

IPA II cross-border cooperation programme Croatia-Serbia 2014-2020

following the

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on the specific rules for implementing Regulation (EU) 231/2014 of 11.03.2014
of the European Parliament and the Council establishing an Instrument for Pre-
accession assistance (IPA II)**

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IPA Cross-border Cooperation Programme Croatia-Serbia 2014-2020

under the IPA instrument

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1. STRATEGY FOR THE COOPERATION PROGRAMME'S CONTRIBUTION TO THE SELECTED THEMATIC PRIORITIES AND THE RELEVANT PARTNERSHIP AGREEMENT AND COUNTRY STRATEGIC PAPER(S)

[Reference: Article 31, Commission Implementing Regulation (EU) N 447/2014 of 2 May 2014 on the specific rules for implementing Regulation EU) 231/2014 of 11.03.2014 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 Country Strategic Paper(s)

1.1.1. Description of the cooperation programme's strategy for contributing to the selected thematic priorities and the relevant Partnership Agreement and Country Strategic Paper(s)

1.1. General context of the programme

IPA Cross-border Cooperation Programme Croatia-Serbia 2014-2020 (the Programme) as IPA cross-border cooperation programme is perceived 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 that is to be achieved by concentrating on more effective investments in education, research and innovation, move towards a low-carbon economy and on 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 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 bringing competitiveness and development in the region by closely following the vision of the Europe 2020 strategy.

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

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

The thematic scope of the Programme is provided by 8 thematic priorities as described in the Commission Implementing Regulation no. 447/2014. The European Territorial Cooperation Regulation 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 strengthen the social, economic and territorial development of the programme area through implementation of joint interventions in the areas of health and social care sector, environment protection and sustainable energy, development of sustainable tourism and strengthening of competitiveness and business environment.

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

1.2. General description of programme area

The programme area covers NUTS III regions in the cross border territory of Croatian – Serbian border. On the Croatian side, programme area includes 4 Counties on the north-east of Croatia (NUTS III regions): Osječko-baranjska, Vukovarsko-srijemska, Brodsko-posavska and Požeško-slavonska, whereas on the Serbian side, programme area covers 5 districts on north-west of Serbia (NUTS III regions): North Bačka, West Bačka, South Bačka, Srem and Mačva district.

The programme area covers 25.505 km² and has population of approximately 2.3 million persons. Within Croatian part of programme area, Osječko-baranjska is the biggest in size and population whereas within Serbian part of the programme area, Bačka district is the biggest in size and the most populated. The programme area is mainly rural with a number of small and medium towns. The two largest urban centres are Osijek in Croatia and Novi Sad in Serbia.

The length of Croatian – Serbian border is 317.6 km with 8 border crossings classified for international traffic. The state border predominantly follows river Danube thus making natural border of 259.3 km between the two countries. The whole programme area is part of Pannonian Plain with lowland areas extending over 18,312 km² thus representing 18,4% of Croatian territory and 17% of Serbian territory. On the north, programme area borders with Hungary, while on the south, programme area borders with Bosnia and Herzegovina.

Out of total population in the programme area, 31% of people live in Croatia and 69% in Serbia. The population density is 84.9 capita/km² amounting to 73% of EU while at the same time being above national average of both countries. It is important to note that majority of Croatian part of the programme area is relatively close to national average with only Požeško-slavonska county being significantly below the average (43 capita/km²). As regards to the Serbian part of the programme area, South Bačka District has a population density above both national and EU average with 152 capita/km².

According to the official statistics, there is an overall trend in population decrease in the programme area within the last 10 years. Even the urban centres register decrease in population, especially on Croatian part of the programme area. This is the result of migration due to poor economic situation, lack of employment opportunities and slow post-war recovery on north - east of Croatia.

A positive trend is registered only in South Bačka District with 3.7% increase in population in the last 10 years. The reason for positive population growth is due to the migration trend from neighbouring rural areas to Novi Sad.

One of the favourable conditions of the programme area is large variety of

different ethnicities on both sides of border living in cohabitation and enriching public cultural and lingual life of the cross-border area.

1.3. Territorial Analysis of the programme area

A detailed territorial analysis of the programme area was carried out in 2013 and 2014, showing that the programme area is homogenous in geographical as well as in economic and social terms. The programme area owns a large number of assets, but also faces numerous challenges which are classified and analysed according to eight thematic areas (8 thematic priorities for IPA CBC programmes as indicated in Annex II to Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II):

These thematic areas are the following:

- Employment, labour mobility, social inclusion, health and social care
- Environment, biodiversity, 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.

Employment, labour mobility, social inclusion, health and social care

Programme area labour market is reflected in low employment and high rates of unemployment, especially long-term and youth unemployment. In Croatian part of the programme area, unemployment rate was rather high in 2012, 32.2%, especially when compared to national 20.1% and EU27 10.5%. Most of the unemployed fall within the category of 1-2 years without employment that makes them long-term unemployed. In 2012, the biggest unemployed group were young persons in category 20 – 24 with 16.43% and 25 – 29 with 14.2%.

Serbia has also faced growth in unemployment since 2009. Unemployment rate in 2012 in Serbian part of the programme area was 31.6% (compared to national 22.3%) which is on the same level as in Croatian part of the programme area. Another joint problem is high percentage of young people being unemployed. Similarly as in 4 Croatian counties, in 5 Serbian districts most vulnerable group is age group 25 – 29 with 13% of unemployed.

Most of employees are in the sector of agriculture and manufacturing, SME's and public services. The most likely reasons for long-term unemployment are inadequate education background and skills for the labour market needs, lack of working experience, lack of motivation after long-term absence from the labour market as well as lack of professional mobility and motivation to participate in training and life-long learning programmes. The long-term unemployed persons are often regarded as a work force without skills required for the fast-changing labour market demand. Long-term unemployment is higher among less educated and older unemployed persons.

The conclusion is that the young person's entering labour market are extremely vulnerable due to the lack of employment opportunities, lack of industry and real

sector that would employ large number of persons, misbalance between supply and demand as regards to existing and needed knowledge and skills, lack of entrepreneurial spirit and skills for self-employment, restructuring of agriculture and food production and loss of jobs related to that.

As regards to social welfare system in the programme area, in general, 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.

Social care systems in both countries are going through process of decentralization with more responsibility transferred to the regional and local governments. About 5% of the population in the programme area is receiving social care.

The number of beneficiaries of permanent social care in the programme area illustrates difficult social picture of poverty and unemployment that is drastically higher than in the rest of the country. High unemployment 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.

There is also a need for improvement of and better accessibility to local services such as legal counselling for vulnerable groups and improved services for persons with disabilities.

As elderly people make one quarter of all population in Croatian part of the programme area and one fifth of population in Serbian part of the programme area, there is a potential for strengthening care for elderly by investing in elderly and palliative care. Infrastructure investments in homes for elderly people are needed to ensure quality standards of institutional care. In Serbian part of the programme area there is an identified need for regional mental health centre and regional palliative care centre.

This programme sees the opportunity to address the needs and challenges as regards to social care system by modernizing of the system through development of ICT solutions or investing in small scale infrastructure, by making it more transparent and by improving the quality and availability of social services through community based support as well as through active inclusion of vulnerable groups.

Both countries will have to face soon retirement the so called 'baby boomers' (children born between 1946-1964) and the effect it will have on the pension system and structure of the population resulting in increased demand for health and social care services.

Within the programme area, the strongest health care centres are in Osijek and Novi Sad. However, the main problems of both the Croatian and Serbian health system are insufficient number of health care workers and need for modernization and restructuring to achieve optimal use of both health care workers as well as material resources such as beds and medical equipment. The healthcare system in general is characterized by inefficient and ineffective network of healthcare institutions, inappropriate distribution and mobilisation of capacities at different levels of care, underperforming system management including insufficient focus on quality standards, fragmentation, 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 and unsatisfactory quality of health care provided. Responses to these challenges should be sought in the modernization of the system by making the healthcare more efficient,

accessible and responsive to contemporary and future health care needs. This programme sees the opportunity to achieve those goals by focusing on the improving those services and facilities by implementing small scale investments into health care infrastructure, developing ICT and strengthening the human resources in terms of capacity building.

Environment, biodiversity, risk prevention, sustainable energy and energy efficiency

Croatian part of the programme area shows no serious pollution problems that is largely due to the absence of heavy industry in the area, whereas on the Serbian part of the programme area, certain industries (chemical, petrochemical, machinery manufacture, metallurgical, food and oil industries) cause increased pollution levels in certain parts. For example, out of total of 13 environmental 'hot spots' in Croatia, one is situated in the programme area (Borovo factory near Vukovar) which is in remediation since 2010. On the other hand, in the Serbian part of programme area there are 13 environmental hot spots that present danger for the environment.

The programme area is rich in water resources and requires better cross-border cooperation in exchanging information on monitoring water quality and emission reduction activities in the water. The key feature of the environment in the programme area is the river Danube, constituting large part of the border between Croatia and Serbia thus being the defining and common feature of the programme area. Any environmental issues linked to the Danube clearly require joint actions to be taken.

The border region is rich in biodiversity and protected areas that need to be further protected and valorised. Fruška Gora (Serbia) is the only national park in the programme area whereas Obedska bara, large swamp-forest area and natural reserve stretching along the Sava River, is one of the most famous nature reserves in Serbia. The most important protected part in the Croatian programme area is the Nature park Kopački rit. It is seen as one of the best preserved fluvial marsh territories in Europe which is characterised by the stunning beauty of its landscape and its biodiversity. The other nature park in the Croatian programme area is geopark Papuk, mountainous area covered with rich forests, swamps and meadows partially situated within the programme area of Požeško-slavonska county. Furthermore, 30% of Croatian Regional Park Mura-Drava established in 2011, spreads through Osječko-baranjska county. The area is characterised with high biological and landscape diversity as well as richness in geological, cultural and traditional heritage. Due to exceptional value for biodiversity conservation, Regional Park is included in the Croatian ecological network and it is envisaged to become a part of future UNESCO trans boundary biosphere reserve Mura-Drava-Danube. Both countries submitted the application for the Reserve which is to be implemented within the European Commission's Strategy for the Danube Region. The future management and implementation needs are extensive since this area will be the largest conserved floodplain complex in the upper course of the Danube River in Serbia.

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

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 both 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.

Taking into account the water richness of the programme area, the major common environmental challenge is the prevention of floods. In the period 1965-2011, over 70 major floods occurred in Croatia and Serbia, mainly along the Danube and Sava rivers due to capacity overflows, affecting areas larger than 100 km² and at least 200 households or 500 inhabitants each time. As an EU Member State, Croatia adopted the Floods Directive (2007/60/EC), integrated with overall water management and pollution prevention whereas Serbia as an EU candidate country is expected to adopt the same Directive in the upcoming period. A lack of efficient integrated monitoring and management systems for flood prevention and alerts contributed to catastrophic consequences in the region occurred in May 2014.

Concrete measures to reduce natural disaster and to improve risk prevention, preparedness and response to disasters (floods, draughts, fire) must be implemented by improving management system for risk prevention.

As regards to sustainable energy sector, the share of renewable sources in total energy consumption in the programme area is only circa 11% so the programme area has a potential for increasing the use of renewable sources for production of renewable energy – especially from agricultural waste (biomass) and thermal waters. The total production of electricity in Croatia in 2011 was 10,830 GWh, out of which 45% came from renewable sources, but these include big hydro-electric power plants (41%), whereas only 3% comes from other renewable sources (small hydroelectric power plants, wind energy, biomass and bio-gas).

The programme area has favourable conditions in terms of renewable energy resources. In terms of development of renewable energy production, the experts see the largest unused potential in geothermal energy. However, putting the potential into use requires large infrastructure investments and overcoming a number of regulatory obstacles.

Both countries have developed a set of national and regional level strategic documents in relation to the energy sector. The existing strategies mainly focus on measures in relation to the public, transport, agriculture and public awareness rising, while the relevant experts express concern with insufficient emphasis on the housing sector.

Therefore, the Programme can address these challenges and implement actions in support of energy efficiency, smart energy management and renewable energy use in public infrastructures, including in public buildings, and in the public housing sector.

As the upgrade of infrastructures in the energy sector is predominately dealt through national level policies, the 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 CO₂ 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.

Sustainable transport and public infrastructure

Appropriate infrastructure and developed transport systems are of particular importance for the economic development of the counties and districts participating in the Programme.

In order to use the advantages of their geographical location, it is important for these regions to develop the transport sector not only in accordance with their needs, but also with international needs and to integrate the transport networks into the trans-European transport network (ten-t).

Within the programme area, the most important cross-border traffic routes include roads, railways and waterways.

Road infrastructures are in poor state and insufficiently equipped to allow for optimal transport services and traffic safety. Central and Eastern Croatia (Pannonia) has the least developed road infrastructure. The density of the road network is only 88% of the national average. The density of the road network in Serbian programming area is 93% of the national average and especially concentrated in the districts of Mačva (193%), with a relatively low density and West Bačka (51%).

Present railway facilities are generally characterized by poor quality infrastructure and lack of electrification results in low speeds, inefficient timetables and limited opportunities for cross-border travel. With the significant investment in the renewal of railway infrastructure currently under way or being planned, the railway traffic is bound to increase further in the future and the area has the potential of becoming an important railway and logistics hub.

Rivers in the programme area have been relatively underused as transport corridors. There is a potential for inland waterways to be used in combination with railway transport as an alternative to the currently dominant road transport network, as well as in other types of multimodal transport. Port infrastructure need to be renovated and transformed into multimodal logistics centres and embarkation points for passengers, capable of servicing vessels.

Two major airports are situated in the Programme Area: Osijek Airport and Novi Sad Airport. Airport of Novi Sad is mainly used for sport and agricultural purposes. However, plans are underway to develop the airport for commercial flights operated by low-cost airlines, as well as "mini-business" flights and freight traffic. Osijek Airport has been renovated in 2003 and consists of a passenger and a cargo terminal with open and closed storage areas. Both airports are extremely important for transport development and, with the expected arrival of low cost airline companies, for tourism development in the programme area and beyond.

There is a vast institutional capacity for water supply and sewage system in the programme area. In general, bigger urban centres have higher rates of connectedness to both the water supply and waste water treatment than smaller towns and villages. Croatia has negotiated a transition period for the full implementation of the Water Utility Directives until 2023, when the water supply and waste-water management system will have to be fully aligned with the EU standards. 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.

Solid waste management is a problem in both sides of the border because of lack infrastructure for treatment, disposal and storage of hazardous waste. Development of the waste management systems should contribute to a higher share of recycling and energy production in the future.

Tourism and cultural and natural heritage

The programme area has favourable climate, cultural and natural potential for further development of touristic offer as well as different niches of tourism: ecological and cultural tourism, rural tourism, health and recreational tourism, wine tourism, nautical tourism, gastronomic tourism, event tourism, excursion, hunting, fishing, cruising, transit and business tourism.

The rich and unique cultural, architectural and industrial heritage reflects the programme area's long and eventful history but also the ethnic diversity of its population. Exceptional archaeological sites can be found in both sides of the border. A series of cultural festivals are held annually which attract people from both sides of the border. Also, the programme area is rich in a number of museums and art galleries, which promote local artists as well as artistic and cultural expression in all of its forms.

The region is rich in cultural and natural heritage, some of which is protected under national legislation. However, the lack of resources for preserving this heritage for future generation remains a source of concern. On the other hand, this heritage also represents an important asset for the region through the development of touristic and cultural activities. Furthermore, the programme area has the potential of developing into a competitive continental tourist destination by placing additional emphasis on destination management, visitor oriented services aligned with market trends and sensitive to consumer needs.

Within the last 10 years the role of continental tourism has become more important for local economy in Croatian part of the programme area. The most important attractions in the Croatian programme area are Osijek, Vukovar, Nature parks Kopački rit, and Papuk, wine routes in all four counties (Ilok, Kutjevo, Baranja, Đakovo, Erdut, Feričanci), rich archaeological sites (Vukovar, Vučedol), thermal spas and resorts (Lipik and Velika). Spring procession of "Ljelje" (queens) from Gorjani and "Bečarac" (popular genre of music in eastern Croatia deeply rooted in the cultures of Slavonia, Baranja and Srijem) is enlisted on the UNESCO List of the Intangible Cultural Heritage of Humanity.

The most important attractions in the Serbian programme area are: South Bačka as the most popular touristic destination in Serbian programme area, monasteries, Fruška Gora mountain and Obedska bara in Srem, castle Dundjerski and Novi Sad fortress in Bačka, attractive hunting areas of Plavna, Koviljski rit, Apatinski rit, Kamariste, Subotičke šume, Karadjordjevo and Morović, spa areas of Kanjiza, Vrdnicka, Junaković and Stari Slankamen, Paličko and Ludoško lakes, Exit music festival, etc.

Croatian strategy for development of tourism 2020 recognises potential for diversification of touristic offer in continental Croatia in the following areas: cultural tourism, rural tourism, cycle-tourism and gastro-tourism.

According to the Serbian Tourism Development Strategy, tourism potential is not completely realised and the tourist offer is under-developed mostly for the historic reasons as well as due to the industry being in a need for large investments. Strategy recognises the potential for diversification of touristic offer in the following areas: nature and environmental tourism, rural tourism, cultural tourism, business tourism, gastro tourism and river cruising with using of the Danube as the strength for branding Serbia internationally.

In Serbia, the tourism sector share is only 2.5% of GDP and 5-6% of total employment whereas in Croatia plays more important role in national economy. In 2013, share of tourism in the overall economy was estimated to 16.5% (7.2. billion EUR) whereas the sector numbered 84.200 permanently employed

representing 6.3% of total employed persons in Croatia. There were 12.5 million arrivals and 64.8 million overnight stays registered in Croatia in 2013.

The main problems of tourist sector in both sides of the border are: poor tourism infrastructure, lack of high-standard accommodation facilities, low level of marketing of cultural heritage, lack of information exchange within the tourism industry and co-operative marketing, undiversified tourist offer, lack of local entrepreneurship initiative due to heavy bureaucracy, incoherence between public and private sector, lack of integrated destination management system, lack of trained personnel and 'continuing education' training programs, low level of organized tourist offer in the form of products and itineraries visible on the market.

Taking into account the experience of the 2007-2013 period during which Programme functioned as platform for successful cross-border cooperation among towns and municipalities, relevant institutions and NGOs, 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 tourism sector as important driver of the programme area economy development.

Youth and education

The educational systems in both countries are organised through elementary education, secondary schools and higher education institutions. Quality, level and accessibility of education in Serbia are still lagging behind EU standards, with just 19% of the economically active population having completed college or university studies against 30% in the EU.

The educational systems in both countries are underperforming and in a need of substantial reforms that would bring them closer to the labour market needs of the participating countries. Educational system, especially in vocational education and training level should keep up with the labour market demands and priorities in each sector, especially in the ones which are of primary importance for further development of regional economy.

In addition, stronger emphasis should be given to improving the knowledge and skills of students and young people so that the new generations are prepared to enter the labour market.

In general, in the programme area there is relatively high rate of population with completed secondary education, low rate of population with completed higher education whereas the workforce has relatively low skill levels. Therefore, there is a significant mismatch between the education programmes and the requirements of the labour market and inadequate support as regards adult education and training.

The programme area has two strong University centres – Novi Sad and Osijek that can have a stronger role in providing quality labour force.

Entrepreneurship is interconnected to the labour market status. Entrepreneurship supporting mechanisms are important to be implemented in the early stages of business setting up but also business counselling for the business start-ups.

Croatia has been facing a severe problem of birth-rate decline and demographic aging of the population resulting in continuous decrease of overall population of Croatia which is also connected to labour market problems. Serbia is facing the same challenge, where particularly worrying is the situation with young people in the labour market. Unemployment rate of youth in 2012 was much above EU-27

average. Additionally, the problems of youth unemployment are connected with the lack of initial work experience, lack of skills for the labour market needs and lack of professional mobility and the unwillingness to participate in training and retraining programmes.

Local and regional governance, planning and administrative capacity building

Croatia and Serbia have similar local self-government systems with similar general issues and challenges related to service delivery and planning and administrative capacity building.

The current local self-government system in Croatia was fully established in 1993 according to which local self-government units are (rural) municipalities and cities/towns, and regional self-government units are counties. Croatian programme area comprises of 104 local self-government units – 92 municipalities, 19 towns and 4 regional government units, i.e. counties whereas the main urban areas are the towns of Osijek (108,048 inhabitants), Slavonski Brod (59,141 inhabitants) and Vinkovci (35,312 inhabitants).

The local governance system of Serbia is regulated by the Law on Territorial Organization, adopted in 2007. The basis of territorial organization and local government are municipalities, cities and settlements. The Serbian part of programme area comprises of 5 districts, 5 cities, 30 municipalities and 270 settlements. Main urban areas are Novi Sad (333,268 inhabitants), Subotica (143,179 inhabitants), Sombor (87,539 inhabitants), Sremska Mitrovica (87,167 inhabitants) and Šabac (115,287 inhabitants).

Strengthening the rule of law and good governance are crucial not only for achieving the goals of EU reform agenda, but also for achieving sustainable socio-economic development.

Local and regional governance civil service should perform their tasks at professional, accountable, flexible and transparent level, being user-oriented in delivering quality services. Civil servants at local/regional level are expected to perform their tasks in line with following principles: professionalism, accountability, ethics, impartiality and efficiency. The delivery of services must be in full compliance with the needs of the users.

Lack of a professional human resource management system for civil servants in local and regional governments is an ongoing challenge in both countries. Some of the main areas identified for improvement within the human resources management system are: recruitment process, competency system for given jobs, methodology for validation of competence of civil servants, the system of assessment and monitoring of civil servants based on monitoring the efficiency of their work and connection of that evaluation to the system of career development and progress. Stronger emphasis has to be given to objective selection of the most competent candidates for promotion to management positions, providing wider range of alternatives in career development with the aim to decrease turnover within and outside the civil service. In order to retain highly competent and motivated employees, it is necessary to develop and implement the reform of the system of rewards and promotion, which should be more functional and more applicable to the needs of modern public administration.

Furthermore, special attention should be paid to introducing adequate IT systems in administrative processes as well as to implementation of continuous capacity building in order to strengthen the efficiency of the local and regional governance.

The fight against corruption represents an integral part of the process aimed at making the civil service democratised and modernised and at protecting citizens

in exercising their rights while using public services.

Competitiveness and business environment development

The development of competitiveness and business environment in the participating countries as well as in the programme area, contributes to the increase in the gross domestic product, creation of new jobs, reduction of the unemployment rate, increase in exporting and higher competitiveness of the economy.

Economic performance in the programme area was only at 20.5% of the EU 27 GDP per capita in 2010. Serbian part of the programme area is slightly above the national average concerning GDP per capita, while Croatian part of the programme area of the programme area is much below national average at 61%.

As a consequence, rural and peripheral areas show lower competitiveness. Both Croatia and Serbia are lagging behind in competitiveness when compared to EU Member States. According to the Global Competitiveness Report 2014-2015, Croatia is ranked as 77 which is lower than in 2013-2014 report (ranked as 75) and Serbia as 94, which is by 7 places higher than in 2013-2014 report (ranked as 101).

In the five year period from 2008 to 2012, there has been a growth of SME's by 8.5% in the Croatian part of the programme area. In 2011, there were 6.696 SME's registered in the Croatian part of the programme territory that makes only 8% of all SME's in Croatia. In 2011, there were 18.426 registered SME's in the Serbian part of programme area that makes 20% of all SME's in Serbia. Despite the fact of a higher number of SMEs in Serbian part of the programme area, annual turnover achieved by Croatian SMEs is significantly higher.

The SME sector presents an opportunity for strengthening of local and regional economies thus increasing the competitiveness of the programme area. SMEs are seen as potential platform for creating synergy between business and innovation sector thus being able to play a significant role in regional development.

The challenges the programme is facing in economy sector are related to significant number of small companies, limited financial and managerial capacities of entrepreneurs, lack of innovation and low export capacity. As regards to business support institutions in the programme area, improvement of their professional structure and services to help SMEs build up performance and strengthen their competitiveness is still needed. SMEs in the programme area should be supported to strengthen their ability to compete in domestic and international markets. By expanding their product ranges and quality and further investing in research and development, SMEs have better chance to increase turnover and create more jobs.

Concerning the most important economic sectors in the programme area, agriculture, food processing and production and metal industry present main industrial activities. Also, the IT and creative industry show growing trend in the programme area. There is an explosion of IT companies, especially in Osijek and Novi Sad.

Despite a declining trend in recent years, in Croatia, the agriculture sector accounts for 5.5% of GDP and 13.8% of total labour force. Despite favourable agriculture and climate conditions, the four counties make only 18% of total export from agriculture and food production of Croatia. The economy of Serbian part of the programme area is also mostly based on food industry which is a result of fertile land that makes up to 80% of its territory. The most common agricultural products are corn and industrial herbs. In general, the economy of the programme area copes with the problems related to the need for

strengthening business processes, decline in industrial production and export as well as lack of R&D and innovation.

Therefore, there is a potential for agricultural diversification and strengthening of food processing as key challenge for the agricultural and food producers is to achieve the needed competitiveness and survive on the global market. This cannot be done without the support of the regional scientific, educational and technical institution and the introduction of the new technologies in the field of agriculture and food production as well as cooperation between the producers themselves, better production organization, quality and quantity-wise and improved storage facilities and distribution.

Also, there is a need to implement innovation in business sector in order to diversify and upgrade of the services provided by the entrepreneurs. Implementation of those solutions and use of the facilities would enable SMEs in the sector to develop competitive products and cut their production costs. Actions to encourage effective cooperation between research institutions and the SME sector in the programme area should be supported in order to improve the competitiveness of enterprises.

Also, regional economy can be strengthened through clustering as cluster activities provide enterprises with possibilities to jointly appear on the international markets thus enhancing export potentials, joint procurement of materials and equipment, modern and innovative approach in research and development, certification and standardisation, efficient education of employees, new development projects and access to funding sources, marketing and adoption of European standards.

Taking into account the cooperation the beneficiaries achieved within 2007-2013 programme measure “Economic Development“ and 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 in order to enable business sector in terms of improving knowledge and skills as well as standardisation, marketing and branding, by fostering cooperation between business sector, 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 economy development.

Research, technological development, innovation and ICT

Both countries have a relatively low level of R&D spending (less than 1%) when compared to the European average of 2.01%, mainly deriving from the public sources.

The number of patent applications at European Patent Office per million inhabitants is also below the European average, 5.7 in Croatia and 23.3 in Serbia, compared to the EU average of 108.6. It can be concluded that R&D potential is concentrated around a few university centres and around a few bigger companies with potential for R&D spending.

Within the Croatian programme area, the strongest university Centre with a research potential is Josip Juraj Strossmayer University in Osijek with 11 faculties, four departments and one academia. Osijek has an Institute for Agriculture, which is a nationally recognized research institution.

In the Serbian part of the programme area, the strongest university centre with a research potential is University of Novi Sad with 14 faculties. The University also has two scientific institutes and Association of centres for Interdisciplinary and Multidisciplinary Studies and Research (ACIMSI) comprising of ten different

centres. Institute of Food Technology (FINS) is one of the leading research institutes in the field of food and feed science and technology and dissemination of knowledge in Serbia and South Eastern Europe.

Both countries currently lack specialization strategies for development of smart industries. Most of the county/district development strategies of the programme area recognise insufficient orientation of the regional businesses towards R&D as their developmental weakness and plan measures that should lead to the improvement of such situation.

Universities in Serbia are making a substantial contribution, particularly on a regional level by linking industry and academic institutions and enabling knowledge transfer among them.

In general, there is a need to improve public sector understanding of the needs of the business sector for new technological solutions, as well as for creation of opportunities to increase the level of applied research within public R&D institutions. Results of cooperation between R&D institutions and private sector would enable the R&D and academic community, interested in cooperation with private sector, to strengthen their capacities to apply their research and to deliver required services to business sector.

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

The SWOT analysis presents internal strengths and weaknesses as well as opportunities and threats of the cross border programme area. It combines 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 2014 and September 2014 as well as during online consultations held from 1 August 2014 to 1 September 2014. The SWOT table per 8 thematic areas is Annex XX.

The summary of crucial SWOT analysis elements for 4 priority thematic areas of the Programme is given below:

SWOT summary table to be inserted here

1.5 Assessment of needs, challenges and potential of the programme area

In the process of defining the overall needs of the programme area based on the situation analysis 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, budget and intervention capacities as well as by exploiting joint untapped potentials of the programme area and further strengthening the existing ones.

It is important to point out that this cross-border cooperation programmes will not aim to support large investments or infrastructures that can be better undertaken by other relevant national or European programmes. Therefore, IPA cross border cooperation programme Croatia- Serbia 2014-2020 is mainly dedicated to the small-scale interventions in the areas of common interest by building the capacities and competitiveness of the programme area, implementing joint

institutional cooperation, sharing of experience and practices, implementing pilot actions and improving policies and governance with the objective to ensure territorial coherence of the cross border area.

In that respect, 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 programme priority areas such as strengthening social and health care services, protecting and preserving environment and nature and promoting the use of sustainable energy, strengthening and further developing tourism as well as sustainable use of cultural and natural heritage and increasing the competitiveness of the programme area.

In line with the conclusions derived from the situation analysis, programme area needs, challenges and potentials in priority thematic areas are the following:

Social and health care systems are in a need for modernisation whereas the services in the sector 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 of service provision.

Situation analysis has identified that there is a need to improve protection measures and management for sustaining the environment and biodiversity 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. Furthermore, taking into account existing potential in renewable energy resources of the programme area, 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 tourism sector, 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. Nevertheless, 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 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 tourism offer, developing joint products and brands and strengthening the capacities.

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 reflected in poor economic performance, lack of entrepreneurial capacities and inadequate business support of the programme area. Also, there is a need to implement innovation in business sector in order to diversify and upgrade the services provided by the entrepreneurs. However, as the analysis has indicated that there is existing intuitional infrastructure for business development, this programme will focus on providing the opportunity to strengthen common sectors/industries by supporting cooperation, developing new products/brands/services as well as applying modern and innovative approach in

improving the quality of those services in order to increase the competitiveness of the programme area.

1.6. How the cooperation programme will address needs and challenges of the programme area

The overall programme strategy is formulated in direct response to the relevant Partnership Agreement (Croatia) and Indicative Country Strategy Paper of Serbia.

Partnership Agreement identifies main funding priorities for the European Structural and Investment (ESI) Funds for Croatia for the period 2014-2020. 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 of Serbia identifies main funding priorities in the following areas:

- Democracy and governance
- Rule of law and fundamental rights
- Environment and climate change
- Transport
- Energy
- Competitiveness and innovation
- Education, employment and social policies
- Agriculture and rural development

The strategy of the IPA cross-border programme Croatia-Serbia 2014-2020 programme is based on the specific analysis and identified needs of the programme area, which have been discussed and agreed on through the extensive programming process including 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 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 operation and its 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 IPA cross-border cooperation programme Croatia-

Serbia 2014-2020 take into account common challenges and needs shared by the border area and can thus contribute better to social, economic and territorial cohesion than national endeavours alone. The programme strategy seeks to reduce barriers of 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 programme area and striving to overcome barriers of development, the IPA cross-border cooperation programme Croatia-Serbia 2014-2020 builds on the following thematic priorities which are in line with the problems and needs identified as well as with the development goals set out in relevant strategic documents:

- Health and Social Care Services (TP 1)
- Environment, Biodiversity, 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 of the programme area, as identified in the situation analysis.

For each priority axis, one or two specific objectives were identified. Five specific objectives indicate specific changes that the IPA cross-border cooperation programme Croatia-Serbia 2014-2020 anticipates to achieve.

Annex – Programme intervention logic (gives an overview of the programme strategy and its structure).

Priority Axis 1 – “Improving the quality of social and health services in the programme area”

Priority axis 1 aims to improve facilities, services and skills in the areas of health and social welfare sector. More concretely, the programme will support actions with aim of enhancing accessibility to and effectiveness of the related health and social services, 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 networking activities with aim of enhancing social and health care services and facilities.

Priority axis 1 will clearly contribute to the following main funding priorities of relevant national strategic papers:

- Active inclusion and reduction of poverty
- Education, employment and social policies.

Priority Axis 2 – “Protecting the environment and biodiversity, improving risk

prevention and promoting sustainable energy and energy efficiency”

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

More concretely, the programme will support actions with aim to strengthen the management and preservation of environment, nature and biodiversity, to develop and implement joint management initiatives aiming at improving risk protection and mitigation measures from natural disasters with emphasis on floods, draughts and fires and to implement joint initiatives tackling the protection of biodiversity and endangered species and habitats. Furthermore, the programme will support implementation of pilot and demonstration projects promoting innovative technologies in the area of sustainable energy and energy efficiency as well as actions with aim to increase energy efficiency in the public infrastructures.

This axis primarily contributes to the following main funding priorities of relevant national strategic papers:

- Promoting energy efficiency, renewable energies and protecting natural resources.
- Environment and climate change.

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

Priority axis 3 aims at further strengthening, diversification and integration of tourism potential in the programme area as well as preservation, better management and sustainable use of cultural and natural heritage assets.

The priority targets the strengthening of existing potentials in the areas of tourism, cultural and natural heritage through implementing joint initiatives in branding and promotion of existing and new tourism products, promoting development and complementarity of different tourism niches, supporting certification and standardisation, designing and implementing joint tourism strategies, improving destination management skills, enabling joint cultural cooperation, preservation and restoration of cultural and natural heritage sites, introducing certification on cultural and natural heritage and well as implementing also small scale infrastructure on cultural and natural heritage.

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

- Promoting energy efficiency, renewable energies and protecting natural resources.

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

Priority axis 4 addresses the main challenges and needs related to the enhancing competitiveness and development of business environment in the programme area through implementing business support actions aiming at improving competitiveness, enhancing research, development and innovation in the programme area.

More concretely, the priority focuses on cooperation between SMEs, public sector, education, research & development organisations in order to improve business innovativeness and technology, providing support to business related

sectorial networks and organisations in standardisation, product protection, marketing and development of cross-border markets, improving knowledge and skills in entrepreneurship, implementing innovative and new technologies, establishing laboratories, innovation, technological and competence centres, spin offs and ICT infrastructure for common use of the enterprises. It will help to accelerate competitiveness and to develop business environment and investment in the programme area.

This priority axis will clearly contribute to the following main funding priorities of relevant national strategic papers:

- Innovative and competitive business and research environment
- Competitiveness and innovation, local development strategies

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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
Thematic Priority 1. Health and social care services	<p>Detailed analysis show that there is a high number of social care beneficiaries, elderly people and other vulnerable groups living at risk of poverty in the border area. The care for elderly needs to be strengthened by improving palliative care system and implementing joint activities on active and healthy ageing. The care for vulnerable groups can be improved by establishing joint community centres and legal counselling (i.e. for people with addiction problems) and improving accessibility of the services for people with disabilities (i.e. installation of ramps on public buildings).</p> <p>A need for better accessibility to the health and social care services has been identified, especially in the rural areas, which can be improved by establishing joint mobile ambulance teams.</p> <p>Since the programme area is a high risk area in terms of natural disasters, it is necessary to establish and equip help-centres on both sides of the border.</p> <p>Quality and delivery mechanism of social and health care services need to be improved by developing joint training programmes for education of staff and exchange of experiences in cross-border area.</p> <p>Both systems are in need of modernization and restructuring. In that respect, there is a potential for financing joint pilot projects on implementing ICT solutions, small infrastructural improvements, buying small equipment and equipping small ambulances and</p>

	<p>mobile teams on both sides of the border.</p> <p>By enhancing the health and social care system this Programme can also contribute to the economy of the programme area and Europe 2020 objectives of smart and inclusive growth.</p>
<p>Thematic Priority 2. Environment, biodiversity, risk prevention, sustainable energy and energy efficiency</p>	<p>Several environmental hot-spots and mine-suspected areas present a security problem for people living in the programme area and need to be addressed by implementing joint actions on better monitoring and management of environment.</p> <p>Programme area is rich in natural resources, which are well protected. However, there is a need for promotion and strengthening of communication between relevant authorities on monitoring and joint management of protected areas and NATURA 2000 areas. In that respect, joint plans for the protections of endangered species may be developed and implemented. It is also important to encourage joint awareness raising activities, information campaigns and staff training in the area of environmental and biodiversity protection.</p> <p>Programme area is a high risk area, mainly due to climate changes and water richness, which presents a common challenge. Therefore, it is necessary to develop joint initiatives in relation to emergency preparedness with focus on floods, mines and pollution. In addition, pilot and demonstration projects on innovative can be implemented to enforce risk prevention.</p> <p>Programme area has the potential for building capacity in the field of renewable energy resources by investing in infrastructure and developing joint pilot projects on innovative technologies and solutions.</p> <p>It is especially important to increase the share of energy saved in public buildings since there programme area is significantly lagging behind EU terms in that field. Therefore, joint initiatives can be implemented in order to improve planning and legal framework. Joint awareness raising activities and promotion campaigns are necessary for increasing energy efficiency.</p> <p>By putting accent on environmental protection and sustainable energy sector Programme can address to the safety of its inhabitants, in the same time contributing to Europe 2020 goal of sustainable growth.</p>
<p>Thematic Priority 4. Tourism and cultural and natural heritage</p>	<p>Programme area is rich in natural and cultural assets and has the possibility for developing various types of tourism and promoting continental tourism in general. The main problems of the border area are poor infrastructure, lack of joint touristic offer, low accommodation quality, lack of destination management.</p> <p>Therefore, tourism related infrastructure, management and touristic offer need to be enhanced in order to influence attractiveness of sites. This is to be done by financing activities such as: improving touristic infrastructure (walking paths, info points, etc.), joint training of personnel, especially in developing entrepreneurial spirit and destination management skills.</p> <p>It is especially important to promote new tourism niches (hunting, bird watching, food and wine tourism, rural tourism, etc.) and develop joint touristic offer by branding and protection of new</p>

	<p>touristic products, joint mapping, designing joint thematic routes, organization of cultural events, etc.</p> <p>There is also a need for better cooperation and coordination between relevant stakeholders in tourism sector in order to develop and implement joint tourism strategies, action plans and studies on preservation and restoration of cultural and national heritage assets.</p> <p>This thematic priority could be source of both economic stability and economic prosper for less developed areas thus contributing to competitiveness of the programme area.</p>
<p>Thematic Priority 7. Competitiveness and business environment development</p>	<p>Programme area is significantly lagging behind EU27 average in terms of economic performance and competitiveness. The SME sector presents a great opportunity for strengthening local economies and jobs creation. The number of SMEs in programme area is low compared to national averages, but it also shows a steady growth. However, SMEs cannot be considered as the beneficiaries under this Priority, but the target group.</p> <p>To create a positive business environment, programme area needs to have strong business support institutions, which will respond to needs of entrepreneurs. Therefore, it is important to promote and establish business networks, which will support product protection, marketing and development of cross-border markets.</p> <p>SMEs in the programme area are in need for expanding their products and quality by improving skills and knowledge on applying innovative technologies and implementing joint training programmes on such. Beneficiaries in the border area have also the opportunity to exchange experience in application of new technologies, processes and products.</p> <p>There has been a significant growth in IT industry of the programme area, which can result in establishment of laboratories, innovation and technological centres and ICT solutions jointly used by the enterprises in the programme. In addition to it, there is a great potential for development of other industrial branches traditionally present in the area, with emphasis on applying innovation and R&D in the production process and local product branding.</p> <p>Under this Priority, the Programme has a great potential for boosting different economy sectors and their cooperation thus enhancing the competitiveness of the area and contributing to the EU2020 goal of steady growth.</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 34.293.188,00 EUR, as detailed 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

- The estimated financial size of the actions foreseen in each priority axis
- The coherence with the funding priorities as in the EC Country Position Paper and Partnership Agreement for Croatia and Indicative Country Strategy Paper for Serbia
- The analysis of the 2007-2013 programme period and the relevant experiences
- The inputs provided by relevant partners within public and online consultations
- The Technical Assistance according the Commission Implementing Regulation (10%)

Furthermore, for the estimation of the number of operations under each priority axis, an average budget of an operation of about 450.000-650.000 EUR total cost 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.

The following budget division was agreed:

15% for PA1

28% for PA2

25% for PA3

22% for PA4

10% for PA5

Priority Axis 1 (TP1):

The programme area has a need to improve facilities, services and skills in the area of social and health care. Furthermore, actions covering improved social inclusion and health and social care services shall contribute to needed strengthening of the sectors in the programme area. Within this Priority Axis, projects are expected to be rather small in size, as they have been also in the 2007-2013 period where 8% of the EU funding was spent on health projects. Therefore, 15% of the EU funding (5.1 million EUR) will be reserved for Priority Axis 1. With this priority, the Programme also contributes to improving the EU2020 aims of smart and inclusive growth.

Priority Axis 2 (TP2):

It is expected that the projects under Priority Axis 2 will be the largest in size, similar to those implemented within 2007-2013 programme. The size of projects is connected to the needed substantial investments related to the actions in the areas of environmental protection, risk management, water and waste management, dealing with protected areas as well as with energy efficiency and renewable energy resources. Therefore, the largest part of programme budget is reserved for Priority Axis 2: 28% of the budget (9.6 million EUR of EU funding). With this priority, the Programme is also contributing to improving the EU2020 aims to sustainable growth, trying to increase, for example, the level of energy efficiency and share of energy from renewable sources.

Priority Axis 3 (TP4):

There is a huge need and potential in the programme area to improve and diversify the tourist offer and to preserve cultural and natural heritage. This will also enable the region to develop itself stronger and to create employment. Within this priority Axis, both smaller and larger projects are expected to be implemented. Therefore, the second largest share of programme budget is reserved for Priority Axis 3: 25% of the EU budget (8.5 million EUR of EU funding).

Priority Axis 4 (TP7):

Both Croatia and Serbia are having a low level of the GDP that is being spent on R&D.

Furthermore, the competitiveness of businesses needs improvement. It is expected that there will be both smaller (e.g. networks) and larger (e.g. laboratories) projects. Therefore, 22% of the programme budget is reserved for Priority Axis 4 (7.5 million EUR of EU funding).

Results of ex-ante evaluation shall inserted in this section.

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Table 2: Overview of the investment strategy of the cooperation programme

Priority axis	Union support (in EUR)	Proportion (%) of the total Union support for the cooperation programme	Thematic priorities	Result indicators corresponding to the thematic priority
PA1	5.143.978,20	85%	TP1	<ul style="list-style-type: none"> • Population benefitting from improved social and health care services Or • Increase in / Population having access to good quality services • or • Percentage of institutions providing improved health care and social care services • or • Increased number of institutions upgraded in service and facility quality
PA2	9.602.092,64	85%	TP2	<ul style="list-style-type: none"> • Area covered by improved emergency preparedness and risk prevention systems (km²) or • Area of ecosystems with enhanced protection regime (km²) or • Decrease of km² affected by flooding by flooding Or • Improved quality and quantity of data on risks related to flooding (hot spots, etc.) collected by the relevant authorities

				<ul style="list-style-type: none"> or • Improved quality of data on significant risks in the programme area collected and exchanged by the relevant authorities or • Cross border area in a risk of natural disasters covered by jointly coordinated database or management tool • Increase in % of production and usage of sustainable energy. Or • Increase of energy saved and or renewable energy produced
PA3	8.573.297,00	85%	TP4	<ul style="list-style-type: none"> • Increase in number of overnights in the programme area •
PA4	7.544.501,36	85%	TP7	<ul style="list-style-type: none"> • Increase in number of new products and/or services jointly developed or implemented or • Increase in annual turnover of SMEs in million euros in the programme area or • Increase in turnover per employee or • Increased number of people employed by the SMEs
PA5	3.429.318,80	85%		
Total	34.293.188,00			

2. PRIORITY AXES

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

2.1. Description of Priority Axes other than technical assistance

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

2.2. Priority axis 1 Promoting employment and improving social inclusion and social and health services

2.2.1.

<i>ID of the priority axis</i>	PA1
<i>Title of the priority axis</i>	PA1 Improving the quality of social and health services in the programme area

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	<2.1.3 type='C' input='M'>
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	<2.1.4 type='C' input='M'>
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	<2.1.5 type='C' input='M'>

2.2.2. 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>	

2.2.3. 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>	PA1
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<i>Specific objective</i>	1. To improve facilities, services and skills in the area of health and social care
<i>The results that the partner States seek to achieve with Union support</i>	<p>The programme area has high number of elderly persons and social care beneficiaries. For this reason, the programme aims to improve public health and social facilities and services making them more accessible and effective.</p> <p>Expected result: 1.1. Improved quality of the facilities, services and skills in the area of health and social care</p>

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

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

Not applicable

2.2.5. Actions to be supported under the thematic priority (by thematic priority)

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>	PA1 Health and Social Care Services
<p>The supported actions under Priority Axis 1 will contribute to improve facilities, services and skills in the area of public health and social welfare.</p> <p>More concretely, the focus of Priority Axis 1 will be on addressing the challenges identified in the areas of public health and social welfare sector by enhancing accessibility to and effectiveness of the related services, 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 networking activities with aim of enhancing social and health care services and facilities. According to the specific objective within Priority Axis 1, the following actions will be supported:</p> <p>-actions to improve services, facilities and skills in the area of public health and social welfare</p> <p>Actions to improve social inclusion and services in the area of public health and social welfare</p> <p>The supported actions shall make use of cross-border cooperation in order to improve social inclusion as well as facilities and services in the areas of public health and social welfare sector.</p>	

To achieve the specific objective of Priority Axis 1, the following examples of types of actions are foreseen:

- Developing and implementing joint cross-border lifelong learning/training programmes aiming to provide programme area inhabitants the possibility to gain knowledge / experiences / qualifications in the area of health and social care in line with the labour market needs.
- Developing and implementing joint cross-border initiatives and/or related pilot projects aiming to enhance the quality, improve accessibility to and effectiveness of public health care and social services and institutions e.g. joint health services delivery, active and healthy aging and disease prevention implementation plan, small infrastructure and/or equipment).
-
- Implementing ICT solutions in order to improve public health and social care services
- Implementing joint cross-border strengthening of health care for vulnerable groups with focus on elderly people, palliative care and persons with disabilities.

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 welfare 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 facilities, services and employment throughout the programme area. They comprise amongst others: NGOs, organisations responsible for providing social and health services, public /non-profit organisations including institutes, universities, colleges, educational institutions (e.g. primary and secondary schools), public institutions for adult education/learning, local and regional government bodies, development agencies, health care institutions, public elderly homes, regional and local public authorities, employment services, chambers of commerce, chambers of trades and crafts and business support institutions.

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 1. Therefore, the supported actions can be implemented throughout the entire programme area.

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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>	PA1 Health and Social care Services
<p>The selection of operations will be carried out in accordance to Article 39 of Commission Implementing Regulation (EU) No 447/2014 following a standardised assessment procedure. The methodological framework for selection of operations includes eligibility check and quality assessment consisting of 3 sets of predefined criteria.</p> <p>Relevance criteria 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</p>	

envisaged within a specific objective and can be summarised as follows:

- Contribution to programme objectives and results, as defined by relevant specific objective
 - Contribution to relevant programme indicators
 - 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

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 (sustainable development, gender equality, etc.)

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

In cases when achievement of programme results requires implementation of targeted or strategic actions, JMC may decide to implement strategic projects or to launch targeted/strategic calls.

A project that is critical to achieve the results of the programme is considered as strategic project.

In case of targeted/strategic calls for proposals, the methodological framework for selection of strategic operations will include the following sets of criteria:

Strategic criteria:

- The Monitoring Committee considers an operation as strategic one
- The operation is considered to be crucial to realise the objectives of the CBC

programme

Relevance criteria:

- Contribution to programme objectives and results, as defined by relevant specific objective
 - Contribution to relevant programme indicators
 - 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

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 quality requirements (sustainable development, gender equality, etc.)

maxlength='3500'

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>	PA1
<i>Planned use of financial instruments</i>	Not applicable
Not applicable	

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 1 result indicators (programme specific)

Table 3: Programme specific result indicators

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) ¹	Source of data	Frequency of reporting
PA1	Percentage of institutions providing improved health care and social care services	Percentage	4%	2014	14%	Statistics	Annually
Alternatives							
	Population benefitting from improved social and health services						
	Increase in / Population having access to good quality services						
	Increased number of institutions upgraded in service and facility quality						

¹ Target values may be qualitative or quantitative.

2.2.6.2. Priority axis 1 output indicators (common or programme specific)

Table 4: Common and programme specific output indicators

ID	Indicator (<i>name of indicator</i>)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
PA1	Number of persons related to improving health care services and/or social care services trained	Number	514	Monitoring of operations (progress reports)	Annually
PA1	Number of jointly developed tools/services/pilot projects that enable better quality of social and health care	Number	10	Monitoring of operations (progress reports)	Annually
PA1	Population covered with improved health services and/or social services or facilities	Number	200000	Monitoring of operations (progress reports)	Annually

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

Table 5: Dimension 1 Intervention field		
Priority axis	Code	Amount (EUR)
PA 1	080 e-Inclusion, e-Accessibility, e-Learning and e-Education services and applications, digital literacy	Total PA1 amount/6= 857.329,7 EUR
PA 1	081 ICT solutions addressing the healthy active ageing challenge and e-Health services and applications (including e-Care and ambient assisted living)	857.329,7 EUR
PA 1	107 Active and healthy ageing	857.329,7 EUR
PA 1	111 Combating all forms of discrimination and promoting equal opportunities	857.329,7 EUR
PA 1	112 Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest	857.329,7 EUR
PA 1	113 Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment	857.329,7 EUR

Table 6: Dimension 2 Form of finance		
Priority axis	Code	Amount (EUR)
PA1	01 Non-repayable grant	5.143.978,20 €

Table 7: Dimension 3 Territory type		
Priority axis	Code	Amount (EUR)
PA1	01 Large Urban areas (densely populated > 50 000 population)	1.714.659,40
	02 Small Urban areas (intermediate density > 5 000 population)	1.714.659,40
	03 Rural areas (thinly populated)	1.714.659,40

Table 8: Dimension 6 Territorial delivery mechanisms		
Priority axis	Code	Amount (EUR)
PA1	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>	PA1
Not applicable	

2.3. Description of Priority Axis 2 Protecting the environment, improving risk prevention and sustainable energy production

<i>ID of the priority axis</i>	PA2
<i>Title of the priority axis</i>	PA2 Protecting the environment and biodiversity, improving risk prevention and promoting sustainable energy and energy efficiency

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	<2.1.3 type='C' input='M'>
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	<2.1.4 type='C' input='M'>
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	<2.1.5 type='C' input='M'>

2.3.1. 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>	

2.3.2. 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>	PA2
<i>Specific objective 2.1</i>	2.1. To improve management systems for risk prevention and environmental and biodiversity protection. <i>maxlength='500'</i>
<i>The results that the partner States seek to achieve with Union support</i>	Expected result: 2.1 Enforced management for prevention of natural disasters, mined-areas and environmental and biodiversity protection. <i>maxlength='3500'</i>

<i>ID</i>	PA2
<i>Specific objective 2.2</i>	2.2 To promote use of sustainable energy energy efficiency. <i>maxlength='500'</i>
<i>The results that the partner States seek to achieve with Union support</i>	Expected result: Increased capacities for development of sustainable energy and energy efficiency. <i>maxlength='3500'</i>

2.3.3. Elements of other thematic priorities added to the priority axis

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

Not applicable

2.3.4. Actions to be supported under the thematic priority (by thematic priority)

2.3.4.1. 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>	PA2 Environment, biodiversity, risk prevention, sustainable energy and energy efficiency
<p>The actions supported under Priority Axis 2 aim to improve environment protection by improving management systems for risk prevention, protecting biodiversity, ecosystems, NATURA 2000 and green infrastructure as well as by promoting innovative technologies for sustainable energy production thus improving energy efficiency.</p> <p>In accordance to the specific objectives under Priority Axis 2, two sets of activities will be supported:</p> <ul style="list-style-type: none">• actions to enforce management for prevention of floods, monitoring of water, soil, air quality, mined-areas, hot-spots and protection of biodiversity• actions to increase capacities for usage of innovative technologies and solutions for sustainable energy and energy efficiency <p>Actions to enforce management for prevention of floods, monitoring of water, soil and air quality, mined-areas, hot-spots and protection of biodiversity.</p> <p>Examples of actions within specific objective 2.1:</p> <ul style="list-style-type: none">• Implementing joint actions in the area of monitoring and management of environmental and/or biodiversity protection• Developing and implementing integrated risk management initiatives addressing key existing and expected risks in the programme area (floods, flushing of land mines during flood events, draughts, toxic pollution accidents, etc).• Developing and implementing pilot and demonstration projects including innovative approaches to risk prevention and mitigation.• Developing and implementing joint plans for protection of endangered species and protection and revitalisation of habitats.• Joint valorisation and promotion of ecosystems and NATURA 2000 sites in the programme area• Developing and implementing joint awareness raising activities, information campaigns, education and training in relation to environment and/or biodiversity protection.• Promoting cross-border cooperation between organisations involved in environmental and biodiversity protection and joint management of protected sites and nature• Establishing and/or improving green infrastructure and ecosystem services <p>Actions to increase capacities for usage of innovative technologies and solutions for sustainable energy and energy efficiency.</p> <p>Examples of actions within specific objective 2.2:</p> <ul style="list-style-type: none">• Developing and implementing pilot and demonstration projects on innovative technologies and solutions in the field of sustainable energy and energy efficiency.• Implementing awareness rising, information campaigns, education, training and capacity building on sustainable energy, utilisation of renewable energy resources	

and energy efficiency.

- Investing in joint infrastructure on sustainable energy and energy efficiency
- Developing and implementing actions aiming to increase energy efficiency in public infrastructures
- Implementing joint incentives in order to improve planning and/or legal framework in the area of renewable energy resources and energy efficiency (e.g. analyses, comparisons, recommendation, local/regional action plans, etc.).

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 utility 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 and research institutions (for example, universities, faculties, open universities, adult education institutions, primary and secondary schools etc.), local and regional authorities, business support 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 axis 2.

Therefore, the supported actions can be implemented throughout the whole programme area.

maxlength='14000'

2.3.4.2. 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>	PA2 Environment, biodiversity, risk prevention, sustainable energy and energy efficiency
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The selection of operations will be carried out following the guiding principles and the methodological framework as outlined in Section 2.2.5.2. referring to Priority Axis 1.

2.3.4.3. 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>	PA2
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<i>Planned use of financial instruments</i>	Not applicable
Not applicable	

2.3.5. 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)

2.3.5.1. Priority axis result indicators (programme specific)

Table 3: Programme specific result indicators

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) ²	Source of data	Frequency of reporting
PA2	Decrease of km2 affected by flooding per flooding	Km2	111	2014	100	Statistics	Annually
PA2	Increase in % of production and usage of sustainable energy.	Percentage	10,8%	2011	12,5%	Statistics	Annually
Alternatives							
	Improved quality and quantity of data on risks related to flooding (hot spots, etc.) collected by the relevant authorities						
	Area covered by improved emergency preparedness and risk prevention systems (km2)						
	Area of ecosystems with enhanced protection regime (km2)						
	Cross border area in a risk of natural disasters covered by						

² Target values may be qualitative or quantitative.

	jointly coordinated database or management tool						
	Improved quality of data on significant risks in the programme area collected and exchanged by the relevant authorities						
	Increase of energy saved and or renewable energy produced						

2.3.5.2. Priority axis output indicators (common or programme specific)

Table 4: Common and programme specific output indicator

ID	Indicator (<i>name of indicator</i>)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
PA2	Number of jointly developed and/or operated monitoring systems.	Number	3	Monitoring of operations (progress reports)	Annually
PA2	Number of pilot and demonstration projects on risk prevention and mitigation implemented	Number	3	Monitoring of operations (progress reports)	Annually
PA2	Number of persons trained on environment and/or biodiversity protection	Number	190	Monitoring of operations (progress reports)	Annually
PA2	Population benefiting from flood protection measures	Number	200000	Monitoring of operations (progress reports)	Annually
PA2	Decrease of annual energy consumption of public buildings	kWh per year	4		
PA2	Additional capacity of renewable energy production	MW	3		

2.3.6. Categories of intervention for Priority Axis 2

(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

Table 5: Dimension 1 Intervention field		
Priority axis	Code	Amount (EUR)
PA 2	009 Renewable energy: wind	9.602.092,64 EUR/13= 738622,5108
PA 2	010 Renewable energy: solar	738622,5108
PA 2	011 Renewable energy: biomass	738622,5108
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)	738622,5108
PA 2	013 Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures	738622,5108
PA 2	014 Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures	738622,5108
PA 2	018 Household waste management, (including mechanical biological treatment, thermal treatment, incineration and landfill measures)	738622,5108
PA 2	021 Water management and drinking water conservation (including river basin management, water supply, specific climate change adaptation measures, district and consumer metering, charging systems and leak reduction)	738622,5108
PA 2	085 Protection and enhancement of biodiversity, nature protection and green infrastructure	738622,5108
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	738622,5108
PA 2	086 Protection, restoration and sustainable use of Natura 2000 sites	738622,5108

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	738622,5108
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Table 6: Dimension 2 Form of finance		
Priority axis	Code	Amount (EUR)
PA 2	01 Non-repayable grant	9.602.092,64 EUR

Table 7: Dimension 3 Territory type		
Priority axis	Code	Amount (EUR)
PA 2	01 Large Urban areas (densely populated > 50 000 population)	3.200.697,55 EUR
	02 Small Urban areas (intermediate density > 5 000 population)	3.200.697,55 EUR
	03 Rural areas (thinly populated)	3.200.697,55 EUR

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

2.3.7. 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>	PA2
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Not applicable

2.4. Description of Priority Axis 3 Encouraging tourism and preserving cultural and natural heritage

2.4.1. Priority Axis 3 Encouraging tourism and preserving cultural and natural heritage

<i>ID of the priority axis</i>	PA3
<i>Title of the priority axis</i>	PA3 Contributing to the development of tourism and preserving cultural and natural heritage

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	<2.1.3 type='C' input='M'>
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	<2.1.4 type='C' input='M'>
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	<2.1.5 type='C' input='M'>

2.4.2. 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>	

2.4.3. 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>	PA3
<i>Specific objective 3.1</i>	3.1 To strengthen, diversify and integrate the cross-border tourism offer and better manage cultural and natural heritage assets <i>maxlength='500'</i>

<i>The results that the partner States seek to achieve with Union support</i>	<p>Expected result:</p> <p>3.1 Strengthened, diversified, better integrated cross-border tourism offer and better managed cultural and natural heritage assets.</p> <p><i>maxlength='3500'</i></p>
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2.4.4. Elements of other thematic priorities added to the priority axis

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

Not applicable

2.4.5. Actions to be supported under the thematic priority (by thematic priority)

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>	PA3 Tourism and cultural and natural heritage
<p>The actions supported under Priority Axis 3 aim to further strengthening, diversification and integration of tourism potential in the programme area as well as preservation and better management of cultural and natural heritage assets.</p> <p>In accordance to the specific objectives under Priority Axis 3, the following set of actions will be supported:</p> <ul style="list-style-type: none"> - actions to strengthen, diversify and better integrate tourism offer and to better manage cultural and natural heritage assets <p>Actions to strengthen, diversify and better integrate tourism offer and to better manage cultural and natural heritage assets</p> <p>Examples of actions within specific objective 3.1:</p> <ul style="list-style-type: none"> • Joint development, branding and promotion of tourism niches: e.g. hunting, bird and animal watching, cultural tourism, eco-tourism, sport and cycle-tourism, wine & food tourism, health and wellness, rural tourism, recreation tourism, memorial tourism, nautical tourism, religious tourism, industrial heritage tourism, etc. • Joint development and diversification of the tourism offer and capacity: e.g. standardisation of accommodation support, joint mapping the tourism offer, joint creation of destination management platforms and networks. • Joint development, branding protection and promotion of new tourism products: e.g. development of thematic routes, joint promotion events and materials, site exploitation. • Improvement of recreational and small-scale tourism infrastructure: e.g. walking paths, cycle routes, equipping visitor centre, information points, networking tourism centres, spatial "beautification". • Preparing and developing joint tourism strategies and action plans. 	

- Implementing training and other activities aiming to develop the tourism capacity and destination management skills
- Implementing cross-border networking activities, including establishing or improving clusters aiming at developing joint cross-border tourism offer Enabling joint cultural cooperation between youth, artistic and cultural organisations: e.g. art colonies and festivals, artistic manifestations and events, joint theatre performances or joint/traveling exhibitions, etc.
- Developing and implementing joint initiatives on valuation, preservation, restoration and revitalisation of cultural and natural heritage sites
- Implementing training programs in quality assurance systems and different types of standardisation (e.g. ISO certification, etc.) of cultural and natural heritage.
- Deploying investments in certification including training, equipment supply but also small scale infrastructure on cultural and natural heritage.

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 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 of commerce, chambers of crafts and trades, chambers of agriculture, 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, organisations dealing with cultural and natural heritage, including museums, libraries, and theatres, 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.

maxlength='14000'

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>	PA3 Tourism and Cultural and Natural Heritage
The selection of operations will be carried out following the guiding principles and the methodological framework as outlined in Section 2.2.5.2. referring to Priority Axis 1.	

2.4.5.3. 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>	PA3
<i>Planned use of financial instruments</i>	Not applicable
Not applicable	

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) ³	Source of data	Frequency of reporting
PA3	Increase in number of overnights in the programme area	Number	1.037.837	2012	1.041.266	Annual Report – Croatian Bureau for Statistics	Annually

³ Target values may be qualitative or quantitative.

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

Table 4: Common and programme specific output indicators

ID	Indicator (<i>name of indicator</i>)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
PA3	Number of joint tourism products developed and promoted	Number	11	Monitoring of operations (progress reports)	Annually
PA3	Number of tourism supporting facilities and/or tourism infrastructure developed or improved	Number	13	Monitoring of operations (progress reports)	Annually
PA3	Number of persons educated in quality assurance, standardisation on cultural and natural heritage and destination management.	Number	500	Monitoring of operations (progress reports)	Annually
PA3	Increase in expected number of visitors to supported sites of cultural and natural heritage	Number	200000	Monitoring of operations (progress reports)	Annually

2.4.7. Categories of intervention for Priority Axis 3

(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 Priority Axis 3

Table 5: Dimension 1 Intervention field		
Priority axis	Code	Amount (EUR)
PA 3	090 Cycle tracks and footpaths	1.428.882,83
PA 3	091 Development and promotion of the tourism potential of natural areas	1.428.882,83
PA 3	092 Protection, development and promotion of public tourism assets	1.428.882,83
PA 3	093 Development and promotion of public tourism services	1.428.882,83
PA 3	094 Protection, development and promotion of public cultural and heritage assets	1.428.882,83
PA 3	095 Development and promotion of public cultural and heritage services	1.428.882,83

Table 6: Dimension 2 Form of finance		
Priority axis	Code	Amount (EUR)
PA3	01 Non-repayable grant	8.573.297,00

Table 7: Dimension 3 Territory type		
Priority axis	Code	Amount (EUR)
PA3	01 Large Urban areas (densely populated > 50 000 population)	2.857.765,67
	02 Small Urban areas (intermediate density > 5 000 population)	2.857.765,67
	03 Rural areas (thinly populated)	2.857.765,67

Table 8: Dimension 6 Territorial delivery mechanisms

Priority axis	Code	Amount (EUR)
PA3	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>	PA3
Not applicable	

2.5. Description of Priority Axis 4 Enhancing competitiveness and developing business environment and investment in the programme area

2.5.1. Priority Axis 4 Enhancing competitiveness and developing business environment and investment in the programme area

<i>ID of the priority axis</i>	PA4
<i>Title of the priority axis</i>	Enhancing competitiveness and developing business environment in the programme area

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	<2.1.3 type='C' input='M'>
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	<2.1.4 type='C' input='M'>
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	<2.1.5 type='C' input='M'>

2.5.2. Fund, calculation basis for Union support and justification of the calculation basis choice

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

2.5.3. 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>	PA4
<i>Specific objective 4.1</i>	4.1 To improve competitiveness of the programme area through strengthening cooperation between business support institutions, education and research organisations and entrepreneurs with aim to develop new products/services/patents/trademarks in the programme area
<i>The results that the partner States seek to achieve with Union support</i>	Expected result: 4.1. Increased competitiveness in the programme area. <i>maxlength='3500'</i>

2.5.4. Elements of other thematic priorities added to the priority axis

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

<i>ID</i>	PA4
Not applicable	

2.5.5. Actions to be supported under the thematic priority (by thematic priority)

2.5.5.1. 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>	PA4 Competitiveness and business environment development
<p>The actions supported under Priority Axis 4 will contribute to enhancing competitiveness and development of business environment and investment in the programme area thus contributing to strengthening of the regional economy.</p> <p>Cross border cooperation can bring added value through connecting different actors from the sectors of economy and innovation as well as improving skills and entrepreneurial competences in the field of economy and innovation.</p> <p>In line with specific objective within Priority Axis 4, the following set of actions will be</p>	

supported:

- Actions to increase competitiveness of SMEs in the programme area.

Actions to increase competitiveness of SMEs in the programme area

Examples of actions within specific objective 4.1:

- Development of training programmes aiming at improving knowledge and skills in entrepreneurship, applying innovation and new technologies in their industry, including cross-border internship, exchange and transfer of knowledge
- Strengthening capacities of the business support institutions in order to enhance competitiveness of the programme area through development of e-business and e-trade
- Establishment of and support to existing and new business related sectorial networks and organisations in developing new products/services/patents/trademarks, standardisation, product protection, marketing and development of cross-border markets
- Establishing and supporting development agencies, technological and competence centres, laboratories and ICT infrastructure for common use of the enterprises in the programme area in order to upgrade the existing and develop new products, services, processes or prototypes.
- Development and strengthening cooperation between public sector, education, research & development organisations and entrepreneurs in order to improve business innovativeness based on smart specialization approach.
- Cross-border development, adaptation and exchange of best practices in application of 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.

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 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 of Commerce, Chambers of Trades and Crafts, Chambers of Agriculture, expert associations, clusters, producers associations, sector associations, and SME networks, etc.), public institutions (for example, institutes and other research organisations, development agencies, national/regional/local institutions responsible for economy, Research and training institutes, etc.), educational institutions (for example, universities, faculties, open universities, colleges, adult education institutions, primary and secondary schools etc.), local and regional public authorities, local and regional government bodies, 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 Axes 3. Therefore, the supported actions can be implemented throughout the whole programme area.

maxlength='14000'

2.5.5.2. 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 Competitiveness and business environment development
The selection of operations will be carried out following the guiding principles and the methodological framework as outlined in Section 2.2.5.2. referring to Priority Axis 1.	
maxlength='3500'	

2.5.5.3. 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>	PA4
<i>Planned use of financial instruments</i>	Not applicable
Not applicable	

2.5.6. Common and programme specific indicators for Priority Axis 4

(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)

2.5.6.1. Priority Axis 4 result indicators (programme specific)

Table 3: Programme specific result indicators

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) ⁴	Source of data	Frequency of reporting
PA4	Increase in number of new products and/or services jointly developed or implemented						Annually
Alternatives							
PA4	Increase in annual turnover of SMEs in million euro in programme area						
PA4	Increased number of people employed by the SMEs						
PA4	Increase in turnover per employee						

⁴ Target values may be qualitative or quantitative.

2.5.6.2. Priority Axis 4 output indicators (common or programme specific)

Table 4: Common and programme specific output indicators for Priority Axis 4

ID	Indicator (<i>name of indicator</i>)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
PA4	Number of cross-border clusters or networks or other collaborative schemes including entrepreneurs established or improved	Number	10	Monitoring of operations (progress reports)	Annually
PA4	Number of laboratories and/or competence centres jointly used by entrepreneurs developed or improved	Number	10	Monitoring of operations (progress reports)	Annually
PA4	Number of innovative technologies, processes, products and services introduced by the enterprises in the programme area	Number	10	Monitoring of operations (progress reports)	Annually
PA4	Number of enterprises cooperating with research institutions	Number	10	Monitoring of operations (progress reports)	Annually

2.5.7. Categories of intervention for Priority Axis 4

(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 for Priority Axis 4

Table 5: Dimension 1 Intervention field		
Priority axis	Code	Amount (EUR)
PA 4	063 Cluster support and business networks primarily benefiting SMEs	943.062,67
PA 4	066 Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	943.062,67
PA 4	067 SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	943.062,67
PA 4	072 Business infrastructure for SMEs (including industrial parks and sites)	943.062,67
PA 4	073 Support to social enterprises (SMEs)	943.062,67
PA 4	075 Development and promotion of tourism services in or for SMEs	943.062,67
PA 4	077 Development and promotion of cultural and creative services in or for SMEs	943.062,67
PA 4	082 ICT Services and applications for SMEs (including e-Commerce, e-Business and networked business processes), living labs, web entrepreneurs and ICT start-ups)	943.062,67

Table 6: Dimension 2 Form of finance		
Priority axis	Code	Amount (EUR)
PA 4	01 Non-repayable grant	7.544.501,36

Table 7: Dimension 3 Territory type		
Priority axis	Code	Amount (EUR)
PA 4	01 Large Urban areas (densely populated > 50 000	2.514.833,79

	population)	
	02 Small Urban areas (intermediate density > 5 000 population)	2.514.833,79
	03 Rural areas (thinly populated)	2.514.833,79

Table 8: Dimension 6 Territorial delivery mechanisms

Priority axis	Code	Amount (EUR)
PA 4	07 Not applicable	

2.5.8. 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>	PA4
Not applicable	

2.6. Description of the priority axis for technical assistance

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

2.6.1. Priority axis 5 Technical Assistance

<i>ID</i>	PA5
<i>Title</i>	Technical Assistance

2.6.2. Fund and calculation basis for Union support

<i>Fund</i>	IPA
<i>Calculation Basis (total eligible expenditure or public eligible)</i>	Total eligible expenditure

<i>expenditure)</i>	
<i>Justification of the calculation basis choice (only if total eligible expenditure basis selected)</i>	10% of the EU funding

2.6.3. 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>	PA5
<i>Specific objective</i>	5.1. To manage and implement the programme effectively and efficiently
<i>Results that the partner States seek to achieve with Union support</i> ⁵	<p>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.</p> <p>The following result is expected to be achieved within SO 5.1:</p> <p>5.1. Programme managed and implemented effectively and efficiently</p>

<i>ID</i>	PA5
<i>Specific objective</i>	5.2. To support applicants and beneficiaries and to strengthen the involvement of relevant partners in programme implementation
<i>Results that the partner States seek to achieve with Union support</i> ⁶	<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>

⁵ Required where the Union support to technical assistance in the cooperation programme exceeds EUR 15 million.

⁶ Required where the Union support to technical assistance in the cooperation programme exceeds EUR 15 million.

	<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>
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2.6.4. Actions to be supported and their expected contribution to the programme implementation

<i>Priority axis</i>	Technical Assistance
<p>Actions to support managing and implementing the programme effectively and efficiently:</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"> - 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 - Preparing and implementing calls for proposals, including the development of guidance documents setting out the conditions for the support of operations - 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 - 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 - Ensuring implementation of programme evaluations, in line with programme evaluation plan 	

- 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 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.

2.6.5. Programme specific indicators⁷

2.6.6. Programme specific result indicators

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

Table 9: Programme-specific result indicators

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value ⁸ (2023)	Source of data	Frequency of reporting

2.6.6.1. 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

ID	Indicator	Measurement unit	Target value (2023) (optional)	Source of data
	Joint secretariat established	Number	1	AIR
	Calls for proposals successfully launched and closed	Number		AIR, e-Monitoring System
	Operations approved following calls for proposals	Number		AIR, e-Monitoring System
	Periodic progress reports of operations monitored and paid	Number		AIR, e-Monitoring System
	Joint Monitoring Committee meetings held	Number	9	AIR
	On-the-spot visits carried out	Number		AIR, e-Monitoring System
	Programme communication strategy developed and implemented	Number	1	AIR
	Independent programme evaluations implemented (ex-ante and during	Number	2	AIR

⁷ Required where objectively justified by the given the content of the actions and where the Union support to technical assistance in the cooperation programme exceeds EUR 15 million.

⁸ The target values can be qualitative or quantitative.

	programme implementation)			
	Programme e-Monitoring System developed, implemented and used	Number	1	AIR, e-Monitoring System
	Network of controllers established	Number	1	AIR
	Audits on programme management and control system and on operations conducted	Number		AIR
	Information documents addressed to applicants and beneficiaries	Number		AIR
	Consultation, information, training and exchange workshops for applicants and beneficiaries organised	Number		AIR
	Studies, reports and surveys on strategic matters concerning the programme carried out	Number		AIR
	Training and building capacity for programme management structure ensured	Number		AIR
	Programme 2021-2027 prepared and related ex-ante evaluation and SEA conducted	Number		AIR

2.6.7. 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

Table 11: Dimension 1 Intervention field		
Priority axis	Code	Amount (EUR)
PA5	121 Preparation, implementation, monitoring and inspection	
PA5	122 Evaluation and studies	
PA5	123 Information and communication	

Table 12: Dimension 2 Form of finance		
Priority axis	Code	Amount (EUR)
PA5	Still to be discussed	

Table 13: Dimension 3 Territory type		
Priority axis	Code	Amount (EUR)
PA 5	01 Large Urban areas (densely populated > 50 000 population)	
PA 5	02 Small Urban areas (intermediate density > 5 000 population)	
PA 5	03 Rural areas (thinly populated)	
PA 5	04 Macro regional cooperation area	

2.7. Overview table of indicators per priority axis and thematic priority

Table 14: Table of common and programme specific output and result indicators

Priority axis	Thematic priority	Specific objective(s)	Selected results indicators	Selected output indicators
PA1	TP1	1.1 To improve facilities, services and skills in the area of health and social care		<ul style="list-style-type: none"> 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
PA2	TP2	2.1 To improve management systems for risk prevention and environmental and biodiversity protection.		<ul style="list-style-type: none"> number of jointly developed and/or operated monitoring systems number of pilot and demonstration projects on risk prevention and mitigation implemented number of persons trained on environment and/or biodiversity protection Population benefiting from flood protection measures
		2.2 To promote use of sustainable energy and energy efficiency.		<ul style="list-style-type: none"> Decrease of annual energy consumption of public buildings Additional capacity of renewable energy production
PA3	TP4	3.1 To strengthen, diversify, integrate the cross-border tourism offer and better manage cultural and natural heritage assets		<ul style="list-style-type: none"> number of joint tourism products developed and promoted number of tourism supporting facilities and/or tourism infrastructure developed or improved number of persons educated in quality assurance, standardisation on cultural and natural heritage and destination management Increase in expected number of visitors to supported sites of cultural and natural heritage
PA4	TP7	4.1. To improve competitiveness of the programme area through strengthening		<ul style="list-style-type: none"> number of cross-border clusters or networks or other collaborative schemes including entrepreneurs established or improved

	cooperation between business support institutions, education and research organisations and entrepreneurs with aim to develop new products/services /patents/trademarks in the programme area	<ul style="list-style-type: none"> • number of laboratories and or competence centres jointly used by entrepreneurs developed or improved • number of innovative technologies, processes, products and services introduced by the enterprises in the programme area • Number of enterprises cooperating with research institutions.
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3. FINANCING PLAN – THE AMOUNTS IN THIS SECTION ARE INDICATIVE

(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

Fund	2014	2015	2016	2017	2018	2019	2020	Total
IPA	850.483 €	1.241.822 €	1.773.401 €	3.222.259 €	3.286.704 €	3.352.438 €	3.419.487 €	17.146.594 €
Fund	2014	2015	2016	2017	2018	2019	2020	Total
ERDF	850.483 €	1.241.822 €	1.773.401 €	3.222.259 €	3.286.704 €	3.352.438 €	3.419.487 €	17.146.594 €

3.1.1. 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 EIB⁹ contribution is presented at the level of the priority axis.

Table 16: Financing plan¹⁰

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 funding (c)	Public	National private funding (d) (1)			Contributions from third countries	EIB contributions
Priority axis 1	5.143.978,20 €	5.143.978,20 €	907.760,86 €	907.760,86 €		6.051.739,06 €	85%			
Priority axis 2	9.602.092,64 €	9.602.092,64 €	1.694.486,94 €	1.694.486,94 €		11.296.579,58 €	85%			
Priority axis 3	8.573.297,00 €	8.573.297,00 €	1.512.934,76 €	1.512.934,76 €		0.086.231,76 €	85%			
Priority axis 4	7.544.501,36 €	7.544.501,36 €	1.331.382,59 €	1.331.382,59 €		8.875.883,95 €	85%			
Priority axis 5	3.429.318,80 €	3.429.318,80 €	605.173,91 €	605.173,91 €		4.034.492,71 €	85%			

⁹ European Investment Bank

¹⁰ Numbers in the table are indicative.

Total	34.293.188,00 €	34.293.188,00 €	6.051.739,06 €	6.051.739,06 €		40.344.927,06 €	85%		
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(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).

3.1.2. Breakdown by priority axis and thematic priority

(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
PA1	TP1	5.143.978,20 €	907.760,86 €	6.051.739,06 €
PA2	TP2	9.602.092,64 €	1.694.486,94 €	11.296.579,58 €
PA3	TP4	8.573.297,00 €	1.512.934,76 €	10.086.231,76 €
PA4	TP7	7.544.501,36 €	1.331.382,59 €	8.875.883,95 €
PA5		3.429.318,80 €	605.173,91 €	4.034.492,71 €
TOTAL		34.293.188,00 €	6.051.739,06 €	40.344.927,06 €

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

Not applicable

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)

Not applicable

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)

Not applicable

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

Priority axis	Indicative financial allocation (Union support) (EUR)
Priority Axis 1	Not applicable
Priority Axis 2	Not applicable
Priority Axis 3	Not applicable
Priority Axis 4	Not applicable
TOTAL	

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 IPA CBC programme Croatia-Serbia (Programme) shares entire part of its programme area with European Union Strategy for the Danube Region. Taking into consideration its geographical coverage, the Programme can take part in creating and consolidating links, therefore actively contributing to territorial cohesion between the Programme and the strategy. This will provide platform for Programme operations to contribute to the implementation of the macro-regional strategy and also to trigger synergies between them. Furthermore, coordination of operations working within the same thematic areas will further support the collaboration between the Programme and strategy regions' stakeholders.

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

A summary of key challenges and needs 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 on 11 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”.

Challenges affecting the Danube Region that could be addressed by the IPA CBC programme Croatia-Serbia are presented as correlation between Programme objectives and priority areas of the strategy. In that way, the strategy challenge of sustainable energy, restoring and maintaining the quality of water, managing environmental risks and preserving biodiversity, landscapes and the quality of air and soils could be tackled through Programme Priority Axis 2 dealing with protecting the environment, improving risk prevention and sustainable energy production. The strategy challenges referring to developing 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 1 dealing with building efficient and effective labour market and Programme Priority Axis 4 dealing with enhancing competitiveness and development of 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 encouraging tourism, preserving cultural and natural heritage.

EU Strategy for the Adriatic and Ionian Region (EUSAIR)

The European Council of 13-14 December 2012 requested the EC to present EU Strategy for the Adriatic and Ionian Region before the end of 2014. It will incorporate 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 will build on four pillars: “Driving innovative maritime and marine growth”, “Connecting the Region”, “Preserving, protecting and improving the quality of the environment” and “Increasing regional attractiveness”. “Research, innovation and SMEs development”, as well as “Capacity Building” are two cross-cutting aspects across those pillars.

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 IPA CBC programme Croatia-Serbia, 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 protection, improving risk prevention and sustainable energy production. Moreover, strategy pillar dealing with challenge of increasing regional attractiveness 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 encouraging tourism, preserving cultural and natural heritage. As for strategy cross-cutting aspects, “Research, innovation and SMEs development” and “Capacity Building”, it is 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 development of 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 planning. Thus, 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 respective programme countries were invited to participate in the first and second round of public consultations/consultative workshops with stakeholders held in May and September 2014.

maxlength='7000'

5. IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME

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

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)

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Managing authority	Agency for Regional Development of the Republic of Croatia	
Certifying authority	Ministry of Regional Development and EU Funds – Directorate for Budget and IT Systems	
Audit authority	Agency for the Audit of European Union's Programmes Implementation Systems	

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 type="checkbox"/> the certifying authority	Ministry of Regional Development and EU Funds – Directorate for Budget and IT Systems
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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)

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Body or bodies designated to carry out control tasks	<5.1.9 type='S' maxlength='255' input='M' >	<5.1.10 type='S' maxlength='255' input='M' >
Body or bodies designated to be responsible for carrying out audit tasks	<5.1.11 type='S' maxlength='255' input='M' >	<5.1.12 type='S' maxlength='255' input='M' >

5.2. Joint Monitoring Committee

Table 21: Indicative list of Joint Monitoring Committee members

Name of authority/body and department or unit	Role in the programme	Contact details of the authority/body
EU Commission	Advisory	
NIPAC (or territorial cooperation coordinator)	Decision	
National Authority - Croatia	Decision	
National Authority - Serbia	Decision	
Regional representatives - Croatia	Decision	
Regional and local representatives – Serbia	Decision	
Macro-regional strategy representative (where the programme is overlapping a macro-region covered by an EU Strategy)	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) 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 will be placed in the Agency for Regional Development 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).

Procurement procedure as well as contracting shall be organized by the Agency for Regional Development under the supervision of Managing Authority. Selection of JS

staff shall be done jointly by the participating countries that shall jointly make decision on selection of the candidates.

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 IPA CBC Programme Croatia – Serbia 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. Programme guidance documents shall be adopted by the JMC.

The programme language is English.

Croatia and Serbia, which are the 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**.

5.4.a Joint monitoring committee

In accordance with Article 38 (1) of the Commission Implementing Regulation no. 447/2014, the participating countries shall set up a joint monitoring committee within three months from the date of the notification to the Member State of the Commission's decision approving the cross-border cooperation programme.

In line with Article 38 (6) of Commission Implementing Regulation no. 447/2014, 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.

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, CPR, ETC and Commission Implementing Regulation no. 447/2014. The rules of procedures will contain a detailed description of the composition, the functioning and tasks as well as the decision-making processes of the JMC.

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

Composition of the Joint monitoring committee

In accordance with Article 38 (3) of the Commission Implementing Regulation no. 447/2014, the JMC will be chaired by a representative of one of the participating countries or of the managing authority. 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 be as follows, in line with Article 38 (2) of the Commission Implementing Regulation no. 447/2014 and the partnership principle laid down in Article 5 of CPR:

- Up to five 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 in meetings

In principle, decisions by the JMC shall be taken by consensus whereby each voting member of the JMC shall have one vote. Voting principles will be laid out 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.

Functions of the monitoring committee

It will be the task of the JMC to steer the programme and to ensure the quality and effectiveness of its implementation. The JMC will carry out its functions in line with Article 49 and Article 110 of the CPR. The main functions of the JMC are listed in **Annex**.

5.4.b Participating countries / national authorities

National authorities of the participating countries, Ministry of Regional Development and EU Funds of the Republic of Croatia and EU Integration Office of the Government of the Republic of Serbia, 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, national authorities 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 will be provided with all necessary and legally allowed information to carry out their responsibilities.

The list of responsible authorities in the participating countries and the main responsibilities of the NA are listed in **Annex**.

5.4.c Managing Authority

The Managing Authority of the programme is responsible for managing the cooperation programme in accordance with the principle of sound financial management.

Furthermore, the Managing Authority 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 responsible for the programme, will set up the JS as provided for in chapter 5.3. The MA, assisted by the JS, is responsible for the management and implementation of the IPA CBC Programme Croatia – Serbia 2014-2020. The MA shall in the implementation of its tasks, act in full accordance with

Croatian institutional, legal and financial provisions.

The main functions of the MA are listed in **Annex**.

5.3.d Certifying authority

In line with Article 37 (2) of the Commission Implementing Regulation no. 447/2014, the Certifying Authority shall receive the payments made by the Commission and shall make 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.

The main responsibilities of the CA are listed in **Annex**.

5.4.e Audit authority

The Audit Authority will carry out its functions in accordance with Article 127 of the CPR and Article 25 of the ETC Regulation. The main functions of the AA are listed in **Annex**.

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 of the participating country in the cooperation programme 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.

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 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, JTS represents the programme on national, regional and local level. The JS plays a crucial role as the interface between the programme bodies. The functions of the JS are listed in **Annex**.

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 and reports to be approved by the JMC annually.

Besides joint secretariat headquarters based in Zagreb (Croatia), antenna office may be set in Serbia in order to ensure smooth and efficient programme implementation.

5.4.g Project cycle

Application

The IPA CBC programme Croatia – Serbia 2014-2020 aims for project generation and

selection procedures that are both pro-active and transparent. 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 such as the programme website as well as national channels (with the support of the NA's). 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 consideration the progress of the programme implementation (also as follow-up of the independent 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 from 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 under IPA CBC programme Croatia – Serbia 2014-2020 is carried out in accordance to Article 39 of Commission Implementing 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

In the IPA CBC programme Croatia – Serbia 2014-2020 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 (for example 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, with restrictions, under international law

Further details concerning participation in operations will be defined by the JMC in agreement with the MA and 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 IPA CBC programme Croatia – Serbia 2014-2020 selected operations shall involve beneficiaries from at least two participating countries, at least one of which shall be from Croatia as Member State.

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).

Furthermore, the Programme will mainly support cooperation activities between lead beneficiaries and project partners located in the programme area of the participating countries.

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 Commission Implementing Regulation no. 447/2014 are met.

b) Quality assessment

Quality assessment consists of three (3) sets of quality assessment criteria meant to relate 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 regular and/or targeted/strategic calls for proposals and are laid down in Section 2 under the heading “Guiding principles for the selection of operations”.

External independent assessors will undertake the quality assessment of applications which is then referred 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 application 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: the operation contributes to the chosen programme specific objective and addresses development needs and territorial challenges of the Programme that are shared by the partners participating in the operation and cannot be sufficiently addressed by individual partner alone. Moreover, joint solutions developed within an operation show a clear cross-border added value going beyond the mere addition of results independently achievable in the involved territories. Relevant policies

shall be considered as well.

– Partnership relevance: the partnership involves at least two financing partners from two partner countries, at least one of them being located in Croatia. Partners are relevant bodies competent for the development, implementation and follow-up of outputs and results. The partnership should reflect the thematic focus of the operation. The partners are involved in a way that demonstrates the joint development and implementation of the operation. Additionally, they shall cooperate in either the staffing or the financing of operations

– Concrete and measurable results: operations are able to deliver results that directly contribute to the results expected at programme level for the concerned priority axis. Results are achieved through the development of suitable outputs within a cross-border context. Results must be relevant, visible and measurable, with a clear implementation orientation. Operations are required to provide precise descriptions of their main outputs and results in the application form. In defining their outputs and results, operations should build on previous and current experiences and knowledge, however developing novel solutions where appropriate and avoiding overlaps.

– Durable outputs and results: operations have to ensure that produced outputs and achieved results are durable and suitable to be continued, where appropriate, within other initiatives (e.g. policies, strategies, plans) and/or preparing investments to be financed with other sources (e.g. EIB or other financial institutions, EU mainstream programmes, national and regional funds) also beyond the territories involved in the operation. Operations should establish adequate links to the appropriate policy-making and/or territorial governance levels to ensure sustainability and continuity of results.

– Coherent approach: the approach for defining the work plan is overall coherent and transparent, showing a clear relation between inputs, outputs and results within a convincing timeframe.

– Sound project communication strategy: communication activities are to be in line with project objectives and appropriate to reach the relevant target groups and stakeholders with regard to communication of project results and their capitalisation.

– Effective management: the operation has clear, effective, efficient and transparent management and coordination structures and procedures.

– Sound budget: operations have to develop budgets reflecting the project design and demonstrating value for money coherent with the planned outputs and the expected results, in line with the principles of sound financial management. The budget is consolidated at project level and partner contributions to the budget shall reflect the joint implementation of the operation.

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 decision of the JMC to approve 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 principles of the institution where the Managing Authority is placed. The subsidy contract is addressed to the lead beneficiary, appointed by the partnership in accordance to Article 40 (6) of Commission Implementing Regulation no. 447/2014, and is signed by the legal representative of the lead beneficiary institution and by the MA representing the Agency for Regional Development of the Republic of Croatia.

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 including, if applicable, special provisions in case of private LP
- Validation of 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 form 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 its goals. Monitoring will ensure the quality and effectiveness of implementation by assessing the progress of operations making use of periodic and final reports submitted by the project lead beneficiaries on behalf of their partnerships.

The lead beneficiary will periodically present activity and financial progress reports to the JS and 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 exchange systems. 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 as detailed in 5.3.k 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 its 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 ETC Regulation.

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 (Description on Management and Control System) on programme level in accordance with Articles 72 and 74 of the CPR.

Each participating country shall ensure that the 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 out 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 Commission Implementing 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 the handling of IPA funds.

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 have 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 periodic activity report and financial 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 and in accordance with Article 21(2) of the ETC Regulation and Article 132 of the CPR, the Certifying Authority 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. All payments to lead beneficiaries will be made in Euro.

Financial flows are illustrated in **Annex**.

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:

Project 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 project 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 authority 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.h 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 European 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. Programme annual reports are to be approved by the JMC before they are sent to the European Commission.

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

5.4.i 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**.

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 in the responsibility of the European Commission together with the participating countries.

5.4.j Computerised exchange of data

Monitoring System

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

On the side of the programme, the monitoring system according to Article 72 of CPR shall provide data and information needed to fulfil management, monitoring and evaluation requirements.

In accordance with Article 122 of CPR, the IPA CBC Programme Croatia – Serbia 2014-2020 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.

5.4.k Contribution of the participating countries to the financing of technical assistance

On the programme level, the TA is jointly financed by the countries participating in the programme. In accordance with Article 35 of the Commission Implementing 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 the participating countries in the programme. Details on the TA budget are laid out in Section 3.

Each participating country shall transfer its national co-financing share for TA to the account of the MA.

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 concerned prior to reimbursement from the TA account.

A report on the payment situation shall be given by the MA to the JMC on a regular basis. Use of interest raised by IPA and ex-ante national contributions bank accounts, will be subject to a JMC decision.

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

5.4.l 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. All programme and project communication activities might be branded consistently to a harmonised branding introduced on a voluntary basis by ETC/IPA programmes for the 2014-2020 period.

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.

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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.

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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 the month during which the expenditure was incurred.

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 IPA CBC Programme Croatia – Serbia 2014 – 2020.

The process of partner involvement included:

- Eight (8) meetings of the Task Force for the preparation of the Programme
- Online survey on programme thematic priorities
- Two rounds of stakeholder consultation workshops held in Croatia and Serbia in April 2014 and in Serbia in September 2014
- One online public consultations opened from 1 August to 1 September 2014
- Public consultation meetings conducted within the strategic environmental assessment (SEA) process

In general, the involvement of relevant partners in the programming exercise, including Task Force meetings and workshops, public consultation, online survey 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.

The aim of the process was to validate thematic priorities chosen for the Programme and to collect additional inputs and suggestions as well as ideas on potential cross-border actions to be supported. Therefore, the thematic focus of the Programme was discussed and consulted during Task Force meetings and workshops, two rounds of public stakeholders consultations, online consultations as well as through online survey.

Task Force meetings and workshops

The Task Force consisted of the representatives on national and regional/local level of all partner countries. This ensured that the regional/local level was actively involved in decision making and the preparation of all programme documents: situation analysis, SWOT analysis, programme strategy and Cooperation Programme.

Task Force consisted of the representatives from the following Croatian institutions: Ministry of Regional Development and EU Funds (MRDEUF), Osječko-baranjska county,

Vukovarsko-srijemska county, Požeško-slavonska county and Brodsko-posavska county and from the following Serbian institutions: Serbian European Integration Office, Government of Vojvodina and Standing Conference of Towns and Municipalities of Serbia.

All Task Force members were actively involved in the decision-making process and preparation of all programme documents: situation analysis, SWOT analysis, programme strategy and Cooperation Programme. Relevant materials were prepared by the Ministry of Regional Development and EU Funds and technical assistance experts, mainly based on the inputs from the Task Force and were sent to Task Force members prior to Task Force meetings where programme documents were discussed in details. Agreement on the content of documents as well as other decision-making tasks were exercised by consensus among the voting members of the Task Force.

On-line survey/questionnaire

The online survey was performed on the basis of questionnaire for the selection of thematic priorities sent to IPA CBC programme Croatia – Serbia 2007-2013 potential and actual beneficiaries. Two online surveys were conducted separately in each country.

Online survey on thematic priorities for Serbian beneficiaries was launched on 14 August 2013 and it was closed on 16 September 2013. The questionnaire was sent to approximately 200 contacts from IPA CBC Croatia - Serbia 2007-2013 programme mailing list that included local and regional government units, civil society sector, educational institutions, chambers, regional agencies, tourism and environmental organizations.

Out of total number of 56 Serbian institutions that filled in the questionnaire, the majority were municipalities (32% out of the total number), followed by NGOs (22% out of the total number), local and regional government units (20% out of the total number), educational institutions (14% out of the total number) and public institutions (12% out of the total number).

Online survey for Croatian stakeholders was launched on 6 December 2013 and it was closed on 7 January 2014. The questionnaire was sent to approximately 200 contacts from IPA CBC Croatia - Serbia 2007-2013 programme mailing list that included regional development agencies, counties, towns, municipalities, civil society sector, county chambers, public institutions, educational institutions and employment offices.

Out of total number of 82 Croatian institutions that filled in the questionnaire, the majority were NGOs (26% out of the total number), local and regional government units (16% out of the total number), companies (7,3% out of the total number), regional development agencies (6,1% out of the total number) and agricultural organizations and cooperatives (2,5% out of the total number).

The main result of the questionnaire was the indicative ranking list of thematic priorities from the most to the least important as scored by 138 beneficiaries that filled in the questionnaire for the selection of thematic priorities for the IPA CBC Croatia –Serbia 2014-2020. The ranking list was as follows:

1. Investing in youth and education
2. Encouraging tourism and cultural heritage
3. Protecting the environment and promoting climate change adaptation and risk prevention

4. Promoting employment, labour mobility and social inclusion
5. Strengthening research, technological development, innovation and ICT
6. Promoting local and regional governance, planning and administrative capacity building
7. Enhancing competitiveness, business and SME development, trade and investment
8. Promoting sustainable transport and improving public infrastructures

The information on thematic priorities ranking list helped to highlight the priorities as assessed by the stakeholders that participated in the survey and to rank issues to be taken into account for discussion with the Task Force as regards to the programme strategy.

Two rounds of stakeholder consultation workshops

The first round of public stakeholders workshops was organised in Osijek (Croatia) regarding thematic priorities 1, 7 and 8 and in Sombor (Serbia) for thematic priorities 2 and 4 in April 2014. The list of invitees, compiled by the Task Force members, consisted of 90 representative institutions per participating country. In total, 180 institutions from the relevant sectors were invited to the first round of public stakeholders workshops. The institutions at the invitation list included the following institutions from the participating countries: national/entity ministerial authorities, local and regional governance authorities, towns, municipalities, regional agencies, touristic associations, educational institutions, business support institutions, public institutions and civil society organisations.

The documents presented and discussed with the participants of the workshops 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. This was necessary to validate the choice of thematic areas to be dealt within the programme and to agree on the operational and need-based types of actions able to generate concrete and measurable results.

The second round of public stakeholders workshops was organised in Novi Sad (Serbia) on 8 September 2014. The list of invitees, compiled by the Task Force members, consisted of 90 representative institutions per each participating country. In total, 180 institutions from the relevant sectors were invited to the second round of public stakeholders workshops. The institutions at the invitation list included the following institutions from the participating countries: national/entity ministerial authorities, local and regional governance authorities, towns, municipalities, regional agencies, touristic associations, educational institutions, business support institutions, public institutions and civil society organisations.

The documents presented and discussed with the participants of the workshops were Situation Analysis, SWOT analysis, programme intervention logic (programme strategy) and draft Cooperation programme with specific emphasis on the proposed specific objectives and types of actions within the allocated budget.

Out of 62 institutions that participated in the stakeholders consultation workshops, the majority were national, regional and local government authorities (25 authorities were represented, which makes 40,3% of the total number), regional and local development agencies (12 organizations in total, which makes 19,3% of the total number), public companies (10 organizations in total, which makes 16,1% of the total number), business support organisations (6 organizations in total, which makes 9,7% of the total number),

educational institutions (4 organizations in total, which makes 6,4% of the total number) and civil society organisations (3 organizations in total, which makes 4,8% of the total number).

Other institutions that participated in the stakeholders consultation workshops were: county chamber of economy, craft association, public cultural institution and tourist agency, each of them with 1,6 % share out of the total number of institutions.

Participants contributed to further formulate the types of actions to be supported within each Priority Axis. This was useful as the partners discussed and suggested further improvements in the types of actions thus enabling the programme to focus on the operational and need-based types of actions able to generate concrete and measurable results.

Online public consultations

The MRDEUF informed the programme mailing list consisting of nearly 200 contacts from the relevant institutions from the participating countries and Task Force about the launch of the public online consultations for the following programming documents on its website: SWOT analysis, programme intervention logic (programme strategy) and draft Cooperation programme. Online public consultations were open from 1 August to 1 September 2014 and the relevant partners were invited to submit their written comments to the documents indicated above. Comments were received from the following institutions: 1 NGO and 1 regional development agency. Comments that were substantiated with the reliable data were taken into consideration, discussed by the Task Force and finally implemented. The comments not substantiated with reliable data or sources were not taken into account.

Public consultation meetings within SEA

In order to harmonize opinions on the content of strategic study and determine the final content of Strategic Study, MRDEUF organized a Consultation meeting within the scoping phase of the SEA procedure on 12 September 2014. The following institutions were represented at the meeting: Ministry of Environmental and Nature Protection, Ministry of Agriculture and Ministry of Science, Education and Sport.

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 Joint Monitoring Committee.
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.

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 cooperation programme's strategy. This cross border programme with its territory rich in natural and cultural resources has a vast potential to improve the cross-border environmental protection, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management. There is also a strong need for this improvement as has been identified in the situation analysis and SWOT.

Therefore, the largest share of the budget is reserved for Priority Axis 2, which is completely focused on sustainable development. Priority 2 is not only focusing on biodiversity and environmental protection, risk prevention and risk management and improved management of water, waste and waste treatment but also on energy efficiency and renewable energy. Operations will have to show clearly how they contribute to the results indicators of Priority Axis 2:

- Decrease of km² affected by flooding per flooding
- Increase in % of production and usage of sustainable energy.

During the selection procedure, the relevant questions, where appropriate, are:

- For all Priority Axes: to what extent is the operation contributing to the realization of the EU2020 goals of sustainable development (e.g. decrease of greenhouse gas emissions, the increase in energy efficiency and in renewable energy production)?
- To what extent will the operations stimulate a sustainable development?
- For Priority Axis 1 - which focuses on enhancing efficient and effective labour market, social inclusion and improved health care – this could be for example through an increase in green jobs, supporting green entrepreneurship and green business principals in general, incorporating elements of sustainability in healthcare and other social sector interventions.
- For Priority Axis 2 – which focuses on protecting the environment, improve risk prevention and sustainable energy production - all operations will have to address sustainable development, e.g. through environmental protection, energy efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management.
- For Priority Axis 3 – which focuses on encouraging tourism and preserving cultural and natural heritage – this could for example be through clearly sustainable tourism operations which are not only stimulating economic development but also clearly protecting the cultural and/or natural heritage and/or the environment.
- For Priority Axis 4 – which focuses on enhancing competitiveness, development of business environment and investment – this could be for example through green entrepreneurship, business focused on sustainable development, preventions of investments with considerable negative environmental and climate

effects and overall sustainability of the investment.

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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.

Equal opportunities and non-discrimination has been and will be promoted 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 and improvement of their employability, networking between different stakeholders directly decreasing their social exclusion, supporting them with educational programmes and possibilities of self-employment but especially giving boost to social entrepreneurship and its development. By working on improvement in services in the area of public health and social welfare sector programme will have positive impact in decreasing discrimination and providing equal opportunities with specific actions. This will ensure that there are specific operations focused on promoting equal opportunities and prevent 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 development of the cooperation programme have been selected on 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 are not the first priority. However also here operations can 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.

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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 EC 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 EC 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.

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

- 1. Draft 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. Situation Analysis**
- 7. SWOT**