories targeted*

Taking into account that common potentials and challenges have been identified throughout the whole programme area, no specific territories will be targeted under the Priority axis 3. Therefore, the supported actions can be implemented throughout the whole programme area.

**2.3.5.2. Guiding principles for the selection of operations**

(Reference: point (b) (iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic priority</i>	TP 4 Tourism, cultural and natural heritage
The selection of operations will be carried out following the guiding principles and the methodological framework as outlined in Section 2.1.5.2. referring to Priority axis 1.	

**2.3.5.3. Planned use of financial instruments** (where appropriate)

(Reference: point (b) (iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic priority</i>	PA 3 (TP 4)
<i>Planned use of financial instruments</i>	N/A
N/A	

### 2.3.6 Common and programme specific indicators

(Reference: point (b)(ii) and (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013 and Article 2(2) of IPA II Implementing Regulation)

#### 2.3.6.1 Priority axis result indicators (programme specific)

**Table 3: Programme specific result indicators**

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
PA 3	Increase in arrivals of non-residents staying in hotels and similar establishments	Number	73,522,546	2012	73,591,990	Annual statistical reports - Bureau of Statistics in Croatia, Bosnia and Herzegovina and Montenegro	2018 2020 2023

**2.3.6.2. Priority axis output indicators (common or programme specific)**

**Table 4: Programme common\* and specific output indicators**

<b>ID</b>	<b>Indicator (name of indicator)</b>	<b>Measurement unit</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Frequency of reporting</b>
PA3a	Number of joint tourism offers/products developed and/or implemented and promoted	Number	23	Monitoring of operations (progress reports)	Annually
PA3b	Number of tourism providers with (international) certifications and standards	Number	33	Monitoring of operations (progress reports)	Annually
PA3c	Number of tourism supporting facilities and/or tourism infrastructure developed and/or improved	Number	13	Monitoring of operations (progress reports)	Annually
PA3d	Number of sustainable management plans for cultural and natural heritage sites developed and/or implemented	Number	7	Monitoring of operations (progress reports)	Annually
PA3e	Number of participants trained in quality assurance, standardisation on cultural and natural heritage and destination management	Number	427	Monitoring of operations (progress reports)	Annually
PA3f	Number of cultural and natural assets developed and/or improved	Number	28	Monitoring of operations (progress reports)	Annually

### 2.3.6.3. Priority axis performance framework

**Table 5: Performance framework – financial performance**

<b>ID</b>	<b>Priority Axis</b>	<b>Measurement unit</b>	<b>Financial performance (2018)</b>	<b>Financial allocation</b>	<b>Source of data</b>	<b>Explanation</b>
<b>PA3</b>	Contributing to the development of tourism and preserving cultural and natural heritage	EUR	1,250,000	16,641,545	Certifying Authority	Financial indicator relates to the n+3 spending obligation in 2018 (allocation for 2015) within the PA3, as well as to the spending of allocation for 2016.

**Table 6: Performance framework – output indicators**

<b>ID</b>	<b>Indicator (<i>name of indicator</i>)</b>	<b>Measurement unit</b>	<b>Milestone for 2018</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Explanation</b>
<b>PA3</b>	Number of joint tourism offers/products developed and/or implemented and promoted	Number	1	23	Monitoring of operations (progress reports)	The output indicators have been selected based on the approved project applications and their envisaged outputs.

PA3	Number of tourism providers with (international) certifications and standards	Number	2	33	Monitoring of operations (progress reports)	Taking into account that the contracting of the projects selected within the first Call for Proposals is envisaged for May 2017 and that the average project duration is 24 months, only minor part of Programme output will be achieved by 2018.  The total budget of the Programme is divided in four selected priority axes, it is envisaged that the financial allocation per each priority axis is divided in a way that 30% of the allocation will be staff and related costs while 70% of the allocation will contribute directly to the programme specific result. Since there are several programme specific outputs contributing to the programme specific result, that 70% has been divided between programme specific outputs under each priority axis that is the allocated percentage represents the share of financial allocation represented by
PA3	Number of participants trained in quality assurance, standardisation on cultural and natural heritage and destination management	Number	40	427	Monitoring of operations (progress reports)	
PA3	Number of cultural and natural assets developed and/or improved (i.e. thematic routes, joint promotion events and materials, site exploitation, small scale infrastructure)	Number	3	28	Monitoring of operations (progress reports)	

						<p>operations that will produce the outputs.</p> <p>In priority axis 3 we have selected 4 output indicators out of 6, which in total represent 48% (21%, 4%, 2% and 21%) of the total budget envisaged for PA3.</p>
--	--	--	--	--	--	---

### 2.3.7. Categories of intervention

(Reference: point (b)(vii) of Article 8(2) of Regulation (EU) No 1299/2013)

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

**Tables 5-8: Categories of intervention**

<b>Table 5: Dimension 1 Intervention field</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 3	090 Cycle tracks and footpaths	2,000,000
PA 3	091 Development and promotion of the tourism potential of natural areas	3,341,545
PA 3	092 Protection, development and promotion of public tourism assets	2,300,000
PA 3	093 Development and promotion of public tourism services	3,100,000
PA 3	094 Protection, development and promotion of public cultural and heritage assets	2,700,000
PA 3	095 Development and promotion of public cultural and heritage services	3.200.000

<b>Table 6: Dimension 2 Form of finance</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 3	01 Non-repayable grant	16,641,545

<b>Table 7: Dimension 3 Territory type</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 3	01 Large Urban areas (densely populated > 50 000 population)	5,547,181
PA 3	02 Small Urban areas (intermediate density > 5 000 population)	5,547,182
PA 3	03 Rural areas (thinly populated)	5,547,182

<b>Table 8: Dimension 6 Territorial delivery mechanisms</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 3	07 Not applicable	

**2.3.8. A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions for to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)**

(Reference: point (b)(vi) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Priority axis</i>	PA 3
N/A	



#### 2.4.1 Description of Priority axis 4

<i>ID of the priority axis</i>	PA 4
<i>Title of the priority axis</i>	<b>Enhancing competitiveness and developing business environment in the programme area</b>

#### 2.4.2 Fund, calculation basis for Union support and justification of the calculation basis choice

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	

<i>Fund</i>	IPA
<i>Calculation basis (total eligible expenditure or public eligible expenditure)</i>	Total eligible expenditure
<i>Justification of the calculation basis choice</i>	

### 2.4.3. The specific objectives of the thematic priority and expected results

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>ID</i>	4.1.
<i>Specific objective</i>	To enhance institutional infrastructure and services in order to accelerate the competitiveness and development of business environment in the programme area
<i>The results that the partner States seek to achieve with Union support</i>	<p>Taking into account that there is existing intuitional infrastructure for business development as well as strategic orientation towards cluster development in the programme area, this programme will focus on providing the opportunity to strengthen business support sector and clusters development in order to enhance common sectors/industries by supporting cooperation and further development, e.g. of new products/brands/services and applying innovativeness, new technologies and ICT in business processes. In that respect, under this specific objective the Programme will support business support institutions and clusters as well as their collaboration with R&amp;D institutions, public sector organisations and business related sectorial networks in addressing the needs of the programme area related to expanding the quality of services and products meanwhile improving the skills and knowledge on applying innovative technologies and fostering the exchange of experience in application of new technologies, processes and products. Under this specific objective, the support to creation and networking of clusters, increase in the range of cluster activities as regards to the use of innovation, new technologies and ICT solutions will also be supported.</p> <p>The following result is expected to be achieved within SO 4.1.:</p> <p>Increased competitiveness and development of the business environment in the programme area</p>

### 2.4.4. Elements of other thematic priorities added to the priority axis

(Reference: Article 35(1) of IPA II Implementing Regulation)

N/A

## 2.4.5. Actions to be supported under the thematic priority 4

### 2.4.5.1. A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic Priority</i>	PA 4 (TP 7) Competitiveness and business environment development
<p>The supported actions under priority axis 4 will contribute to enhancing competitiveness and development of business environment in the programme area.</p> <p>The actions under this priority axis will aim at developing and supporting existing business support institutions, existing business clusters and networks of SMEs, improving capacities in the area of entrepreneurship and supporting development of innovative products and services as well as applying innovation, ICT and new technologies in the activities of clusters and business processes in order to increase turnover, internationalise products and services and create more jobs. These actions will contribute to accelerating development of business environment and overall, the competitiveness of the programme area.</p> <p>According to the specific objective within priority axis 4, the following set of actions will be supported:</p> <ul style="list-style-type: none"> <li>- Actions to enhance innovation, new technologies and ICT in order to accelerate the competitiveness and development of business environment in the programme area (as per SO 4.1. - expected result 4.1.)</li> </ul> <p><b>Actions to enhance innovation, new technologies and ICT in order to accelerate the competitiveness and development of business environment in the programme area</b></p> <p><i>Examples of actions supported within SO 4.1. are:</i></p> <ul style="list-style-type: none"> <li>- Supporting business support institutions and establishment of and support to existing and new business related sectorial networks and organisations in order to enhance standardisation, product protection, marketing and development of cross-border markets.</li> <li>- Developing and supporting existing business clusters and/or networks of SMEs in applying ICT, innovation and new technologies in order to develop and promote common products for local cross-border and international markets.</li> <li>- Implementing actions aiming at networking, dissemination of good practices and innovative approaches and cooperation between business support institutions, clusters and SMEs at national, regional and local level in the programme area.</li> <li>- Supporting business support institutions in improving the capacity of entrepreneurs including micro entrepreneurs such as family farms/households</li> </ul>	

regarding marketing, branding, market research, e-business, competitiveness and education and training in entrepreneurship skills.

- Increasing cooperation between research institutions, clusters, businesses, public sector & development organisations to stimulate innovation and entrepreneurship to improve business innovativeness and technology based on smart specialization approach.
- Supporting actions related to development of innovative products and services (e.g. patents, industrial design, trademark and innovation etc.).
- Promoting and introducing (international) certifications and standards of existing and new products and services.
- Implementing joint research and development activities involving the research and educational centres in the programme area in order to increase competitiveness.
- Implementing cross-border development, adaptation and exchange of best practices in application of ICT, new technologies, processes, products or services to be directly used by the enterprises between the clusters or groups of business, R&D and education institutions.
- Establishing and supporting development agencies, technological and competence centres, laboratories and local ICT infrastructure for common use by the enterprises in the programme area in order to upgrade the existing and develop new products, services, processes or prototypes.

#### *Main target groups and types of beneficiaries*

The main target groups to be understood as those individuals and/or organisations positively affected by the activities and results of an operation, though not necessarily being directly involved in the operation. They include private, public and civil sector, such as enterprises, policy makers and planners, organisations dealing with different economy sectors as well as all population groups which are affected by the issue.

Beneficiaries to be understood as project partners directly benefitting from programme funds and implementing activities within the operation are all legal personalities that can contribute to improvement of competitiveness and development of business environment in the programme area. They comprise amongst others: business support institutions, NGOs (for example citizens associations, development agencies, local action groups, chambers, expert associations, clusters, producers associations and SME networks etc.), public institutions (for example institutes and other research organisations, development agencies national/regional/local institutions responsible for environment and nature, national/regional/local institutions responsible for culture including museums, libraries and theatres, etc.), educational institutions (for example universities, faculties, open universities, adult education institutions, primary and secondary schools etc.), local and regional authorities, business supporting organisations (for examples entrepreneurship centres and incubators, business zones and parks, etc.), cooperatives, etc.

#### *Specific territories targeted*

Taking into account that common potentials and challenges have been identified throughout the whole programme area, no specific territories will be targeted under the Priority axis 4. Therefore, the supported actions can be implemented throughout the whole programme area.

**2.4.5.2. Guiding principles for the selection of operations**

(Reference: point (b) (iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic priority</i>	PA4 (TP 7)
The selection of operations will be carried out following the guiding principles and the methodological framework as outlined in Section 2.1.5.2. referring to Priority axis 1.	

**2.3.5.3. Planned use of financial instruments** (where appropriate)

(Reference: point (b) (iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Thematic priority</i>	PA 4 (TP 7) Competitiveness and business environment development
<i>Planned use of financial instruments</i>	N/A
N/A	

## 2.4.6 Common and programme specific indicators

(Reference: point (b)(ii) and (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013 and Article 2(2) of IPA II Implementing Regulation)

### 2.4.6.1 Priority axis result indicators (programme specific)

**Table 3: Programme specific result indicators**

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
PA 4	Range of cluster activities enhancing innovation, new technologies and ICT solutions	Number	33	2015	49	HR-Ministry of Economy and Sustainable Development / Chamber of Commerce BA-Ministry of Entrepreneurship and Crafts of Federation of Bosnia and Herzegovina, Ministry of Industry, Energy and Mining of RS ME-Ministry of Economic Development	2018 2020 2023

**2.4.6.2. Priority axis output indicators (common or programme specific)**

**Table 4: Programme common\* and specific output indicators**

<b>ID</b>	<b>Indicator (name of indicator)</b>	<b>Measurement unit</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Frequency of reporting</b>
PA 4a	Number of cross-border business clusters and/or networks developed and/or implemented	Number	11	Monitoring of operations (progress reports)	Annually
PA 4b	Number of business support institutions supported	Number	20	Monitoring of operations (progress reports)	Annually
PA 4c	Number of laboratories and/or competence centres jointly used by the entrepreneurs developed or improved	Number	16	Monitoring of operations (progress reports)	Annually
CO26	Number of enterprises and business support institutions cooperating with research institutions (CI)*	Number	23	Monitoring of operations (progress reports)	Annually

\*Common output indicator, chosen by the Programme from Annex 1 (common output indicators for ERDF support under the investment for growth and jobs goal) of the Regulation no. 1301/2013 on the European Regional Development Fund (ERDF).

**2.4.6.3. Priority axis performance framework**

**Table 5: Performance framework – financial performance**

ID	Priority Axis	Measurement unit	Financial execution (2018)	Financial allocation	Source of data	Explanation
PA4	Enhancing competitiveness and developing business environment in the programme area	EUR	1,000,000	10,963,687	Certifying Authority	Financial indicator relates to the n+3 spending obligation in 2018 (allocation for 2015) within the PA4, as well as to the spending of allocation for 2016.

**Table 6: Performance framework – output indicators**

ID	Indicator (name of indicator)	Measurement unit	Milestone for 2018	Target value (2023)	Source of data	Explanation
PA4	Number of business support institutions supported	Number	5	20	Monitoring of operations (progress reports)	The output indicators have been selected based on the approved project applications and their envisaged outputs. Taking into account that the contracting of the projects selected within the first Call for Proposals is envisaged for May 2017 and that the average project duration
PA4	Number of laboratories and/or competence centres jointly used by the entrepreneurs developed or improved	Number	1	16	Monitoring of operations (progress reports)	



						<p>is 24 months, only minor part of Programme output will be achieved by 2018.</p> <p>The total budget of the Programme is divided in four selected priority axes, it is envisaged that the financial allocation per each priority axis is divided in a way that 30% of the allocation will be staff and related costs while 70% of the allocation will contribute directly to the programme specific result. Since there are several programme specific outputs contributing to the programme specific result, that 70% has been divided between programme specific outputs under each priority axis that is the allocated percentage represents the share of financial allocation</p>
--	--	--	--	--	--	---

						<p>represented by operations that will produce the outputs.</p> <p>In priority axis 4 we have selected 2 output indicators out of 4, which in total represent 40% (15% and 35%) of the total budget envisaged for PA4.</p>
--	--	--	--	--	--	--

## 2.4.7. Categories of intervention

(Reference: point (b)(vii) of Article 8(2) of Regulation (EU) No 1299/2013)

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

### Tables 5-8: Categories of intervention

<b>Table 5: Dimension 1 Intervention field</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 4	063 Cluster support and business networks primarily benefiting SMEs	2,400,000
PA 4	066 Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	2,400,000
PA 4	073 Support to social enterprises (SMEs)	1,190,000
PA 4	075 Development and promotion of tourism services in or for SMEs	1,363,687
PA 4	077 Development and promotion of cultural and creative services in or for SMEs	1,360,000
PA 4	082 ICT Services and applications for SMEs (including e-Commerce, e-Business and networked business processes), living labs, web entrepreneurs and local ICT start-ups)	2,250,000

<b>Table 6: Dimension 2 Form of finance</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 4	01 Non-repayable grant	10,963,687

<b>Table 7: Dimension 3 Territory type</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 4	01 Large Urban areas (densely populated > 50 000 population)	3,654,562
PA 4	02 Small Urban areas (intermediate density > 5 000 population)	3,654,563
PA 4	03 Rural areas (thinly populated)	3,654,562

<b>Table 8: Dimension 6 Territorial delivery mechanisms</b>		
<b>Priority axis</b>	<b>Code</b>	<b>Amount (EUR)</b>
PA 3	07 Not applicable	

**2.4.8. A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions for to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)**

(Reference: point (b)(vi) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Priority axis</i>	PA 4
N/A	

## Section 2.5 Description of the priority axes for technical assistance

(Reference: point (c) of Article 8(2) of Regulation (EU) No 1299/2013)

### 2.5.1 Priority axis

<i>ID</i>	PA 5
<i>Title</i>	Technical Assistance

### 2.5.2 Fund and calculation basis for Union support

<i>Fund</i>	IPA
<i>Calculation Basis (total eligible expenditure or public eligible expenditure)</i>	Total eligible expenditure
<i>Justification of the calculation basis choice (only if total eligible expenditure basis selected)</i>	10% of the total Programme EU funding

### 2.5.3. The specific objectives of the priority axis and the expected results

(Reference: points (c)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

#### Specific objective (repeated for each specific objective)

<i>ID</i>	5.1.
<i>Specific objective</i>	To manage and implement the programme effectively and efficiently
<i>Results that the partner States seek to achieve with Union support</i>	A sound management of the cross-border cooperation programme is the pre-condition for its effective implementation. The result expected within this specific objective is thus directly linked to the need of ensuring an adequate management and control environment of the programme, safeguarding that all programme implementation steps (including launching of calls, contracting, monitoring of operations and programme achievements, reimbursement of expenditure, etc.) are timely executed. The following result is expected to be achieved within SO 5.1.: 5.1. Programme managed and implemented effectively and efficiently.

<i>ID</i>	PA 5
<i>Specific objective 5.2.</i>	To support applicants and beneficiaries and to strengthen the involvement of relevant partners in programme implementation

<p><i>Results that the partner States seek to achieve with Union support</i></p>	<p>Besides a sound programme management, the capacity of applicants and beneficiaries to participate in the programme as well as the direct involvement of relevant partners (i.e. competent regional and local bodies representing public institutions at all relevant levels, socio-economic bodies and the civil society as defined in Article 5 of the CPR) are key factors for effective programme implementation.</p> <p>In the framework of this specific objective the programme will address the need to further build capacity of applicants and beneficiaries to participate in operations and to take up results. Moreover, the need to improve the advisory role of relevant partners in programme implementation (e.g. in the preparation of targeted or strategic calls for proposals) will be addressed within Specific Objective 5.2.</p> <p>Accordingly, the following result is expected to be achieved within SO 5.2.:</p> <p>5.2. Increased capacity of applicants and beneficiaries to participate in the programme and strengthened involvement of relevant partners in programme implementation.</p>
--	--

**2.5.4. Actions to be supported and their expected contribution to the programme implementation**

<p><i>Priority axis</i></p>	<p>PA 5 Technical Assistance</p>
<p><b>Actions to support managing and implementing the programme effectively and efficiently:</b></p> <p>In line with Article 59 of the CPR, actions within Specific Objectives within this Priority Axis include the preparation, management, monitoring, evaluation, information and communication, networking, complaint resolution, and control and audit tasks of the programme. Moreover, actions referring to this specific objective have to address the reduction of administrative burden for beneficiaries.</p> <p>Indicative actions supported under specific objective 5.1 are listed below:</p> <ul style="list-style-type: none"> <li>- Setting up and managing of a joint secretariat supporting the managing authority and assisting the joint monitoring committee in the implementation and day-to-day management of the programme</li> <li>- Preparing and implementing calls for proposals, including the development of guidance documents setting out the conditions for the support of operations</li> <li>- Setting-up and implementing procedures for the quality assessment, monitoring and control of operations implemented under the cooperation programme, (making use of experts where relevant) and contributing to the reduction of administrative burden for beneficiaries</li> </ul>	

- Collecting data concerning the progress of the programme in achieving its objectives, as well as financial data and data relating to indicators and targets, and reporting to the joint monitoring committee and the European Commission
- Drafting and implementing the programme communication strategy, including the setting up and implementation of information and communication measures and tools in line with Article 115 of the CPR
- Drafting and implementing the programme evaluation plan and follow-up of findings of independent programme evaluations
- Setting up, running and maintaining a computerised system to record and store data on each operation necessary for the monitoring, evaluation, financial management, verification and audit (including data on individual participants in operations where applicable, in compliance with electronic data exchange requirements provided for in Article 122(3) of the CPR and in related implementing acts) and contributing to the reduction of administrative burden for beneficiaries
- Setting up a network of financial controllers, coordinated by the Managing Authority/joint secretariat, with the purpose of exchanging information and best practices at programme level
- Setting up and executing audits on the programme management and control system as well as on operations
- Ensuring trainings and capacity building to the programme management structure in order to contribute to the successful implementation of the programme
- Preparing 2021-2027 programme and ensuring related ex-ante evaluation and SEA

**Actions to support applicants and beneficiaries and to strengthen the involvement of relevant partners in programme implementation**

In line with Article 59 of the CPR, actions within specific objective 5.2 include the reinforcement of capacity of applicants and beneficiaries as well as strengthening of the involvement of relevant partners (including the exchange of good practices among partners).

Indicative actions supported within Specific Objective 5.2 are listed below:

- Drafting of information documents for applicants and beneficiaries to guide them in the preparation of applications and the implementation, evaluation, control and communication of approved operations
- Organising consultation, information, training and exchange events to strengthen the capacity of applicants to develop applications directly contributing to the programme specific objectives and expected results
- Organising trainings on specific implementation issues such as project and financial management, reporting, control, audit, communication and networking to strengthen the capacity of beneficiaries to implement approved operations
- Developing information and exchange tools (e.g. analytical documents, bilateral meetings, targeted events, etc.) and organising cross-border and national events to strengthen the involvement of relevant partners in the implementation of the programme
- Setting-up and coordinating the joint secretariat in implementing tasks related to the implementation of the programme at national level.
- Executing studies, reports and surveys on strategic matters (or on issues of public interest) that can contribute to the sustainability and take-up of programme results

and achievements into policies, strategies, investments (making use of experts where relevant).

Technical assistance actions shall be implemented by all authorities involved in the management of the programme.

## **2.5.5. Programme specific indicators**

### ***2.5.5.1 Programme specific output indicators expected to contribute to results***

(Reference: point (c)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

#### **Table 10: Programme specific output indicators**



<b>ID</b>	<b>Indicator</b>	<b>Measurement unit</b>	<b>Target value (2023) (optional)</b>	<b>Source of data</b>
5.1	Joint secretariat established	Number	1	AIR
5.2	Calls for proposals successfully launched and closed	Number		AIR, e-Monitoring System
5.3	Operations approved following calls for proposals	Number		AIR, e-Monitoring System
5.4	Periodic progress reports of operations monitored and paid	Number		AIR, e-Monitoring System
5.5	Joint Monitoring Committee meetings held	Number	9	AIR
5.6	On-the-spot visits carried out	Number		AIR, e-Monitoring System
5.7	Programme communication strategy developed and implemented	Number	1	AIR
5.8	Independent programme evaluations implemented (ex-ante and during programme implementation)	Number	2	AIR
5.9	Programme e-Monitoring System developed, implemented and used	Number	1	AIR, e-Monitoring System
5.10	Network of controllers established	Number	1	AIR
5.11	Audits on programme management and control system and on operations conducted	Number		AIR
5.12	Information documents addressed to applicants and beneficiaries	Number		AIR
5.13	Consultation, information, training and exchange workshops for applicants and beneficiaries organised	Number		AIR
5.14	Studies, reports and surveys on strategic matters concerning the programme carried out	Number		AIR
5.15	Training and building capacity for programme management structure ensured	Number		AIR

5.16	Number of employees (Full Time Equivalents) whose salaries are co-financed by technical assistance	Number	21	AIR
5.17	Programme 2021-2027 prepared and related ex-ante evaluation and SEA conducted	Number		AIR

### 2.5.6. Categories of intervention

(Reference: point (c)(v) of Article 8(2) of Regulation (EU) No 1299/2013)

Corresponding categories of intervention based on a nomenclature adopted by the Commission, and an indicative breakdown of Union support.

#### Tables 11-13: Categories of intervention

Priority axis	Code	Amount (EUR)
PA5	121 Preparation, implementation, monitoring and inspection	3,715,095
PA5	122 Evaluation and studies	857,330
PA5	123 Information and communication	1,143,106

Priority axis	Code	Amount (EUR)
PA5	01 Non-repayable grant	5,715,531

Priority axis	Code	Amount (EUR)
PA 5	01 Large Urban areas (densely populated > 50 000 population)	1,428,883
PA 5	02 Small Urban areas (intermediate density > 5 000 population)	1,428,883
PA 5	03 Rural areas (thinly populated)	1,428,883
PA 5	04 Macro regional cooperation area	1,428,882

**Section 2.6 Overview table of indicators per priority axis and thematic priority**

**Table 14: Table of common and programme specific output and result indicators<sup>4</sup>**

<b>Priority axis</b>	<b>Thematic priority</b>	<b>Specific objective(s)</b>	<b>Selected results indicators</b>	<b>Selected output indicators</b>
PA 1	TP1- Public health and social care sector	1.1. To improve the quality of the services in public health and social care sector across the borders	The level of accessibility of the services within public health care sector	<p>Number of jointly developed and/or implemented tools and services/ that enable better quality of health and/or social care services</p> <p>Number of participants in joint education and training schemes on health and/or social care</p> <p>Population covered with improved health and/or social care services (CI)</p>

<b>Priority axis</b>	<b>Thematic priority</b>	<b>Specific objective(s)</b>	<b>Selected results indicators</b>	<b>Selected output indicators</b>
PA	TP2 - Environment, nature, risk prevention, sustainable energy and energy efficiency	2.1. To promote and improve environment and nature protection and management systems for risk prevention	Disaster response capability in the programme area	<p>Surface area of habitats supported in order to attain a better conservation status (ha) (CI)</p> <p>Area covered by improved emergency preparedness and risk prevention systems (km<sup>2</sup>)</p> <p>Population benefiting from flood protection measures (CI)</p>

<sup>4</sup> Indicator description table is Annex 19 to the Cooperation Programme

		2.2. To promote utilization of renewable energy resources and energy efficiency	Energy consumption in public buildings in the programme area	Additional capacity of renewable energy production (MW)
--	--	---	--	---

Priority axis	Thematic priority	Specific objective(s)	Selected results indicators	Selected output indicators
PA 3	TP4 - Tourism, cultural and natural heritage	3.1. To strengthen and diversify the tourism offer through cross border approaches and to enable better management and sustainable use of cultural and natural heritage	Increase in arrivals of non-residents staying in hotels and similar establishments	<p>Number of joint tourism offers/products developed and/or implemented and promoted</p> <p>Number of tourism providers with (international) certifications and standards</p> <p>Number of tourism supporting facilities and/or tourism infrastructure developed and/or improved</p> <p>Number of sustainable management plans for cultural and natural heritage sites developed and/or implemented</p> <p>Number of participants trained in quality assurance, standardisation on cultural and natural heritage and destination management</p> <p>Number of cultural and natural assets developed and/or improved</p>

<b>Priority axis</b>	<b>Thematic priority</b>	<b>Specific objective(s)</b>	<b>Selected results indicators</b>	<b>Selected output indicators</b>
PA 4	TP7 - Competitiveness and business environment development	4.1. To enhance institutional infrastructure and services in order to accelerate the competitiveness and development of business environment in the programme area	Range of cluster activities enhancing innovation, new technologies and ICT solutions	<p>Number of cross-border business clusters and/or networks developed and/or implemented</p> <p>Number of business support institutions supported</p> <p>Number of laboratories and/or competence centres jointly used by the entrepreneurs developed or improved</p> <p>Number of enterprises and business support institutions cooperating with research institutions (CI)</p>

### SECTION 3 FINANCING PLAN

(Reference: point (d) of Article 8(2) of Regulation (EU) No 1299/2013)

#### 3.1 Financial appropriation from the IPA (in EUR)

(Reference: point (d)(i) of Article 8(2) of Regulation (EU) No 1299/2013)

**Table 15**

<b>Fund</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
IPA II	0	4,139,408	5,911,336	13,575,808	10,955,680	11,174,794	11.398,290	57,155,316

### 3.2.1 Total financial appropriation from the IPA and national co-financing (in EUR)

(Reference: point (d)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

1. The financial table sets out the financial plan of the cooperation programme by priority axis.
2. The financial table shall show for information purposes, any contribution from third countries participating in the cooperation programme (other than contributions from IPA and ENI)
3. The EIB<sup>5</sup> contribution is presented at the level of the priority axis.

**Table 16: Financing plan<sup>6</sup>**

Priority axis	Basis for calculation of Union support (Total eligible cost or public eligible cost)	Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a)/(e) (2)	For information	
				National Public funding (c)	National private funding (d) (1)			Contributions from third countries	EIB contributions
<i>Priority axis 1</i>	Total eligible cost	10,350,654	1,828,019	1,828,019		12,178,673	84,99%		
<i>Priority axis 2</i>	Total eligible cost	13,483,899	2,381,378	2,381,378		15,865,277	84,99%		
<i>Priority axis 3</i>	Total eligible cost	16,641,545	2,939,047	2,939,047		19,580,592	84,99%		
<i>Priority axis 4</i>	Total eligible cost	10,963,687	1,936,286	1.936.286		12,899,973	84,99%		

<sup>5</sup> European Investment Bank

<sup>6</sup> Numbers in the table are indicative

<i>Priority axis 5</i>	Totaleligible cost	5,715,531	1,009,414	1,009,414		6,724,945	84,99%		
Total	Total	57,155,316	10,094,144	10,094,144		67,249,460	84,99%		

- (1) To be completed only when priority axes are expressed in total costs.
- (2) This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).



### 3.2.2 Breakdown by priority axis and thematic priority (in EUR)

(Reference: point (d)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

**Table 17**

Priority axis	Thematic priority	Union support	National counterpart	Total funding
Priority axis 1	Thematic priority	10,350,654	1,828,019	12,178,673
Priority axis 2	Thematic priority 2	13,483,899	2,381,378	15,865,277
Priority axis 3	Thematic priority 4	16,641,545	2,939,047	19,580,592
Priority axis 4	Thematic priority 7	10,963,687	1,936,286	12,899,973
Priority axis 5		5,715,531	1,009,414	6,724,945
<b>TOTAL</b>		<b>57,155,316</b>	<b>10,094,144</b>	<b>67,249,460</b>

## SECTION 4 INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT (WHERE APPROPRIATE)

(Reference: Article 35 (2) of IPA II Implementing Regulation and Article 8(3) of Regulation (EU) No 1299/2013)

Description of the integrated approach to territorial development, taking into account the content and objectives of the cooperation programme and showing how it contributes to the accomplishment of the programme objectives and expected results

No integrated territorial development tools (CLLDs, ITIs, etc) will be used by the Programme. However, the territorial dimension plays a crucial role in the design of the programme, as many challenges have an important territorial dimension. These challenges include:

- social inclusion: the programme area is home to many disadvantaged groups (e.g. elderly and young people receiving social care), most of which exhibit specific territorial concentrations in the rural areas of the programme area where the need for better access to quality social and health services is demonstrated;
- biodiversity protection: programme area habitats exhibit a high degree of connectivity and successful biodiversity approaches require territorially integrated approaches incorporating protected areas from both sides of the border;

- surface water management: rivers Danube and Sava are cross-border rivers and sustainable management requires planning and interventions at river-basin levels as well as the upgrade of the ecological status of area surface waters requires territorially integrated interventions;
- flood risk management: flood risk management is most effective when it is done at river-basin level but also combined with bottom up and top-down approaches. Such measures clearly require implementation of territorially integrated approaches;
- tourism development: one of the main drawbacks of the programme area tourism is the lack of integrated destinations, both in terms of the types of activities offered (i.e. thematic integration) and in terms of places and interest points to be visited by the tourists (i.e. territorial integration);

In order to effectively address the above indicated challenges, the Programme encourages the development of “territorially and thematically integrated” operations. This is done by:

- demonstrating added value to an operation by addressing complementary SOs
- targeting specific interventions which complete or contribute to a territorially larger initiative

Furthermore, when it comes to agriculture and rural development and the fact that Area Based Development (ABD) approach addresses rural areas characterized by specific complex development problems, the actions taken under the mentioned initiative will be considered within this Programme in terms of creating mutual synergies and complementarities and especially taking into account horizontal principles of ABD approach (integrated and multi-sectoral approach, innovativeness, networking and cooperation).

#### 4.1 Community-led local development (where appropriate)

Approach to the use of community-led local development instruments and principles for identifying the areas where they will be implemented

(Reference: Article 35 (2) of IPA II Implementing Regulation and point (a) of Article 8(3) of Regulation (EU) No 1299/2013)

N/A

#### 4.2 Integrated Territorial Investment (ITI) (where appropriate)

Approach to the use of Integrated Territorial Investments (ITI) (as defined in Article 36 of Regulation (EU) No 1303/2013) other than in cases covered by 4.2, and their indicative financial allocation from each priority axis

(Reference: Article 35 (2) of IPA II Implementing Regulation and point (c) of Article 8(3) of Regulation (EU) No 1299/2013)

N/A
-----

**Table 18: Indicative financial allocation to ITI (aggregate amount)**

<b>Priority axis</b>	<b>Indicative financial allocation (Union support) (EUR)</b>
Priority Axis 1	N/A
Priority Axis 2	N/A
Priority Axis 3	N/A
Priority Axis 4	N/A
Priority Axis 5	N/A
TOTAL	N/A

**4.3 Contribution of planned interventions towards macro-regional and sea basin strategies, subject to the needs of the programme area as identified by the relevant partner States and taking into account, where applicable, strategically important projects identified in those strategies (where appropriate)**

**(Where partner States and regions participate in macro-regional and/or sea basin strategies)**

(Reference: point (d) of Article 8(3) of Regulation (EU) No 1299/2013)

The Interreg IPA CBC programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020 (Programme) shares entire part of its programme area with European Union Strategies for the Danube and Adriatic and Ionian Region. Taking into consideration the strategies' geographical coverage, the Programme can take part in creating and consolidating links, therefore actively contributing to territorial cohesion between the Programme and the strategies. This will provide platform for Programme operations to contribute to the implementation of the relevant macro-regional strategies and also to trigger synergies between them. Furthermore, coordination of operations working within the thematic areas with the same or similar scope will further support the collaboration between the Programme and strategies regions' stakeholders.

The Programme strategy has taken into account the objectives of both macro-regional strategies, identifying common macro-regional challenges and needs that could be addressed through cross-border cooperation in the Programme area.

A summary of those key challenges and needs of both macro-regional strategies that could be addressed through Programme cross-border cooperation is presented below.

### ***EU Strategy for the Danube Region (EUSDR)***

Council of the European Union endorsed the European Union Strategy for the Danube Region (EUSDR) on 13 April 2011. The *European Union Strategy for the Danube Region* builds upon 11 priority areas linked to the four pillars "Connecting the Danube Region", "Protecting the Environment in the Danube Region", "Building Prosperity in the Danube Region" and "Strengthening the Danube Region".

Macroregional strategies as the EU Strategy for the Danube Region (EUSDR) present a great opportunity for harmonizing the development of geographical areas, which are in a particular functional relation regardless from the given administrative borders. Cooperation raises political awareness, strengthens commitment and leads to better visibility of both the EUSDR and the Programme on the side of stakeholders and the general public. The cooperation also facilitates the capitalization of the outcomes, results and benefits of the operations.

Challenges affecting the Danube Region that could be addressed by the Interreg IPA CBC programme Croatia-Bosnia and Herzegovina-Montenegro are presented as correlation between Programme objectives and priority areas of the Strategy. In that way, the Strategy challenge related to sustainable energy, restoring and maintaining the quality of water, managing environmental risks and preserving biodiversity, landscapes, air and soils quality could be tackled through Programme Priority axis 2 dealing with protecting the environment and nature, improving risk prevention and sustainable energy and energy efficiency. The Strategy challenges referring to the development of the knowledge society through research, education and information technologies, supporting the competitiveness of enterprises, including cluster development and investing in persons and skills are related to Programme Priority axis 4 dealing with enhancing competitiveness and developing business environment. Lastly, the Strategy challenge referring to promoting culture and tourism and persons-to-persons contacts is in correlation with Programme Priority axis 3 dealing with contributing to the

development of tourism and well as preservation and sustainable use of cultural and natural heritage.

### ***EU Strategy for the Adriatic and Ionian Region (EUSAIR)***

The European Council endorsed the EU Strategy for the Adriatic and Ionian Region (EUSAIR) on 24 October 2014. It incorporates the Maritime Strategy for the Adriatic and Ionian Seas, which was adopted by the EC on 30 November 2012. The European Union Strategy for the Adriatic-Ionian Region is built on four pillars: “Blue growth”, “Connecting the Region”, “Environmental quality” and “Sustainable tourism”. “Strengthening R&D, Innovation and SMEs”, as well as “Capacity Building, including communication” are two cross-cutting aspects relevant to those pillars. In addition to these cross-cutting aspects, mitigating and adapting to climate change effects as well as managing disaster risks were also recognised as horizontal principles for all four pillars. The EUSAIR will mobilise and align the existing EU funding instruments for each of the topics identified under the four pillars. Partnership Agreement and Operational Programme “Competitiveness and Cohesion” for Croatia is taking the forthcoming EUSAIR into account. In addition, Country Strategy Papers for Bosnia and Herzegovina and Montenegro also explicitly refer to the Strategy.

Considering the stakeholder consultation outcomes, the European Union Strategy for the Adriatic-Ionian Region is expected to address challenges that will also be tackled by the Interreg IPA CBC programme Croatia-Bosnia and Herzegovina-Montenegro. More specifically, strategy pillar dealing with challenge of preserving, protecting and improving of the quality of the environment could be related to Programme priority axis 2 dealing with the environment and nature protection, biodiversity, improving risk prevention and sustainable energy and energy efficiency. Moreover, strategy pillar dealing with challenge of increasing sustainable tourism by supporting sustainable development of inland, coastal and maritime tourism and preservation and promotion of culture heritage is completely in line with Programme priority axis 3 dealing with contributing to the development of tourism and as well as preservation and sustainable use of cultural and natural heritage. As for the Strategy cross-cutting aspects, “Research, innovation and SMEs development” and “Capacity Building”, it has to be noted that capacity building is envisaged to be tackled through implementation of all Programme axes, whereas research, innovation and SMEs development could be related to priority axis 4 dealing with enhancing competitiveness and developing business environment.

During Programme preparation, Managing Authority and partner countries ensured to involve relevant National Contact Points and Priority Areas Coordinators for both strategies in the process of programme preparation and planning by sending the invitations to the National Contact Points for European Union Strategy for the Adriatic and Ionian Region and Priority Areas Coordinators for the European Union Strategy for the Danube Region from the participating countries to take part at the public consultations/consultative workshops with stakeholders held in May and August 2014. Please note that detailed comparison tables of programme’s contribution to the relevant macro-regional strategies is given in Annex 10 to the CP.

**SECTION 5 IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME**

**5.1 Relevant authorities and bodies**

(Reference: Article 8(4) of Regulation (EU) No 1299/2013)

**Table 19: Programme authorities**

(Reference: point (a)(i) of Article 8(4) of Regulation (EU) No 1299/2013)

<b>Authority/body</b>	<b>Name of authority/body and department or unit</b>	<b>Head of authority/body (position or post)</b>
Managing Authority	Ministry of Regional Development and EU Funds of the Republic of Croatia – Sector for Managing Interreg Cooperation Programmes	Minister
Certifying Authority, where applicable	Ministry of Regional Development and EU Funds of the Republic of Croatia - Directorate for Finance and Information-Telecommunication Systems	Assistant Minister
Audit Authority	Agency for the Audit of European Union's Programmes Implementation System	Head of Agency

**The body to which payments will be made by the Commission is:**

(Reference: point (b) of Article 8(4) of Regulation (EU) No 1299/2013)

<input checked="" type="checkbox"/> Certifying Authority	Ministry of Regional Development and EU Funds – Directorate for Finance and Information-Telecommunication Systems
--	---

**Table 20: Body or bodies carrying out control and audit tasks**

(Reference: points (a)(ii) and (iii) of Article 8(4) of Regulation (EU) No 1299/2013)

<b>Authority/body</b>	<b>Name of authority/body and department or unit</b>	<b>Head of authority/body (position or post)</b>
Body or bodies designated to carry out control tasks – Croatia	Ministry of Regional Development and EU Funds of the Republic of Croatia, Sector for First Level Control  Miramarska cesta 22, 10000 Zagreb, Republic of Croatia	State Secretary
Body or bodies designated to carry out control tasks – Bosnia and Herzegovina	Ministry of Finance and Treasury of Bosnia and Herzegovina, Central Financing and Contracting Unit  Trg BiH 1, 71000 Sarajevo Bosnia and Herzegovina	Assistant Minister
Body or bodies designated to carry out control tasks – Montenegro	Ministry of Finance and Social Welfare of Montenegro, Directorate for Finance and Contracting of EU Assistance Funds  Stanka Dragojevića br. 2, 81000 Podgorica, Montenegro	Head of Directorate
Body or bodies designated to be responsible for carrying out audit tasks – Croatia	Agency for Audit of European Union Programmes Implementation System (ARPA) Service for Audit of European Territorial Cooperation Programmes  Alexandera von Humboldta 4/V, 10 000 Zagreb Republic of Croatia	Head of Service
Body or bodies designated to be responsible for carrying out audit tasks – Bosnia and Herzegovina	Ministry of Finance and Treasury of Bosnia and Herzegovina, National Fund  Trg BiH 1, 71000 Sarajevo Bosnia and Herzegovina	Assistant Minister

Body or bodies designated to be responsible for carrying out audit tasks – Montenegro	Audit Authority of Montenegro  Beogradska 24B, 81000 Podgorica, Montenegro	Head of Audit Authority
---	---	-------------------------

## 5.2 Joint Monitoring Committee

**Table 21: Indicative list of Joint Monitoring Committee members**

<b>Name of authority/body and department or unit</b>	<b>Role in the programme</b>	<b>Contact details of the authority/body</b>
EU Commission	Advisory	
NIPAC	Decision	
National Authority - Croatia	Decision	
National Authority – Bosnia and Herzegovina	Decision	
National Authority - Montenegro	Decision	
Regional representatives - Croatia	Decision	
Regional representatives – Bosnia and Herzegovina	Decision	
Union of towns and Municipalities representative – Montenegro	Decision	
Macro-regional strategy representative (where the programme is overlapping a macro-region covered by an EU Strategy)	Consultative	
EIB	Consultative	



Other (as agreed by the partner countries)		
--	--	--

### **5.3 Procedure for setting up the Joint Secretariat**

(Reference: point (a)(iv) of Article 8(4) of Regulation (EU) No 1299/2013)

In accordance with Article 23(2) of the ETC Regulation, the Managing Authority (MA), after consultation with the participating countries, shall set up the joint secretariat (JS) to support and assist the Managing Authority and the Joint Monitoring Committee (JMC) and, where appropriate, the Audit Authority and the Group of Auditors in carrying out their respective functions. Joint Secretariat shall also provide information to potential beneficiaries about funding opportunities under cooperation programme and shall assist beneficiaries in the implementation of operations. JS will be in charge for reinforcement of capacity of applicants and beneficiaries as well strengthening of the involvement of relevant partners.

JS is placed in the Ministry of Regional Development and EU Funds of the Republic of Croatia.

Job profiles for each individual position within JS structure shall be confirmed by the National Authorities of the participating countries. Job profiles shall be a part of the Description of the Management and Control System (DMCS).

Selection procedure of JS staff in headquarters is organized by the Ministry of Regional Development and EU Funds under the supervision of the Managing Authority. Selection of new JS staff is/shall be done jointly by the participating countries that shall jointly make decision on selection of the candidates. JS staff members can be citizens of either a Programme participating country or EU member state.

Besides JS headquarters based in Croatia, branch offices are set in Bosnia and Herzegovina and Montenegro to ensure smooth and efficient programme implementation.

The number and qualification of JS staff (headquarter and branch office) will correspond to the related job descriptions and their selection will be carried out by the joint commission through a public and transparent competition procedure, ensuring equal opportunities and equal treatment of men and women.

In case of a selection of Head of JS, the joint commission shall be composed of the Managing Authority representatives and representatives from National Authorities (one member from NA in Croatia, one member from NA in Bosnia and Herzegovina, and one member from NA in Montenegro). In case of selection of other JS staff in the headquarters, their selection will be carried out by the joint commission composed of the representative from the Managing Authority, Head of JS and representatives from National Authorities (one member from NA in Croatia, one member from NA in Bosnia and Herzegovina, and one member from NA in Montenegro). In case of JS branch office staff, selection will be organized by the relevant National Authority institution and carried out by the joint commission composed of the representative from the Managing Authority, Head of JS and representatives from all three National Authorities.

### **5.4 Summary description of the management and control arrangements**

(Reference: point (a)(v) of Article 8(4) of Regulation (EU) No 1299/2013)

The following section describes the implementation structure of the Interreg IPA CBC programme Croatia – Bosnia and Herzegovina – Montenegro 2014-2020. More detailed provisions will be included in the Description of the Management and Control System (DMCS), approved according to Article 124 of the CPR, and in the programme guidance documents (application and implementation manuals, Control & Audit Guidelines) which will form integral part of the DMCS.

The Programme language is English.

Croatia, Bosnia and Herzegovina and Montenegro, participating countries in the Programme, established a shared management system to manage, coordinate and supervise the implementation of the programme. The programme management structure is illustrated in Annex 11.

#### *5.4.a Joint Monitoring Committee*

In accordance with Article 38 of the Regulation no. 447/2014, the participating countries shall set up a JMC within three months from the date of the notification to the Member State of the Commission's decision approving the cross-border cooperation programme.

The JMC shall review the overall effectiveness, quality and coherence of the implementation of all actions towards meeting the objectives set out in the cross-border programme, the financing agreements and the relevant strategy papers. It may make recommendations for corrective actions whenever needed. Articles 49 and 110 of Regulation (EU) No 1303/2013 concerning its functions shall also apply.

The JMC will adopt its rules of procedure in agreement with the MA in order to exercise its duties in accordance with the relevant regulations.

Members of the JMC will represent the participating countries on policy and administrative level and thus ensure a transparent approach.

Additionally, JMC will in cooperation with MA, carry out monitoring of the implementation of the CP in accordance with the indicators, select and approve applications, approve major changes in the selected operations, establish eligibility rules at the programme level, adopt relevant Programme manuals/documents and call specific Application Manuals and approve measures affecting the programme and operations. The main functions of the JMC are listed in Annex 12.

#### *Composition of the Joint Monitoring Committee*

In accordance with Article 38 (3) of the Regulation no. 447/2014, the JMC will be chaired by a representative of one of the participating countries or of the MA. The chair of the JMC will rotate every year and will be supported by the MA as co-chair to ensure continuity.

The composition of the JMC will set up in line with Article 38 (2) of the Regulation no. 447/2014 and the partnership principle laid down in Article 5 of CPR:

- Up to seven representatives from each of the participating countries

- The NIPAC and other relevant national authorities and bodies of the IPA II beneficiary country
- A representative of the Commission shall participate in an advisory capacity
- Other representatives of the MA and representative of AA shall participate in an advisory capacity
- Where relevant, international financial institutions and other stakeholders, including civil society and private sector organisations may participate as to be specified in the rules of procedure of the JMC.
- The JS shall assist the JMC in carrying out its functions.

In principle, decisions by the JMC shall be taken by consensus and each participating county shall have one vote. Voting principles will be laid down in the rules of procedure of the JMC.

The JMC shall meet at least once a year. Additional meetings may also be convened at the initiative of one of the participating countries or of the Commission, in particular on a thematic basis. Decisions may also be taken through written procedure.

#### *5.4.b Responsibilities of the participating countries / National Authorities*

National Authorities (NAs) are responsible for setting up and ensuring efficient functioning of the control system, as well as all other relevant responsibilities, in line with Article 74 of the CPR. The participating countries will ensure that the management and control system for the programme is set up in accordance with the relevant specific rules and that the system functions effectively. Furthermore, NAs together with the MA are responsible for ensuring implementation of the decisions taken by the JMC.

The participating countries agree to apply the partnership principle as laid down in Article 5 of the CPR and to cooperate to find optimal solutions for the benefit of the whole programme area.

According to Article 123(9) of the CPR, the participating countries shall lay down in writing rules governing their relations with the MA, CA and AA, the relations between such authorities, and the relations of such authorities with the Commission in Financing Agreement /Memorandum of Understanding. The participating countries will ensure that the Programme bodies are provided with all necessary and legally allowed information to carry out their responsibilities.

Additionally, NAs will submit a description of the control system and inform the MA of any changes of the control system, ensure that the recommendations resulting from the quality checks of the control systems are taken into account, ensure effective arrangements for the examinations of complaints, prevent, detect and correct irregularities and recover amounts unduly paid, keep the MA/Commission informed of the progress of related administrative and legal proceedings, set up JMC, nominate the members of the Group of Auditors.

The list of main responsibilities of the participating countries /national authorities is listed in Annex 13.

#### *5.4.c Managing Authority*

The Managing Authority is responsible for managing the Programme in accordance with the principle of sound financial management. This includes the support of the work of the JMC and the transmission of the information it requires to carry out its tasks, in particular data relating to the progress of the programme in achieving its objectives, financial data and data relating to indicators and milestones.

The MA shall act for the benefit of the whole Programme.

Furthermore, the MA will perform its functions in line with Article 125 of the CPR and Article 23 (1), (2), (4) and (5) of the ETC Regulation. The MA, after consultation with the participating countries, will set up the JS as provided for in chapter 5.3. The MA shall in the implementation of its tasks, act in full accordance with Croatian institutional, legal and financial provisions.

Additionally, MA will in accordance with the principle of sound financial management, inform the CA of the schedule of payments for current and subsequent financial year, carry out information and communication activities and ensure that these activities are implemented by final beneficiaries and beneficiaries on project level.

The main functions and responsibilities of the MA are listed in Annex 14.

#### *5.4.d Certifying Authority*

In line with Article 37 (2) of the Regulation no. 447/2014, the CA shall be responsible for drawing up and submitting certified applications for payment to the Commission, receiving the payments made by the Commission and making payments to the lead beneficiary in accordance with Article 132 of CPR.

The CA of the programme is responsible to carry out the functions in line with Article 126 of CPR and Article 24 of ETC.

Additionally, CA will certify that payment applications are based on reliable accounting systems and on verifiable supporting documents, draw up the annual accounts, certify the completeness, accuracy and veracity of the annual accounts, ensure that there is a system which records and stores accounting records for each operation, and which supports all the data required for drawing up payment applications and annual accounts, maintain accounting records in a computerised form, keep an account of amounts recoverable and of amounts withdrawn.

The main functions and responsibilities of the CA are listed in Annex 15.

#### *5.4.e Audit Authority*

The AA will carry out its functions in accordance with Article 127 of the CPR and Article 25 of the ETC Regulation; in particular, the AA shall ensure that audits are carried out on the management and control systems, on an appropriate sample of operations and on the annual accounts.

In line with Article 25(2) of the ETC regulation, the AA will be assisted by a group of auditors (GoA) comprising of representatives from responsible bodies of each participating country carrying out the above listed duties detailed in Article 127 of the CPR. The representatives have to be independent from the JMC members, the controllers designated according to Article 23(4) of the ETC Regulation and any operation's activities and finances. The GoA will be set up within three months of the decision approving the programme at the latest. It will draw up its own rules of procedure and will be chaired by the AA.

Where audits and controls are carried out by a body other than the AA, the AA shall ensure that such bodies have the necessary functional independence. The decision on the body carrying out the system audits and operation audits (the checks on expenditure) will be taken by the AA and the GoA during the process of designing the audit strategy of the programme.

The AA shall in the implementation of its tasks, act in full accordance with Croatian institutional, legal and financial provisions.

The main functions and responsibilities of the AA are listed in Annex 16.

#### *5.4.f Joint Secretariat*

Pursuant to Article 23(2) of the ETC regulation, and as provided for in chapter 5.3, a Joint Secretariat (JS) based in Zagreb, will be set up by the MA.

The JS will assist the MA and the JMC in carrying out their respective functions.

The JS undertakes the day-to-day implementation of the programme. In addition, JS represents the programme on national, regional and local level. The JS will be the central contact point for potential project applicants and Lead Beneficiaries of selected/running operations. The JS also plays a crucial role as the interface between the programme bodies. More specifically, the JS ensures coordination, follow-up and promotion activities and provides technical support for the preparation of meetings and events at the programme level. The responsibilities of the JS are listed in Annex 17.

The annual work plans and reports of the JS have to be approved by the JMC. The set-up and functioning of JS, including its activities, shall be funded from the TA budget in line with MA/JS work plans.

Additionally, JS will prepare and provide all necessary information and reports to the MA, organize and implement calls for proposals, organize project development facilitation events for applicants, receive progress reports submitted by the Lead Beneficiaries and provide guidance and assistance to Lead Beneficiaries during project implementation, coordinate and implement Technical Assistance activities, coordinate and cooperate with the NAs liaise with stakeholders of the programme on regional, national and European level.

#### *5.4.i Project cycle*

##### *Application*

This section contains basic information regarding the procedures and arrangements for the selection of operations. Further information about the application and selection process will be available to potential applicants in separate documents (call-specific application documents).

The MA, with the support of the JS, launches official calls for proposals via relevant information channels (with the support of the NAs). Calls for proposals might have different characteristics, i.e. they might be open to all programme priorities or thematically/strategically targeted in response to changed framework conditions in the area and/or taking into account the progress of the programme implementation (also as follow-up of the programme evaluation).

According to the specific characteristics of each call for proposals, ad-hoc application procedures and templates will be developed and be part of the call-specific information and application package. It will be widely circulated and available on the programme and national websites. The information and application package will include the necessary guidance to assist partnerships in the preparation of their application. Applications will be submitted to the MA/JS by the lead applicant.

##### *Assessment and selection of operations*

The selection of operations is carried out in accordance to Article 39 of Regulation (EU) No 447/2014 following a standardised assessment procedure. The methodological framework for the selection of operations includes:

- a) eligibility check
- b) quality assessment

##### *a) Eligibility check*

###### ***Eligibility criteria***

A set of eligibility criteria will be defined to ensure the accomplishment of formal requirements of submitted applications. The set of eligibility criteria will especially include the following:

- Submission of the application in due time
- Completeness of the submitted application documents
- Eligibility of partnership (at least two partners, one of whom shall be located in Croatia)
- No funding by other EU financial sources

###### ***Eligibility of partnership - definition of partners***

Partners participating in operations shall be the following:

- National, regional and local public bodies/institutions (for example, institutes, development agencies and similar)

- NGOs (for example, citizens associations, development agencies, local action groups, chambers, expert associations, etc)
- Educational institutions (e.g. universities, faculties, open universities, adult educational institutions, primary and secondary schools)
- Local and regional authorities
- Business support institutions
- Organisations responsible for providing social and health services
- Public /non-profit organisations including institutes, universities, colleges
- International organisations acting under the national law of one of the participating countries, or under international law provided that the international organization fulfils the programme and national requirements in terms of control and validation of costs

Further details concerning participation in operations will be laid down in the call-specific application documents.

Any public support under this programme must comply with the state aid rules applicable at the point of time when the public support is granted.

#### ***Eligibility of partners - geographical eligibility***

As a basic principle, the selected operations shall involve beneficiaries from at least two participating countries, at least one of which shall be from Croatia as Member State.

The Programme will mainly support cooperation activities between lead beneficiaries and project partners located (registered) in the programme area of the participating countries. An exception to the rule with regard to the location of partners is the case of those national public authorities/bodies which are competent in their scope of action for certain parts of the eligible area but which are located outside of the programme area (e.g. relevant ministries).

In addition to the above, and in duly justified cases, MA may accept to finance the implementation of part of an operation that is implemented outside the programme area provided that the conditions set under Article 44(2) of the Regulation no. 447/2014 are met.

#### ***b) Quality assessment***

Quality assessment consists of three (3) sets of quality assessment criteria related to the quality of an application and will be applied to those applications that have passed the eligibility check. Quality assessment criteria are designed to assess the compliance of applications with regard to the relevance, operational and sustainability criteria as for regular calls for proposals and relevance, operational, sustainability and strategic criteria for targeted/strategic calls for proposals as laid down in Section 2 “Guiding principles for the selection of operations”.

External independent assessors will undertake the quality assessment of applications and the MA/JS will submit the results of the assessment to the JMC for its decision. Modalities for the procedures and detailed eligibility and quality assessment criteria for operations funded by the Programme will be outlined in the call-specific documents.

#### ***Quality of applications***



General horizontal quality requirements have to be followed, which are reflected in the quality assessment criteria. The strong result-oriented approach to be applied by the territorial cooperation programmes demands operations that deliver concrete and visible outputs and results in response to well-identified challenges of the programme area and addressing development needs in an integrated manner. Operations focussing on purely academic cooperation or aiming at mere networking and exchanging of experience and/or not demonstrating the potential for translation of outputs arising from “soft” actions (surveys, studies, etc.) into concrete and sustainable results will not be supported by the Programme.

All operations receiving funds have to meet the following horizontal quality requirements: cross-border relevance, partnership relevance, concrete and measurable results, durable outputs and results, coherent approach, sound project communication strategy, effective management and sound budget.

As a general principle, applied across all priorities, the Programme is committed to sustainable development and promotion of equality between men and women and non-discrimination.

### *Contracting*

Following the JMC decision on approving applications recommended for funding based on the technical quality assessment performed by the MA/JS/Joint Steering Committee (with assistance of external independent assessors), the MA drafts subsidy contracts using a standard template approved by the JMC. The template is developed in compliance with the applicable laws of the Republic of Croatia and the relevant procedure of the institution where the MA is placed. The subsidy contract is addressed to the lead beneficiary, appointed by the partnership in accordance to Article 40 (6) of Regulation no. 447/2014, and is signed by the legal representative of the lead beneficiary institution and the MA.

The subsidy contract lays down all the necessary conditions for support of the operation, in particular:

- Legal framework
- The object of use (approved work plan, eligible budget, maximum IPA funding, including the maximum IPA amount allocated to partners located outside the eligible area – if applicable, start and end date of implementation, closure of the operation)
- If applicable, specific requirements concerning the products or services to be delivered under the operation
- General conditions for eligibility of costs
- Changes and budget flexibility thresholds
- Procedure related to requests for payments, reporting requirements and deadlines for submission of progress reports
- Rights and obligations of the LP
- expenditure and audit of operations
- Necessary accounting documentation and indication of the archiving period of all project-related supporting documents, with specification of the periods to be respected in case aid has been granted under the de minimis regime
- Procedure for recovery of unjustified expenditure
- Publicity, ownership (including dissemination rights) and generation of revenues
- Assignment, legal succession and litigation
- Liability clauses
- Respect of environmental legislation

The approved application documents, including the final approved application and the communication of the approval decision by the JMC will form an integral part of the subsidy contract.

### *Monitoring*

The monitoring of the Programme will provide project-specific technical and financial information on the progress of the programme towards meeting its goals. Monitoring will be used as a tool for ensuring the quality and effectiveness of Programme

implementation by assessing the progress of operations making use of progress and final reports submitted by the lead beneficiaries.

The lead beneficiary will periodically present activity and financial progress reports to the JS/MA. The lead beneficiary will report on progress achieved by the project partnership and related eligible expenditure. The submission of the activity and financial progress reports will be carried out by means of electronic data exchange system. The JS will check the compliance of the submitted reports with the approved application. In addition, during the monitoring of the activity section of the progress reports, the JS will verify the existence of the operation by analysing outputs delivered. Data stemming from these reports will be recorded and stored in the programme e-Monitoring System (eMS) in compliance with Article 122 (3) of the CPR and Section 5.3.10 Computerised exchange of data.

The eMS provides the data on operations to be communicated to the EC as required by Article 112 (Transmission of financial data) and Article 50 (Implementation reports) of the CPR.

### *Financial control system*

Reliable accounting, monitoring and financial reporting systems will be established, ensuring that accounting records of each operation are recorded and stored and that data necessary for financial management, monitoring, verifications, audits and evaluation are suitably managed.

In line with Article 125(4) and 125(5) of the CPR as well as Article 23(4) of the ETC Regulation, each participating country shall set up a control system making it possible to verify the delivery of the products and services co-financed, the soundness of the expenditure declared for operations or parts of operations implemented on its territory and the compliance of such expenditure and of related operations or parts of those operations with Community rules, programme rules and national rules.

The independent audit body providing a report and an opinion on the designation procedure according to Article 124 of the CPR shall give an unqualified opinion on the fulfilment of the criteria relating to the internal control environment, risk management, management and control activities, and monitoring as set out in Annex XIII of CPR.

For this purpose, each participating country shall designate the controllers responsible for verifying the legality and regularity of the expenditure declared by each lead beneficiary and partner participating in the operation located on its territory. The designated controllers shall aim at submitting a signed certificate on the eligible and validated expenditures to the LB/PP within three months after the end of the reporting period.

The identification of the controllers in each participating country shall be made on the basis of the centralised control system. Furthermore, the MA will collect information from all participating countries on the set-up and functioning of the control systems by means of standardised questionnaires. The information of the questionnaires shall be included in the DMCS on programme level in accordance with Articles 72 and 74 of the CPR.

Each participating country shall ensure that MA/JS is regularly informed on the control system set-up by each participating country and of any changes thereto.

All details on responsibilities and procedures related to financial control will be laid down in the DMCS. To ensure smooth functioning of the financial control system in the participating countries, the designated controllers will be organised in a network of financial controllers which will be coordinated by the MA. The network will meet regularly.

In order to verify the effective functioning of the control systems set in place by the participating countries, a number of controls are carried out by the MA with the assistance of the JS. This is done in particular through:

- Verification of the existence of the operation
- Plausibility checks of expenditure
- On-the-spot checks

In addition to the above-mentioned controls, the MA, with the assistance of the JS, performs additional checks specifically addressed at the verification of the quality standards of the control systems set up by each participating country through:

- Verification of controller documents
- Quality review of system

#### *Reimbursement from the certifying authority to the lead beneficiaries*

In accordance with Article 40 of Regulation no. 447/2014, for each operation, project partners shall appoint a lead beneficiary. The lead beneficiary shall assume overall responsibility for the application and implementation of the entire operation, including laying down the arrangements with other beneficiaries in an agreement comprising provisions that, inter alia, guarantee the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid; ensuring that the expenditures presented by the partners correspond to the activities agreed among the partnership and ensuring that the expenditures presented by other beneficiaries are validated by responsible controller as well as that corresponding programme contribution is transferred to the partners.

National co-financing for operations must be provided by the project partners according to their respective national mechanisms. Some activities under operations may be pre-financed by the project partners. Expenditure of all partners has to be validated by authorised national controllers.

The lead beneficiary collects the certificates of all project partners issued by their controllers and includes these in the progress reports and submits it to the MA/JS. In these documents, the lead beneficiary reports on progress achieved by the project partnership and on related eligible and validated expenditures.

Based on checks of the reports undertaken by the JS/MA and in accordance with Article 21 (2) of the ETC Regulation and Article 132 of the CPR, the CA shall make payments

to the lead beneficiary who is responsible for transferring the IPA contribution to the partners participating in the operation.

In accordance with Article 80 of the CPR, amounts set out in the programme submitted by the participating countries and statements of expenditure shall be denominated in Euro.

Financial flows are illustrated in Annex 18.

### *Resolution of complaints*

The procedures set in place for the resolution of complaints are differentiated according to the object of the complaint.

#### *Complaints related to assessment and selection:*

Lead applicants will be informed in writing about the reasons why an application was not eligible or approved. Any complaint related to the assessment shall be submitted by the lead applicant to the MA/JS that, in collaboration with the JMC, will examine and provide its position regarding the merit of the complaint. The JMC may also set up a task force or a sub-committee to deal with the complaints.

#### *Complaints related to decisions made by the MA/JS during project implementation:*

Any complaints in relation to decisions made by the MA/JS during project implementation on the basis of the subsidy contract or JMC decisions shall be submitted by the lead beneficiary to the MA/JS that will examine and provide an answer (in collaboration with the JMC if necessary).

#### *Complaints related to the national control system:*

Project lead beneficiaries or partners that have complaints related to the national control system set up in accordance with Article 23 (4) of the ETC Regulation, can file a complaint to the national authority or other designated body of the relevant participating country following national procedures set in place in accordance with Article 74 (3) of the CPR. Participating country national authority may set up a task force or a sub-committee to deal with the complaints.

Further information on the procedure for the submission of complaints will be laid down in the relevant programme documents communicated to applicants and beneficiaries.

#### *5.4.i Annual and final implementation reports*

In accordance with Article 50 of the CPR and Article 14 of the ETC Regulation, the MA will submit an annual report to the Commission for the first time in 2016 and by 31 May in each subsequent year until and including 2023. For reports submitted in 2017 and 2019, the deadline shall be 30 June. The annual reports are to be drafted by the MA/JS on the basis of data provided by the operations through the progress and final reports and also by other programme management bodies. Programme annual reports are to be approved by the JMC before they are sent to the EC.

A final implementation report will be submitted to the EC in due time following the same procedures as the annual reports.

#### *5.4.j Programme evaluation*

The programme has been subject to an ex-ante evaluation of independent evaluators with the aim to improve programme quality and to optimise the allocation of budget resources. The recommendations of this evaluation have been taken into account during the drafting of this programme as described in ex-ante report in Annex 1.

In accordance with Article 56 of the CPR, the MA will draw up an evaluation plan which will be approved by the JMC in line with provisions as laid down in Article 110 (2) (c) of the CPR.

In accordance with Article 56 of the CPR, evaluations will be carried out to assess the effectiveness, efficiency and impact of the programme. During the programming period, evaluation will assess how support from the funds has contributed to the objectives for each priority and also the territorial coverage of the programme area. All evaluations, recommendations and follow-up actions will be examined and approved by the JMC.

In compliance with Article 57 of the CPR, the ex-post evaluation lies within the responsibility of the EC together with the participating countries.

#### *5.4.k Computerised exchange of data*

##### Monitoring System

In accordance with Article 125 (2) of the CPR, the MA is responsible for setting up of an electronic data exchange system to record and store in computerised form data on each operation necessary for monitoring, evaluation, financial management, verification and audit, including data on individual participants in operations, where applicable.

As stipulated in Articles 74 and 112 of CPR, data exchange with the EC will be carried out electronically (by means of SFC2014).

The Programme monitoring system shall provide data and information needed to fulfil management, monitoring and evaluation requirements.

In accordance with Article 122 of CPR, the participating countries will ensure that no later than 31 December 2015, all exchanges of information between beneficiaries and the MA/CA and AA can be carried out by means of an electronic data exchange system (e-MS).

The e-MS will comply with the following aspects:

- data integrity and confidentiality
- authentication of the sender within the meaning of Directive 1999/93/EC4
- storage in compliance with retention rules defined in Article 140 of CPR
- secure transfer of data
- availability during and outside standard office hours (except for technical maintenance activities)
- accessibility by the participating countries and the beneficiaries either directly or via an interface for automatic synchronisation and recording of data with national, regional and local computer management systems

- protection of privacy of personal data for individuals and commercial confidentiality for legal entities with respect to the information processed (according to Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector and Directive 1995/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data).

In order to transfer data to the EC, the administration system of the e-MS shall facilitate interoperability with the Union frameworks as required by Article 122 (3) of the CPR.

The computer system used shall meet accepted security and reliability standards. Accepted procedures that ensure reliability of the accounting, monitoring and financial reporting information in computerised form will be implemented.

The development, implementation, support and maintenance of the programme monitoring and information system shall be financed from the TA budget, as appropriate.

#### *5.4.l Contribution of the Member States to the financing of technical assistance*

At the programme level, the TA is jointly financed by the countries participating in the programme. In accordance with Article 35 of the Regulation no. 447/2014, TA is financed by a maximum of 10% of the total IPA amount allocated to the programme. The TA amount will be co-financed by three participating countries in the programme. Details on the TA budget are laid down in Section 3 and further details on management arrangements and exact amounts of national co-financing per participating country will be laid down in the agreement between the MA and the PCs, which will be part of the description of the management and control system.

Each participating country shall transfer its national co-financing share for TA to the programme account in the Ministry of Finance of the Republic of Croatia.

National co-financing of the TA budget is provided as advance payment starting with 2015 at the latest, on a yearly basis. Any expenditure from an approved activity implemented by the participating country, qualified to be financed by TA, needs to be verified by the participating countries (e.g. by the relevant controllers) concerned prior to reimbursement from the programme account.

Further technical and financial details will be laid down in the TA Manual.

#### *5.4.m Information and communication*

In line with Articles 115 and 116 of the CPR, a communication strategy will be drafted and submitted to the JMC no later than 6 months after the adoption of the programme to ensure transparency towards and information of relevant partners and stakeholders.

The strategy will define specific communication objectives, target audiences, messages as well as tactics and tools to support the achievement of wider programme goals. It will take into account detailed rules concerning information and communication measures as laid down in Article 115 and Annex XII of the CPR. The strategy will be valid for the whole programming period, complemented by annual work plans.

The overall responsibility for communications rests with the MA together with the JS. However, at national and regional levels, the NA plays a crucial role in complementing

cross-border and European activities. Approved operations play in addition a key role in communicating project achievements on all levels.

The participating countries shall support the MA to ensure effective application of the information and publicity requirements by taking appropriate steps to disseminate information and provide publicity within their territory.

## **5.5 Apportionment of liabilities among partner States in case of financial corrections imposed by the Managing Authority or the Commission**

(Reference: point (a)(vi) of Article 8(4) of Regulation (EU) No 1299/2013)

Without prejudice to the participating country responsibility for detecting and correcting irregularities and for recovering amounts unduly paid according to Article 122 (2) of the CPR, the managing authority shall ensure that any amount paid as a result of an irregularity is recovered from the lead beneficiary. In accordance with Article 27 of the ETC Regulation, the project partners shall repay the lead beneficiary any amounts unduly paid.

If the lead beneficiary does not succeed in securing repayment from a project partner or if the Managing Authority does not succeed in securing repayment from the lead beneficiary, the participating country on whose territory the project partner concerned is located shall reimburse the Managing Authority the amount unduly paid to that project partner according to Article 27 (3) of the ETC Regulation. The managing authority is responsible for reimbursing the amounts recovered to the general budget of the Union, in accordance with the apportionment of liabilities among the participating countries as laid down below. The MA will reimburse the funds to the Union once the amounts are recovered from the LB/PP/participating country.

Should the MA bear any legal expenses for recovery recourse proceedings – initiated after consultation and in mutual agreement with the respective PC - even if the proceedings are unsuccessful it will be reimbursed by the PC hosting the LB or PP responsible for the said procedure.

Since participating countries have the overall liability for the IPA support granted to LBs or PPs located on their territories, they shall ensure that – prior to certifying expenditure – any financial corrections required will be secured and they shall seek to recover any amounts lost as a result of an irregularity or negligence caused by a beneficiary located in their territory. Where appropriate, a PC may also charge interest on late payments.

In accordance with Article 122 (2) of the CPR, irregularities shall be reported by the PC in which the expenditure is paid by the lead beneficiary or project partner implementing the project. The participating country shall, at the same time, inform the Managing Authority and the Audit Authority. Specific procedures in this respect will be laid down in the agreement between the Managing Authority and the PC and will also be part of the description of the management and control system.



The participating country will bear liability in connection with the use of the programme IPA funding as follows:

Each PC bears liability for possible financial consequences of irregularities caused by the lead beneficiaries and project partners located on its territory.

For a systemic irregularity or financial correction on programme level that cannot be linked to a specific PC, the liability shall be jointly borne by the PC in proportion to the IPA claimed to the European Commission for the period which forms the basis for the financial correction.

For technical assistance expenditure incurred by the Managing Authority, the liability related to administrative irregularities shall be borne by the Managing Authority.

For the technical assistance expenditure incurred by the PC, the liability shall be borne by the PC concerned.

## 5.6 Use of the Euro (where applicable)

(Reference: Article 28 of Regulation (EU) No 1299/2013)

Method chosen for the conversion of expenditure incurred in another currency than the Euro

In accordance with Article 28 of the ETC Regulation, expenditure incurred by project partners in countries outside the Euro zone, shall be converted into euro. The conversion is to be made by the beneficiaries/project partners by using the monthly accounting exchange rate of the European Commission in accordance with option b) of Article 28 of the ETC Regulation.

## 5.7 Involvement of partners

(Reference: point (c) of Article 8(4) of Regulation (EU) No 1299/2013)

**Actions taken to involve the partners referred to in Article 5 of Regulation (EU) No 1303/2013 in the preparation of the cooperation programme, and the role of those partners in the preparation and implementation of the cooperation programme, including their involvement in the Joint Monitoring Committee**

The process of partner involvement and preparation of the cooperation programme was coordinated by the Ministry of Regional Development and EU Funds of the Republic of Croatia as well as by the Task Force, upon its nomination, in charge for the preparation of the Programme.

The process of partner involvement included:

- Eight (8) meetings of the TF

- Online survey on programme thematic priorities
- Two rounds of stakeholder consultation workshops
- One online public consultations
- Public consultation meetings conducted within the strategic environmental assessment (SEA) process

In general, the involvement of relevant partners in the programming exercise, including TF meetings and workshops, public consultation, online surveys and consultations within the process of preparation of the Programme followed a multi-level approach according to the Regulation (EU) No 1303/2013.

According to the Article 5 of Regulation (EU) No 1303/2013, the involvement of the following partners was ensured during the preparation of the Programme:

1. the involvement of local and regional authorities,
2. economic and social partners; and
3. relevant bodies representing civil society, including environmental partners, non-governmental organisations, and bodies responsible for promoting social inclusion, gender equality and non-discrimination.

#### *Task Force meetings and workshops*

The TF consisted of the representatives on national/entity and regional/local level of all partner countries. Regarding regional representatives from Croatia, rotation principle of participation at TF meetings and workshops was agreed in order to enable participation and decision-making for all 12 Croatian counties. Additionally, one TF member was nominated from Association of Municipalities as a local representative from Montenegro. All TF members were actively involved in the preparation of all programme documents: situation analysis, SWOT analysis, programme strategy and Cooperation Programme. Relevant materials were prepared by Ministry of Regional Development and EU Funds and external experts, mainly based on the inputs from the TF, and were sent to TF members prior to meetings where programme documents were discussed in details. Agreement on the content of documents and decision-making in the TF was reached by consensus.

#### *On-line survey/questionnaire*

Online survey on programme thematic priorities was launched on 6 March 2014 and it was closed on 28 March 2014. The online survey was performed on the basis of questionnaire sent to 2007-2013 programmes (IPA CBC CRO – BIH and IPA CBC CRO – MNE) potential and actual beneficiaries. The questionnaire was sent to approximately 500 contacts from IPA CBC CRO-BIH 2007-2013 and nearly 400 potential and actual beneficiaries of the IPA CBC CRO – MNE 2007-2013 programme.

The main result of the questionnaire was the indicative ranking list of thematic priorities from the most to the least important as scored by 39 institutions that filled in the questionnaire. Out of 39 institutions that participated in the online survey, the majority were local and regional government authorities (15 authorities were represented, which makes almost 39% of the total number) and civil society organizations (11 organizations in total, which makes 28% of the total number).

#### *Two rounds of stakeholder consultation workshops*

The first round of public stakeholders workshops was organised in Gospić (Croatia) and Tivat (Montenegro) in May 2014. The second round of public stakeholders workshops was organised in Sarajevo (BIH) on 28 August 2014.

The list of invitees, compiled by the TF members, consisted of 150 representative institutions per each participating country (450 institutions in total). The invitation list included the following institutions: national/entity ministerial authorities, local / regional governance authorities, chambers of commerce, touristic associations, educational institutions, health and social care institutions, public companies, institutions responsible for environment and nature, institutions responsible for culture, development agencies, business support institutions, CSOs, employers' associations, and the national contact points for relevant macro regional strategies.

The documents presented and discussed with the participants were SWOT analysis and programme intervention logic (programme strategy) with specific emphasis on the selected thematic priorities and proposed specific objectives and types of actions. Participants helped to better identify specific objectives and types of actions that should be supported within each Priority Axis.

In total 95 participants from 67 institutions participated in the stakeholders' consultation workshops in Sarajevo, Tivat and Gospić.

The majority of institutions represented at the workshops were local / regional governance authorities (14 institutions, 20,89% of the total number), public institutions (12, 17,91% of the total number), civil society organisations (11 in total, 16,41% of the total number), national/ entity ministerial authorities (9 institutions, 13,43% of the total number), development agencies (9 institutions, 13,43 % of the total number).

#### *Online public consultations*

The MRDEUF informed the programme mailing list consisting of nearly 500 contacts from the relevant institutions from the participating countries and TF about the launch of the public online consultations for the programming documents on its website (SWOT analysis, programme intervention logic and draft CP). Online public consultations were open from 1-30 August 2014 and the relevant partners were invited to submit their written comments. There were no comments received.

#### *Public consultation meetings within SEA*

## *Croatia*

Following the consultations with Croatian Ministry of Environmental and Nature Protection, SEA procedure consisted of the following steps:

- Step 1 – Main acceptability assessment for the ecological network;
- Step 2 – SEA Scoping report;
- Step 3 – SEA Study.

Within Step 1, the Request for determination of Main acceptability assessment of the Programme for the ecological network was submitted to the Ministry of Environmental and Nature Protection on 7 July 2014. Ministry issued Decision on the necessity of inclusion of main acceptability assessment of the programme for the ecological network on 1 August 2014.

Following Step 1, Decision on the start of SEA procedure for the Programme was issued by the Minister of Regional Development and EU Funds on 19 August 2014.

Within Step 2, the procedure on the scope of the SEA Study was launched on 20 August 2014 by sending the relevant documents (Information on the procedure of determining the scope of strategic study for the Programme, SEA Scoping Report, CP summary and draft CP) to 18 relevant ministries: Ministry of Environmental and Nature Protection, Ministry of Culture, Ministry of Agriculture, Ministry of Health, Ministry of Labour and Pension System, Ministry of Social Policy and Youth, Ministry of Tourism, Ministry of Economy, Ministry of Entrepreneurship and Crafts and Ministry of Science, Education and Sport. The documentation was also published online at the MRDEUF website and available for commenting by 19 September 2014.

In order to harmonize the submitted opinions on the SEA Study and to determine the final content of SEA Study, MRDEUF organized a public consultation meeting during the scoping phase. The following institutions were present at the consultation meeting conducted on 12 September 2014 in Zagreb: Ministry of Environmental and Nature Protection, Ministry of Agriculture and Ministry of Science, Education and Sport.

The following institutions provided their comments in writing: Ministry of Environmental and Nature Protection, Ministry of Agriculture, Ministry of Health, Ministry of Culture and Ministry of Social Policy and Youth. The following institutions provided their positive opinions in writing: Ministry of Science, Education and Sports, Ministry of Economy, Ministry of Tourism and Ministry of Entrepreneurship and Crafts. All relevant comments were taken into account.

Within Step 3, the SEA Study procedure was open from 20 October 2014 to 19 November 2014. MRDEUF launched the procedure by sending the relevant documents (Decision on launching the public consultations on SEA study, SEA Study, non-technical summary and draft CP) to 18 relevant ministries stated above. The documentation was also published online at the MRDEUF website and available for commenting by 19 November 2014.

In order to harmonize the submitted opinions on the SEA Study, MRDEUF organised a public consultation meeting in Zagreb on 12 November 2014. The following institutions

were present at the meeting: Ministry of Environmental and Nature Protection, Ministry of Agriculture and Inland navigation development centre Ltd.

During the SEA Study phase, the following institutions provided their comments in writing: Ministry of Environmental and Nature Protection, Ministry of Agriculture, Ministry of Health and Ministry of Culture. The following institutions provided their positive opinions: Ministry of Entrepreneurship and Crafts, Ministry of Health and Ministry of Science, Education and Sports.

#### *Montenegro*

In Montenegro, SEA procedure for the Programme consisted of the SEA Study step.

The SEA consultations were launched from 21 October 2014 to 21 November 2014. The Ministry of Foreign Affairs and European Integration launched the SEA Study procedure by sending the relevant documents (SEA Study, non-technical summary and draft CP) to the Ministry of Sustainable Development and Tourism and Environmental Protection Agency on 22 October 2014. The documentation was also published online at the Ministry of Foreign Affairs and European Integration website and available for commenting by 19 November 2014.

In order to harmonize the submitted opinions on the SEA Study, Ministry of Foreign Affairs and European Integration organised consultation workshop on 14 November 2014 in Podgorica. The following institutions were represented at the meeting: Ministry of the Interior, Tourist Organization of Cetinje, Union of Free Trade Unions, "Mediterranean" University, Ministry of Sustainable Development and Tourism, Ministry of Finance, NGO Green Home, Environmental Protection Agency, Capital City of Podgorica, Port Authority, Tourist Organization of Podgorica, NGO Expeditio – Center for Sustainable Development-Kotor, Tourist Organization of Tivat, Hydrometeorological and Seismological Service, Faculty of Civil Engineering, Municipality of Kotor, Water Supply and Sewerage of Cetinje, Chamber of Commerce, Coast Regional Water Supply, Royal Theatre "Zetski dom", Employment Service, Ministry of Agriculture and Rural Development, Institute for Entrepreneurship and Economic Development, National Library "Đurđe Crnojević", NGO European Movement, Water Supply and Sewerage, Chamber of Skilled Crafts and Entrepreneurship, Municipality of Nikšić and Business Alliance.

During the SEA Study phase, the following institution provided comments in writing: NGO Green Home.

#### *Bosnia and Herzegovina*

In BIH, SEA procedure for the Programme consisted of the SEA Study step.

The SEA consultations were launched from 25 February 2015 to 24 March 2015. Directorate for European Integration (DEI) launched the SEA Study procedure by sending the relevant documents (SEA Study, non-technical summary and draft CP) to the following ministries: Ministry of Foreign Trade and Economic Relations, Ministry of Environment and Tourism of Federation, Ministry of Physical Planning of Federation, Ministry of Spatial Planning, Civil Engineering and Ecology of Republika Srpska and

Ministry of Agriculture, Forestry and Water Management of Republika Srpska. The documentation was also published online and available for commenting by 24 March 2015. During the SEA Study phase, the Ministry of Foreign Trade and Economic Relations provided comments in writing encompassing all comments collected from the above mentioned ministries.

#### *SEA procedure conclusion*

Detailed summary of the relevant comments received during the SEA public consultations for the Programme is given in Annex 6 to CP (Response sheet for SEA comments).

Taking into account relevant comments and proposals received during the SEA consultations procedure, revised versions of relevant documents (SEA Study, non-technical summary) were prepared and published at the MA webpage on 1 June 2015 on the webpage of DEI on 11 June 2015 and on webpage of Ministry of Foreign Affairs and European Integration on 18 June 2015.

Furthermore, DEI informed relevant environmental authorities from BIH (Ministry of Foreign Trade and Economic Relations) on the outcome of the SEA procedure by sending them relevant documentation on 8 June 2015 and Ministry of Foreign Affairs and European Integration informed relevant environmental authorities from MNE on the outcome of the SEA procedure by sending them relevant documentation on 18 June 2015.

In order to finalize the SEA procedure, the MA sent relevant documentation (CP version 2.0), SEA Study, Summary of the conducted SEA procedure, the official letters with comments on SEA Study and CP received from the authorities and a summary (table) of relevant comments received and the method of their implementation into SEA Study and CP) and Request for the opinion on the conducted SEA procedure to the Ministry of Environmental and Nature Protection on 2 July 2015. The Ministry issued positive opinion to the MA on 20 July 2015.

As regards to the involvement of partners during the implementation of the Programme, specific attention will be paid to the following actions:

1. The national/regional/local and other relevant stakeholders to be involved in the JMC.
2. The involvement of potential beneficiaries and target groups as specified in details under respective Priority Axes.
3. Workshops and trainings will be provided on the implementation of the programme to which the partners will be actively invited.

Within the framework of JMC, the following stakeholders are envisaged to have the direct impact on monitoring the activities of the Programme:

- a) national authorities responsible for social and health care, environment (rescue and protection), economy and NGOs; regional representatives of the counties participating in the Programme and representative of National Authority representing Croatia
- b) national authorities responsible for social and health care, environment (rescue and protection), economy and NGOs; regional/local representatives of the municipalities participating in the Programme and representative of National Authority representing Bosnia and Herzegovina
- c) national authorities responsible for social and health care, environment (rescue and protection), economy and NGOs; regional representatives of the municipalities participating in the Programme and representative of National Authority representing Montenegro.

## SECTION 6 HORIZONTAL PRINCIPLES

(Reference : Article 8(7) of Regulation (EU) No 1299/2013)

### 6.1 Sustainable development

Description of specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, in the selection of operations.

Sustainable development is one of the key issues for the Programme area as it is described in the programme strategy.

Therefore, the largest share of the budget is reserved for PA 2, which is completely focused on sustainable development. Operations will have to show clearly how they contribute to the results indicators of PA 2:

- Disaster response capability in the programme area
- Energy consumption by public buildings in the programme area

Furthermore, during the selection of operations procedure, the relevant indicative questions, where appropriate, are:

- For PA 1: To what extent the operations incorporate elements of sustainability in healthcare and social sector interventions. E.g. supported facilities for health and social services should be assessed as regards to disaster resilience and located in flood-safe areas and should be easily accessible in emergency situations. Development or modernization of buildings must meet all applicable environmental requirements (e.g. easy accessibility for public transport, accessibility for people with disabilities, energy efficiency, etc).
- For PA 2: To what extent the operations incorporate sustainable development through environmental protection, energy efficiency, climate change mitigation, disaster resilience and risk prevention and management. E.g. concerning potential activities in the area of environmental monitoring systems, related monitoring parameters, periods, data collection methods, frequency and information formats should ideally allow the various monitoring systems to function in complementarity. The data obtained should be made publicly available. Concerning the potential activities in the area of flood protection, they should promote long-term flood protection and retention approach and maintenance of the traditional land use systems that respect the ecological keystone processes. Flood prevention and drought protection projects should be planned on locations where they will not have a negative impact on the Ecological Network target features or integrity. Furthermore, potential activities should not restrict natural retention of flood plains, i.e. they should ideally expand natural retention by e.g. promoting the 'room for river' approach that allows flooding during periods of high discharge.



As regards to air quality, the activities under PA 2 should aim at creating positive impacts on the air quality of the programme area.

Furthermore, when it comes to energy efficiency, solar power activities should be limited to smaller-scale solar power installations (use of several panels, rather than large parks) in built urban areas. All renewable energy related interventions (e.g. wind turbines, large solar parks, etc) should be assessed as regards to long term expected effects from climate change and shall not be planned within the areas important for bird preservation (Special Protection Areas) or located on very valuable agricultural soil (P1) and valuable agricultural soil (P2) or planned within the areas important for preservation of species and habitat types (Special Areas of Conservation).

Concerning biomass farming, it should not lead to the deterioration of already achieved state of any water body surface and groundwater and should not be supported on vulnerable areas under Nitrate Directive, unless applications prove that the choice of crops and farming practice will not increase fertilizers and pesticides loads.

- For PA 3: To what extent the operations incorporate the sustainability factor not only stimulating economic development but also clearly protecting the cultural and/or natural heritage and/or the environment. E.g., the applications should ensure that no important and protected habitats and species are endangered by the planned activities. Furthermore, strategic approach should include cooperation with nature protection and culture protection authorities and adhere to the principles of EU Agenda for a sustainable and competitive European tourism such as: taking a holistic and integrated approach; planning for the long term; involving all stakeholders; recognizing, minimising and monitoring risks, especially related to climate change.

Concerning eco/agro-tourism applications, they should contribute to sustainable management of protected areas and be prepared in cooperation with nature/culture protection authorities. With regard to interventions for sustainable use of cultural/ natural heritage, the principles of authenticity and integrity of the sites and monuments, harmonious relationship between the heritage sites and monuments and the surrounding environment and the active participation of the communities and stakeholders concerned should be taken into account.

The activities under PA 3 should aim at creating positive impacts on the air quality of the programme area. Furthermore, the principle of horizontal and vertical integration of air quality has to be respected, by ensuring cooperation and coherence at vertical and horizontal levels of administration.

- For PA 4: To what extent the operations incorporate the sustainability factor through green entrepreneurship, business focused on sustainable development, preventions of investments with considerable negative environmental and climate effects, assessing the risks as regards to climate change and overall sustainability of the investment.

For all priority axes: Except compliance with EU legislation, all planned activities should be consistent with related national laws and recommendations.

## 6.2 Equal opportunities and non-discrimination

Description of the specific actions to promote equal opportunities and prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the cooperation programme and, in particular, in relation to access to funding, taking account of the needs of the various target groups at risk of such discrimination, and in particular, the requirements of ensuring accessibility for persons with disabilities.

The programme has been and will promote equal opportunities and non-discrimination through the following actions:

- **Programming:** In the situation analysis and SWOT the needs of various target groups, such as vulnerable groups have been identified as a core issue of the programme area with special emphasis on their socio-economic situation. Especially priority axis 1 is strongly rooted in principle of equal opportunities and non-discrimination giving special attention to vulnerable groups by working on the improvement of services in the area of public health and social care sector thus creating positive impact in decreasing discrimination and providing equal opportunities. This will contribute to ensuring that there are specific operations focused on promoting equal opportunities and preventing any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.
- **Programming and monitoring:** The members of the Task Force for the preparation of the Cooperation Programme have been selected on the basis of the equal opportunity and non-discrimination principle. Adequate consideration of equal opportunities and non-discrimination issues was ensured through workshops and Task Force meetings with inviting and consulting all relevant representatives of these groups. This will also be applied to the Joint Monitoring Committee by integrating it in the Rules of Procedure.
- **Monitoring and reporting:** All operations of all four priority axes will have to demonstrate in the application form how they intend to contribute to the equal opportunities and non-discrimination, either through operation staff or focus of the topic on equal opportunities and non-discrimination.
- For Priority Axis 1 operations are requested to indicate how they contribute to the following output indicators:
  - Number of persons related to improving health care services and/or social care services trained
  - Number of jointly developed tools/services/pilot projects that enable better quality of social and health care
  - Population covered with improved health and/or social services or facilities.

For Priority Axis 2, 3 and 4, equal opportunities and non-discrimination will be monitored as horizontal priority. However, the operations can also indicate to which extent they are ensuring accessibility for all (barrier free solutions and similar) and that inclusion is promoted in designing and implementing actions in relation to cultural varieties and ethnic richness of the programme area where actions incorporating celebration and promotion of multi-ethnicity will be encouraged. And especially priority axis 4 operations will be preferred with improvements and ideas in promotion and development of corporate social responsibility and social inclusion in SME sector.

Evaluation: The evaluation of the programme will indicate how has been dealt with the equal opportunities and non-discrimination principle.

### 6.3 Equality between men and women

Description of the contribution of the cooperation programme to the promotion of equality between men and women and, where appropriate, the arrangements to ensure the integration of the gender perspective at cooperation programme and operation level.

Equality between women and men has been in focus throughout the entire programming process. Gender gap and gender mainstreaming were analyzed during the preparatory process results of which are visible in the situation analysis while principle as such was fully respected in the preparation of the programme. As one of the fundamental values of the European Union, it is incorporated in this cooperation programme which has been designed in order to give equal access to all members of society and contribute to neutralize discrimination and provide equality.

Each operation supported under this programme will be asked to indicate how they intend to promote equality between men and women.

The programme area will follow the description: “Gender mainstreaming in the operation approach means that objectives and results are defined in such a way that aspirations, wishes and needs of women and men are equally valued and favoured through the operation activities. Operations with a gender perspective contribute to the achievement of the policy goals of partner governments and the European Commission regarding women’s rights and gender equality. A development operation is a way of clearly defining and managing investments and change processes. Gender blind operations can change in a negative or positive way the existing gender relations; however they do not render accounts of the differentiated effects and impact on the lives of men and women, boys and girls.” *Mainstreaming gender equality through the operation approach Paper for EU Delegations Thera van Osch, EU Gender Advisory Services 2010*

In order to be fully in line with the European Commission recommendations in these areas operations supported under this cooperation programme will be gender sensitive in choosing their stakeholders; organizing coordination and managements, respecting gender perspective when organizing human resources.

**ANNEXES (UPLOADED TO ELECTRONIC DATA EXCHANGE SYSTEMS AS SEPARATE FILES):**

- 1. Final report of the ex-ante evaluation (including an executive summary of the report)**
- 2. Confirmation of agreement in writing to the contents of the cooperation programme (Reference: Article 8(9) of Regulation (EU) No 1299/2013)**
- 3. A map of the area covered by the cooperation programme**
- 4. A "citizens summary" of the cooperation programme**
- 5. Strategic Environmental Assessment**
- 6. Strategic Environmental Assessment response table**
- 7. Situation Analysis**
- 8. SWOT Analysis**
- 9. Programme intervention logic**
- 10. Programme's coherence with macro-regional strategies**
- 11. Programme management structure**
- 12. JMC functions**
- 13. NA responsibilities**
- 14. MA functions**
- 15. CA functions**
- 16. AA functions**
- 17. JS responsibilities**
- 18. Financial flows**
- 19. Indicator description table**