

**INTERREG VI-A IPA CROATIA SERBIA****Contents**

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## 1. Joint programme strategy: main development challenges and policy responses

### 1.1. Programme area

Reference: point (a) of Article 17(3), point (a) of Article 17(9)

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The programme area covers the cross-border territory between Croatia and Serbia. On the Croatian side, the programme area includes 4 counties on the east of Croatia: Osijek-Baranja, Vukovar-Srijem, Brod-Posavina and Požega-Slavonia county, whereas on the Serbian side, the programme area covers 5 districts on north-west of Serbia: North Bačka, West Bačka, South Bačka, Srem and Mačva district. The border counties on the Croatian side are Osijek -Baranja and Vukovar-Srijem counties, and on the Serbian side, West Bačka, South Bačka and Srem Districts. The state border predominantly

follows river Danube thus making natural border between the two countries.

The programme area is mainly rural with a number of small and medium towns. The main towns are, in Croatia: Osijek, Slavonski Brod, Vinkovci, Požega and Vukovar; and in Serbia: Novi Sad, Subotica, Šabac, Sombor and Sremska Mitrovica.

The programme area extends over 25.505 km<sup>2</sup> thus representing 18,4% of Croatian territory and 17% of Serbian territory. The northern part of the programme area borders with Hungary, while the southern Croatian and south-western part of the Serbian programme area borders with Bosnia and Herzegovina. The total population of the programme area is around 2,14 million people (1,54 million in Serbian part based on estimates for the year 2019 and around 599.000 in Croatian part of the programme area according to latest census from 2021), which shows a decline in population, compared to the population of the programme area of 2,3 million people in the previous period.

The programme area is quite homogenous in geographical as well as in economic and social terms. The area is characterised by lowland with fertile soil highly suitable for agriculture and forestry, and rich in water resources. The Danube, Drava, Sava and Tisa rivers are mostly navigable. In addition to rich agricultural soil, woodlands and fluvial-wetland plains, significant natural resources include: oil and gas fields, clay, sand and gravel excavation fields, and areas of high biodiversity. The southern part of the programme area contains one of the few mountains in the whole Pannonia plain: Fruška Gora (situated mostly in the Serbian part of the programme area) and the mountain plexus of Papuk, Psunj, Krndija, Dilj and Požeška gora (Croatia).

## 1.2. Joint programme strategy

Summary of main joint challenges, taking into account economic, social and territorial disparities as well as inequalities, joint investment needs and complimentary and synergies with other funding programmes and instruments, lessons-learnt from past experience and macro-regional strategies and sea-basin strategies where the programme area as a whole or partially is covered by one or more strategies.

*Reference: point (b) of Article 17(3), point (b) of Article 17(9)*

### Introduction

The programme is designed as an instrument that will foster cooperation between Croatia and Serbia, tackle joint challenges and indicate the possibility and need for an even better cooperation in certain areas in the future. It will continue to be an instrument helping public authorities gain insight into best practices and develop their own in a cooperative manner. It will also be open to other key stakeholders, strengthen their capacities and use their knowledge and skills to develop new solutions benefiting the region. The programme mission, beside strengthening the social, economic and territorial development of the cross-border area, is to encourage and support cross-border cooperation to make the area more resilient to common challenges. These challenges include among others economic transition processes, climate change, and the long-term socioeconomic consequences of the COVID-19 pandemic.

The programme will help to address main regional imbalances and contribute to reducing disparities in the development of the involved regions. The programme will increase the capacity of the programme area to recover from the economic crisis.

### Challenges and needs of the programme area

Definition and design of the new programme strategy is based on a methodological process that has conjugated desk research and analysis with a wide stakeholders' consultation.

A detailed territorial and socioeconomic analysis of the programme area was done per each policy objective and specific objective and is part of the programme documentation. Below is a summarised overview of key findings regarding the challenges and needs of the programme area that have been recognized as key for the period 2021 - 2027:

#### **Economic development**

Looking at the economic indicators, the programme area is below the average of each of the participating countries, with the difference being more visible in the Croatian part of the programme, with only around 60% of GDP per capita of the national average. The major difference between the two border areas is that the Croatian part of the programme is considered to be one of the less developed regions of the country, and the Serbian part of the programme area being considered as one of the most developed (together with Belgrade region). The overall employment rate in Croatia remains one of the lowest in the EU (68%) as is the case in Serbia (49,9%), and it is coupled with low activity rate among the working-age population. The overall unemployment rate in Croatia is 7,4% but there are still large regional differences in unemployment and labour market conditions in general, with the Eastern part of Croatia being in the most unfavourable situation. In Serbia, the current unemployment rate is 9%.

The development in the programme area depends largely on SMEs. Strengthening professional capacities and business skills of SMEs will improve business results, is vital for the general economic situation in the region. There are different entrepreneurial support institutions in Croatia and Serbia, that are geographically well distributed (incubators, business centres, development agencies, etc.). Business incubators in both countries have been developing rapidly. The scope of services and their quality are increasing. Most importantly, networking is becoming stronger, which opens up numerous opportunities for business development.

Croatian and Serbian situation regarding research and innovation is similar regarding strengths and weaknesses. To start with, the level of GDP for R&D, that is nearly the same (0,91% in Serbia and 1,27% in Croatia in 2020) which shows lack of funding for research and innovation. Using the European Innovation Success Scale, i.e., European Innovation Scoreboard (EIS) as a tool for comparative evaluation of research and innovation results in EU countries, Croatia, based on the results for the year 2021 is classified as a "emerging innovator". It must be said that R&D investments in Croatia have grown significantly, from 0.86% of GDP in 2017 to 1,27% of GDP in 2020, primarily thanks to the European structural and investment funds (ESIF). However, Croatia still lags significantly behind with regards to the objectives set out in the National Reform Programme and the EU-27 average. In the European Innovation Scoreboard, Serbia is also classified as "emerging innovator". Since 2012, its performance has increased by 13,3%. In Serbia, more than half of business entities have been characterized as innovative with a significant upward trend in innovative enterprises in the last 7 years (according to the European Community Innovation Survey 2016-2018 conducted by the Statistical Office of the Republic of Serbia). Businesses in Serbia have low investment in external R&D, indicating that there is room for improved cooperation between business and scientific and research sectors. The weaknesses are also recognized in low patent level and poor cooperation between the business sector and research and scientific organisations, therefore producing little transfer to innovations. In addition, lifelong learning remains a problematic process with relatively weak link between the market and the education system.

Main stakeholders of the education system (higher education) in the programme area are universities in Novi Sad and Osijek. These centres make a substantial contribution, particularly on a regional level, to linking industry and academic institutions as well as enabling knowledge transfer among them.

The state of digitisation of the society is on the rise, as digitalisation is high on the priority list in both countries. However, compared to other EU countries there still remain a lot of work to be done in the context of transparency and usage of digital technologies for the public by the government. People are more and more likely to use the digital services, with higher percentages of computer and internet usage across both countries. However, there is still a large gap between urban and rural areas that needs to be dealt with in order to use digital technologies to their full potential. The programme area lags behind slightly in terms of digital technologies, although both areas have parts that are the leaders in digital transformation in all segments (Osijek and Novi Sad).

*To conclude, there is a joint challenge in activating the existing untapped development potentials and to encourage the modernization and innovation of industry and the economy as a whole and general investment in knowledge and activities based on it. The advantage of the region is in the strong ICT scene that covers all aspects from quality education, to start ups and established SMEs on both sides of the border. This strong ICT scene can be used for better integration of ICT in other sectors of the economy, including public sector.*

### **Environment, energy and climate change**

Given the importance of this policy objective in the upcoming period, the importance and challenges in the programme area are diverse with focus to increase the use of renewable energy sources and reduce reliance on fossil fuels, and to adapt to climate change.

Energy indicators in Croatia indicate a lack of available resources and production capacity, especially given the growing energy consumption. Serbia still needs to adopt amendments to energy efficiency laws, improve energy audits and energy management, and implement requirements in the field of eco-design and related secondary laws. Neither country has achieved the set goal of reducing CO<sub>2</sub> emissions. Emission values are still high. Smart energy systems are a relatively new and unexplored concept in the programme area that have only recently begun to be actively used.

In the programme area, the goal is to increase the use of renewable energy sources and reduce reliance on fossil fuels, which is still very present in Serbia, increase energy efficiency of public buildings and the number of "green projects" in the economy. In addition, biomass in the programme area represents a great potential for further development of the transition to renewable energy sources. When it comes to climate change, the priority is to start the social process of accepting the concept of adaptation to climate change in the programme area, to determine the impact of climate change, the degree of vulnerability and priority measures. There is a need to significantly increase awareness and knowledge of the concepts of the circular economy, both for civil servants and policy makers, so that government institutions can improve their work in this field.

The key advantage is, among other things, the energy potential for the use of renewable energy sources in the programme area. Regarding the energy transition, it is necessary to increase investments in cross-border energy efficiency actions, such as the renovation of public buildings, provided that the conditions for investment and distribution are favourable. Investing in green energy will also unleash new potential for economic growth, job creation and innovation. Capacities for better energy management, exchange of experiences, practices and innovative projects that contribute to reducing emissions (CO<sub>2</sub>, but also PM and NO<sub>2</sub>) and energy consumption, should be increased.

Increasing energy efficiency will benefit the environment, reduce greenhouse gas emissions, improve energy security, reduce energy costs, and alleviate energy poverty. This will lead to greater competitiveness, increased employment, and increased economic activity, which will improve the quality of life of citizens. The focus here should be on sustainable and environmentally friendly measures (such as green infrastructure). Joint actions and campaigns are also needed to raise awareness and support sustainable consumption practices and behaviours (waste reuse and recycling) in border regions, and to exchange best practices to build the capacity of stakeholders involved in the transition to a circular economy. It is also necessary to increase the focus on the conservation of biological diversity with regard to natural wealth and diversity in the programme area. To contribute to a greener Europe, it is necessary to work actively on the preservation of ecosystems and nature protection.

*To conclude, given the importance of environment protection, the programme area needs to be more efficient in use of renewable energy and energy consumption and develop new models for change to take place. The shift in paradigm and mindset around renewable energy and gas emissions are a major need of the area. Paired with raised awareness of climate related risks to the economy and society of the programme area will be beneficial for all stakeholders.*

### **Health and social care**

The COVID-19 pandemic is a global shock that has not spared Croatia and Serbia. It represents an unprecedented burden on their health and social protection systems. The final extent of its footprint in terms of loss of human lives and damage to the economies is still difficult to assess, but early estimates foresee a drop of between 4-6% of gross domestic product (GDP) in the region. Therefore, it is evident that the quality and distribution of health services will be one of the priorities in the future period.

The health systems are well developed in both countries but pose a question of sustainability with debts and public investment being high. The GDP % for health care is almost the same with low long-term care investment. In both regions and countries, the main cause of death are illnesses connected to the circulatory system. Better infrastructure for an ever more aging population is needed, including support to palliative care services and non-institutional care services.

The current situation in the programme area is seen as mostly under-managed in terms of sustainability of health and social care systems which show a decrease in medical staff. The health system has a well-placed infrastructure that can be modernised to be more efficient and accessible with the introduction of new technologies in the whole system. In addition, there is a lack of new approaches to the provision of health care/social care services, so additional education and promotion of family-based and community-based services is necessary.

Long-term care is mainly organized within the social welfare system. It is currently mostly provided in institutional settings. There is a considerable coverage gap regarding the estimated number of dependent people and those who have received some type of care, with shortages of formal services in the institutionalized context. Croatia is among the top three countries in Europe with the greatest scale of informal care, with the age cohort 50-64 bearing the greatest burden of caring for the elderly. In the Croatian part of the programme area, although there are numerous efforts to decentralize the system of social care, this has not been the case due to the lack of financial resources in local governments. Decentralization of social services and expansion of the network of service providers require the establishment of new ones, a quality control mechanism for the provision of services at national and / or regional level. There is a significant number of care services, although the majority are institutional. The development of non-institutional services in some areas, such as Osijek-Baranja County, was encouraged through the activities of non-governmental organizations.

In Serbia, the problems are the same with increased aging and low birth rate. A fall in the number of residents of the region, combined with the average age of the population that is among the oldest in Europe, makes a strong argument towards better development of existing services and introduction of new ones, especially insufficient, non-institutional social welfare services. An effort needs to be done in expanding the community-based services, by opening additional ones, and overcoming the shortage of qualified service providers, by training caregivers. The goal is to enhance the quality of social, gerontology and geriatric care by introducing new facilities and introducing additional non-institutional services. In the Serbian part of the programme area, in AP Vojvodina there are 55 elderly care institutions with the licence from the Ministry. On the contrary, there are little or no services for the elderly that would provide non-institutional care. This makes a strong argument towards better development of existing services and introduction of new ones, especially insufficient, non-institutional social welfare services since there is a low percentage of non-institutional social services in both countries, especially for the elderly. Further development of social welfare services should include local needs assessment and coordinated planning through vertical cooperation of local, regional and national services with cross-sectoral cooperation, and in order to equalize the availability of necessary services.

It is important to emphasize that both countries have their national plans/strategies for development of health/social care system in place in which transition to non-institutional care and need for modernization of infrastructure is one of the priorities.

*To conclude, health is seen as a great priority in the area, given the outdated infrastructure and lack of skilled health workers that have been vastly under capacitated in the current pandemic. New models of cooperation and sharing*

*resources to make health and social services more accessible to the local population and providing better quality service is seen as an opportunity for the resilience of health and social care systems.*

### **Tourism and culture**

Tourism and culture play an important role in the economies and identity of both countries. Although the importance to the state economy is more visible and important in Croatia than in Serbia, with the GDP share of tourism being as high as 25%, making the economy dependent on an ever-growing number of arrivals and foreign tourists visiting it is also important in Serbia. When accompanied with a short tourist season in Croatia that is limited and focused on 3 months of peak season and 3 months of pre-season, it is evident that this poses a great risk for the economy, which has now been intensified with the pandemic having a huge impact on tourism worldwide. According to the eVisitor system, in 2019, the number of foreign tourist arrivals in Croatia was around 18 million (an increase of 4.4%) and in the same period, around 94 million overnight stays were realized (growth of 1.7%). Croatia has an average annual growth of 4.8% per year of overnight stays, which is about 43% more than in 2011, i.e., about 26% more than the estimates done in 2015. This clearly burdens communal infrastructure and the environment, and defines the socio-economic status of residents, which in terms of global crisis such as COVID-19 is a great threat to an overall wellbeing. Croatia is also one of the ten countries with the highest number of tourists per capita in the world. In Croatian part of programme area there were slightly over 244 000 of tourist arrivals in 2019.

Serbia on the other hand has not been so dependent on tourism but is only starting to develop its potential and was struck by the pandemic when being on the high rise with big plans. The total contribution of the tourism industry to the Serbian economy, including the effects from investment, supply chain and induced income impacts, amounted to RSD 294.6 billion in 2017, or 6.7% of GDP, and was expected to have grown by 2.7% to RSD 302.5 billion in 2018. The total number of tourist arrivals in 2018 was 3.4 million, an increase of 11.2% from 2017. International arrivals accounted for 49.9% of total arrivals and showed a 14.2% increase from 2017. In Serbian part of programme area there were slightly over 536 000 of tourist arrivals in 2019.

Nevertheless, tourism will have a huge impact on the recovery of the economy with a potentially different, more locally centred approach with a greater focus on green and digital transition. New trends in promotion and booking, new accommodation types, and travel motivations in the global tourism market have to be taken into account when planning activities that would foster the development of tourism in the region. In addition, this has to be planned with increasing levels of environmental consciousness and a bigger interest in heritage and culture, while strengthening local economic activity and job creation at the same time. The support to the development of visitor activities that enable visitors to meet local residents and engage in cultural tourism activities and events will be key in fostering this sector. Plans for tourism development and culture heritage have to be well thought out and planned regionally to harness the full development potential.

Thus, it is vital to create joint offers of tourist products and services and provide new destination management tools, especially taking into consideration the potential of data driven decision making in order to ensure sustainability. There are wide opportunities in terms of natural and cultural heritage and diversification of tourism needs and use of new technologies in planning tourism development.

The programme area is in need of revitalizing the offer of cultural and tourist destinations in less developed areas, but also making the already established tourist destinations more environmentally sustainable, by creating common cultural and tourist products and thus contributing to socio-economic problems that would present a key success of the programme.

*To conclude, to make the area more socially inclusive and economies more resilient, the tourism and cultural sector need to change their perspective and develop new services based on social innovation principles that are more adapted to new trends. The pandemic is therefore seen as an opportunity for a new recovery model, developing culture and tourism despite the pandemic, given its importance for the area.*

## **How will the programme contribute to change?**

### **Intervention logic**

With regards to the chosen policy objectives most suited for the programme area and having analysed the area in its key development areas, the programme will contribute to the following strategic programme objective: **Sustainable development of programme area through smart, green and socially innovative projects.**

The programme envisaged **4 key priorities** for the upcoming period, that can also be seen as a sort of continuation of the previous programme with certain new elements and characteristics desired in the new financial framework. The programme will therefore focus on a limited set of objectives and policy areas, i.e., concentrate on those thematic key areas where joint actions have the potential for the biggest impact:

- Priority Axis 1- Cooperating for smarter programme area
- Priority Axis 2- Cooperating for greener and climate change resilient programme area
- Priority Axis 3- Cooperating for healthier and more inclusive programme area
- Priority Axis 4- Cooperating for more sustainable and socially innovative tourism and culture

It is important to note that although slightly increased in budget, the programme will still mainly focus to support cross-border cooperation actions and pilot projects in the above-mentioned priority axes, and its main focus will not be on

supporting large investments or infrastructures that should be tackled via other financial instruments and funds, with the exception of those investments that are clearly linked to cross-border cooperation and will benefit both countries.

#### **Priority Axis 1 - Cooperating for smarter programme area**

Cooperation on innovation capacities is a transversal activity that can strengthen the programme's impact in particular thematic fields by increasing the innovation potential of the programme area.

In line with the EU strategic plan for research and innovation the programme actions will focus its contribution to green and digital transitions. Considering the modest expenditure on research and innovation in programme area, it is necessary to support more specific projects, especially projects related to Industry 4.0.

The programme will, therefore, support research and innovation, since these activities are cross-sectoral, with potential for integration of different fields and topics. These will be aimed as well at improving the capacity of research organizations to conduct cutting-edge scientific research and to transfer knowledge and skills that can make a significant contribution to social development and economic growth, with special emphasis on environment related issues and ways to tackle climate change.

#### **Priority Axis 2 - Cooperating for greener and climate change resilient programme area**

Supporting the goals of the EU Green Deal, the programme will focus its attention on sustainability and resilience. Key accent will be put on renewable energy, green transition, environmental protection and climate change adaptation. These priorities put together will have a major impact on the carbon footprint of the programme area, i.e., they will introduce relatively unfamiliar concepts in the area, develop new innovative solutions, suggest key changes in relation to cross-border cooperation and insist on strategic planning for a better environment.

#### **Priority Axis 3 - Cooperating for healthier and more inclusive programme area**

The programme area is in a need for modernization of the health system with the aim to make the health care more efficient and responsive to ever increasing needs given the pandemic and its lasting impact. The potential for cross-border cooperation is visible, with great relations between institutions in both countries and the possibility of providing better services to border population. Supporting small-scale infrastructure and equipment together with the strengthening of human resources in health services together with new models of cooperation and protocols will be funded through the programme. Furthermore, an additional emphasis will be given to inclusion and social care of vulnerable groups.

#### **Priority Axis 4 - Cooperating for more sustainable and socially innovative tourism and culture**

Firstly, tourism and culture have a strong potential for cross-border cooperation and local development. Secondly, tourism has been hit the hardest with the pandemic. Previous programme has seen a lot of interest for project cooperation related to cross-border approaches in better management and revitalization of cultural and natural heritage. Combined, the downfall related to the pandemic, and strong capacities and organisations interested in cooperation make this priority important in the upcoming period. The activities will be focused on diversification of tourism by investing in lesser-known destinations and diverse forms of tourism, by improving management capacities in the tourism sector and developing complementary services. In addition, the focus will be on projects triggering social innovation, i.e., development and implementation of new ideas concerning products, services, practices and models in the cultural and tourism sector, that simultaneously meets social needs and creates new social relationships or collaborations between public, civil society or private organisations.

To sum up, the types of results achieved by projects funded under the above-mentioned priorities can be grouped as follows:

- better services developed through small-scale infrastructure investment;
- new solutions and approaches developed;
- new cooperation and partnerships formed;
- enhanced capacity for strategic planning and improved policy development;
- increased and transferred knowledge and increased capacity;
- educated public.

As per funding allocation, the programme is in line with Article 6 CPR, Annex I CPR, Recital 5 Interreg, regarding the support for climate objectives. The objective aimed at tackling climate related risks has a total allocation of over 12 mil. EUR (12.295.371,46 EUR) which corresponds to 35,33% of total programme allocation. Support for biodiversity (16,92%) and environmental objectives (over 40%) is also very strong, with types of activities in other priority areas also tackling these issues - e.g., R&D projects that develop solutions and pilot actions to bridge the gap between biodiversity protection and practical implementation, information exchange and knowledge transfer at cross-border level to adapt the biodiversity protection to new threats and to raise awareness among experts, policy makers and citizens. In addition, projects under priority axis 4, aimed at innovative tourism services, will be strongly supporting biodiversity since it is one of the major attractors of tourists and key for the sustainable development of this sector.

#### **Horizontal principles**

Cooperation projects that lead to the above-mentioned types of activities and results will all respect the horizontal principles of **non-discrimination, gender equality and environmental sustainability** during project design and

implementation together with other elements of the **EU Charter of Fundamental Rights**. These are necessary elements of all funded projects that will have to be demonstrated in the application form and thus explaining how they intend to contribute to these themes.

Regarding environmental sustainability, beside the fact that the large portion of funding is streamed into environment related projects, the programme area is rich in natural and cultural resources and has a vast potential to improve the cross-border environmental and nature protection, therefore contributing to this horizontal principle. However, all other planned activities within projects from priority axes 1, 3, and 4 will also have to be in line and compliant with EU legislation, and consistent with related national laws and recommendations. Other sustainability principles, related to **UN Agenda for Sustainable Development** and SDGs (sustainable development goals) have been mentioned below in an exhaustive manner, with relations to each priority axis/specific objective.

The programme area is already recognized as a multicultural and multi-ethnic environment in which the development of cultural and national identity of national minorities is strongly supported, and in the coming period the programme area will position itself as a region of strong promotion of cultural tolerance and strengthen social participation and integration into society. Already in the programming period, the situation analysis and SWOT addressed the needs of various target groups, vulnerable groups have been identified and their issues raised. Finally, adequate consideration of equal opportunities and non-discrimination issues was ensured through workshops and contribution from different stakeholders which will continue to be the case in other promotional activities of the programme and funded projects.

Finally, during the implementation of the programme the programme authorities will promote the **strategic use of public procurement** to support policy objectives (including professionalization efforts to address capacity gaps). Beneficiaries should be encouraged to use more quality-related and lifecycle cost criteria. When feasible, environmental (e.g., **green public procurement criteria**) and social considerations as well as innovation incentives should be incorporated into public procurement procedures. In addition, the programme will strongly support the digital use of all publication within the projects, reducing the printing of physical publications whenever possible.

**Regarding the “Do no significant harm principle - DNSH”, the programme objectives and all actions within each specific objective have been developed in consideration of the Taxonomy Regulation and in compliance with “do no significant harm” principle, i.e., it will support activities that respect the climate and environmental standards and that would do no significant harm to environmental objectives. This will be achieved by insisting on compliance with all national and EU legislations concerning environmental protection, especially in relation to possible infrastructure investment. In addition, applicants are expected to consider, where relevant, how the project submitted for funding, complies with the ‘do no significant harm’ principle - activities envisaged should be designed in a manner which does not significantly harm any of the six environmental objectives of the EU Taxonomy Regulation. **However, actions proposed in each of the specific objectives are not expected to have any significant negative environmental impact due to their nature and every infrastructure activity will be subject to environmental impact assessment as per the national legislation.****

In conclusion, before being approved for support from the programme, all project applications will be assessed against criteria and procedures which are non-discriminatory and transparent, ensure accessibility to persons with disabilities, gender equality and take account of the Charter of Fundamental Rights of the European Union and the principle of sustainable development and of the Union policy on the environment. All projects should therefore strive for a performance with low carbon footprint, with equal opportunities for men and women and inclusion of underrepresented groups from the programme area. Contribution to the horizontal principles is foreseen as an assessment criterion and the information provided by the projects in the applications for funding will be assessed. Projects with a negative impact on sustainable development, equal opportunities, anti-discrimination, and gender equality will not be funded. Furthermore, respecting all horizontal principles will be monitored during project implementation phase through reporting and monitoring visits.

Also, the programme will strongly support the measures which will ensure accessibility for persons with disabilities (investments in small-scale infrastructure adapted to specific needs of persons with disabilities, purchase of specialized equipment adapted for the use of persons with disabilities, publications adapted for the use of persons with disabilities, tailored made programmes and schemes, e.g., in tourism and culture, etc.).

### **Complementarities and synergies with other funding programmes and instruments**

The programme, as mentioned below, is in line with the key strategic document dealing with the region. This is also the case regarding other funding programmes and instruments where the programme can create synergies, i.e., support additional project ideas. It is important to emphasize that the programme logic is not designed in a way to support big structural reforms, nor is this the goal of cross-border programmes, but it will in contrast support projects with the biggest cross-border impact in the long run and create ideas/pilots/solutions that can be later implemented on a larger scale.

The Partnership Agreement between Croatia and the European Commission for the MFF 2021-2027 as one of the key development levers for the oncoming years has given clear guidelines on the desired goals for the future. These goals, divided between different OPs (“mainstream”), such as: programme Competitiveness and Cohesion, programme Effective Human Resources, Integrated Territorial Programme, stress the importance of green and digital transformation of the economy and public sector, thus also including the priorities of this programme in their logic - from social innovation and health investments (potential synergy with ESF+) to digital transformation and R&D initiatives.



This is also the case with the Croatian **Recovery and Resilience plan** that will help the country be more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. To this end, the plan consists of 146 investments and 76 reforms, 40.3% of the plan will support climate objectives and 20.4% of the plan will foster the digital transition, which will to some extent serve as an ideal addition to this programme since the objectives are similar to some extent (e.g., sustainable tourism and green transition component).

In the non-EU countries, IPA III funding, will support infrastructure projects and productive investments with a strong focus on the twin green and digital transition for the region, boosting circular economy and biodiversity and jointly implementing the upcoming Green Agenda for the Western Balkans. Investments are also probable in rural areas and agriculture, in the cultural and creative sectors, in health and human capital development, including education, and boosting cross-border cooperation, including on innovation. In short, IPA III assistance will continue to support the efforts of the IPA III beneficiaries to advance regional, macro-regional and cross-border cooperation as well as territorial development. The programme is also in line with the general objective of IPA III which is to support the beneficiaries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries to comply with Union values.

This programme will benefit from the MFA since it will create some prerequisites for a better functioning system, and for better absorption of funds from this programme.

Since the topic of energy efficiency and building renovation is high on the agenda, there are different financing models available in the region. The Green Economy Financing Facility (GEFF) Programme for the Western Balkans will continue in the future with a total of 135 million EUR invested in further increase of energy efficiency in the Western Balkan region, mitigating climate change. GEFF is implemented locally via the Regional Energy Efficiency Programme (REEP Plus) and is supported by a grant issued by the European Union (EU), the Western Balkans Investment Framework (WBIF). GEFF Credit line provides funding for investments in the green economy's housing sector in the Western Balkans, as well as to companies that offer energy efficiency and renewable energy sources to households through their products and services. This is seen complementary to the priority of the programme aimed at R&D activities, energy efficiency and climate change adaptation.

Coordination with other Interreg programmes (e.g., Croatia - Bosnia and Herzegovina - Montenegro, Hungary - Croatia, Hungary - Serbia, Danube, Central Europe) will be closely monitored, and continuous exchange of information with the concerned MAs/JSSs, especially during project assessment, will be conducted. This will allow to proactively promote synergies between projects and limit the risk of double financing. In addition, coordination will be monitored through national delegations who participate in monitoring committees of all concerned Interreg programmes and have a better insight of what is financed.

Managing Authority will implement all available mechanisms to ensure potential synergies and complementarities, as well as avoidance of double funding, of the projects supported by the programme and by other funds available in the Republic of Croatia and Republic of Serbia.

It is worth to mention **Union Civil Protection Mechanism**, which aims to strengthen cooperation between the EU Member States and 6 Participating States (Iceland, Norway, Serbia, North Macedonia, Montenegro, and Turkey) on civil protection to improve prevention, preparedness and response to disasters. Disasters know no borders and can hit one or several countries simultaneously without warning. Having a well-coordinated joint response means that when national authorities are overwhelmed, they have one point of contact, rather than multiple to deal with. A joint approach further helps to pool expertise and capacities of first responders, avoids duplication of relief efforts, and ensures that assistance meets the needs of those affected. By pooling together civil protection capacities and capabilities, it allows for a stronger and more coherent collective response. The Mechanism also helps coordinate disaster preparedness and prevention activities of national authorities and contributes to the exchange of best practices. This facilitates the continuous development of higher common standards enabling teams to understand different approaches better and work interchangeably when a disaster strikes. The synergy with this Mechanism could be seen in priority axes 2 and 3.

Furthermore, the programme will encourage stakeholders to fully exploit the synergy potential and results of **HORIZON Europe**. Complementarities are clearly visible since HORIZON Europe facilitates collaboration and strengthens the impact of research and innovation in developing, supporting and implementing EU policies while tackling global challenges. It supports creating and better dispersing of excellent knowledge and technologies. First Horizon Europe strategic plan defines the strategic orientations for our research and innovation investments over the period 2021-2024 and acts as a compass to stay on course with the political priorities of the Commission with a focus on a climate-neutral and green Europe, fit for the digital age, where the economy works for the people. Through the programme, special attention will be given to ensuring vibrant cooperation between universities, scientific communities and industry, including small and medium enterprises, and citizens and their representatives, in order to bridge gaps between territories, generations and regional cultures, especially caring for the needs of the young in shaping Europe's future.

Also, the programme is committed to pay particular attention to its potential contribution to **ERA (European research area)**. The aim of ERA and its importance today is to build excellence, cross-border cooperation between researchers, critical mass in key strategic areas, researchers' mobility and overall an open single market for research and innovation.

### Lessons-learnt from past experience

Based on the final evaluation of the previous programme and gathered input from stakeholders, the previous programme has been successful in its objective. In the period 2014-2020 the programme supported 42 projects and experience of these projects and knowledge gained provide a number of lessons learnt for 2021-2027 period. Therefore, this programme will continue the success of the previous period, with additional funds and hence a greater responsibility of achieving desired results.

Regarding lessons learnt from past experience, these should be highlighted:

- the programme area will face many difficulties and transformations in the upcoming period, including some uncertainties which could prove to have an impact on the interest of stakeholders for the programme. These relate to new trends focusing on digital and green transition, but also a possible economic uncertainty caused by the pandemic, and finally a continuous depopulation of the area that will have to be addressed in the projects as well;
- the stakeholders are in general reactive, i.e., they prepare their project ideas mainly based on the open calls. Therefore, the calls have to be precise and give clear guidelines for desired outcomes to get the most out of the funded projects;
- internally, the management of the programme has proved to be administratively burdensome and time consuming, so the new programme will learn from previous experience, attract additional capacities or external support and be more agile in its activities. The interaction between programme bodies ensures the decision-making to be effective;
- the previous programming and planning of indicators has been proved difficult, since the reliability of the baseline data from the previous period has been questionable. Since the programme logic is different in this period, this has been mitigated by indicators that have clear targets and baseline, that will measure the direct results and success produced by the projects.
- the programme will give additional resources to better inform citizens and stakeholders about the benefits that the programme is bringing in the territories and has started doing this from the programming process by including a wide array of stakeholders.

### How does the programme fit into other strategies and initiatives?

The programme area is crossed with numerous strategies and documents defining the desired development, national or regional ones. The programme is in line with the majority of strategies, advocating for the same goals, therefore helping in achieving the set goals of development.

The programme is in line with the goals of key European documents, namely the **Green Deal** that drives the EU to a more sustainable and environment friendly region. The programme contributes to the goal of *building and renovating in an energy and resource efficient way* by investing in new models and pilots for energy efficiency in buildings (use of more renewable energy), while renovating on a small scale. The preservation of biodiversity is in the heart of the Green Deal and taking into account the **EU Biodiversity Strategy for 2030**, the biodiversity crisis and the climate crisis are intrinsically linked. Climate change accelerates the destruction of the natural world through droughts, flooding and wildfires, while the loss and unsustainable use of nature are key drivers of climate change. Nature is therefore a vital ally in the fight against climate change that is rated among five main direct drivers of biodiversity loss. By investing into projects that are promoting climate change adaptation, including green infrastructure, the programme is directly contributing to biodiversity of the area and is enhancing its ecosystem services. As an additional step in ensuring the achievement of the biodiversity objectives, the programme promotes and supports implementation of green infrastructure as solutions designed to deliver wide range of ecosystem services, thus supporting green economy, create new job opportunities and enhance biodiversity. The programme intends to support research and innovation capacities and the uptake of advanced technologies, as also defined in the Green Deal - *mobilising research and fostering innovation*. Although these will be targeted across different areas, R&D projects that support green transition will be additionally embraced. Finally, the programme is in line with the **European Climate Pact**, by promoting cross-border connections and knowledge sharing, that will educate the public about climate change and develop, implement and finally scale up solutions for climate change adaptation.

Looking at the relations between the EU and Western Balkans, the **Economic and Investment Plan for the Western Balkans**, aims to spur the long-term economic recovery of the region, support a green and digital transition, foster regional integration and convergence with the European Union. Of the five pillars defined in the guidelines for implementing the **Green Agenda in the Western Balkans**, the programme directly addresses (i) climate action while others are also indirectly present in the programme logic: (ii) circular economy, (iii) biodiversity and (iv) fighting air, water and soil pollution. Digitalisation will be a key enabler for the above-mentioned pillars.

The programme was developed in such a way that it promotes sustainable development to the fullest extent possible, taking into account some key policy areas mentioned in the **Towards a Sustainable Europe by 2030** document and the **South - East Europe 2030 Strategy** drafted by Regional Cooperation Council (RCC). More concretely, it will directly tackle the following SDGs:

- 3. Ensure healthy lives and promote well-being for all at all ages - the programme will invest in universal health coverage and health workers that are in short supply;
- 7. Ensure access to affordable, reliable, sustainable and modern energy for all - the programme will support pilot actions developing innovative solutions using renewable energy sources;
- 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation - the programme will tackle the lack of investment in R&D in the area;
- 13. Take urgent action to combat climate change and its impacts - reducing greenhouse gas emissions and investing in climate risk reduction.

Secondly, at macro-regional level, the programme is in line with the **European Strategy for the Danube Region' (EUSDR)** making an impact in the following priority areas depicted in the strategy:

- PA 2 Sustainable energy – the programme will invest in pilot actions and demonstration projects in the field of renewable energy sources;
- PA 3 Culture and tourism - the programme will have a lasting impact on the change of the framework for tourism and culture development;
- PA 5 Environmental risks - the programme will have a significant part of the funds allocated to climate related activities;
- PA 6 Biodiversity, landscapes and air and soil quality – the programme will tackle this priority area through climate change adaptation actions;
- PA 7 Knowledge society – the programme will invest in research and innovation projects.
- PA 9 People and skills – the programme will support capacity building, joint training schemes, transfer of knowledge, development of skills, exchange of experience horizontally through all PAs.

The second important macro-regional strategy is the **'European Strategy for the Adriatic and Ionian Region' (EUSAIR)**, some of whose Pillars, flagships and topics are also dealt with in the programme and will be supported through actions, namely:

- *Pillar 3 Environmental Quality (topic 2 Transnational terrestrial habitats and biodiversity);*
- *Pillar 4 Sustainable Tourism (topic 1 Diversified tourism offer and topic 2 Sustainable and responsible tourism management).*

The programme will contribute also to the **Zagreb Declaration**, through strengthening cross-border cooperation between Croatia and Serbia in line with Declaration' conclusions.

Taking into account national strategies, both countries have strategies that are valid until 2030 and are in line with the general concepts promoted in EU documents and in this programme. **Croatian National Development Strategy 2030** points out strengthening crisis resilience and green and digital transition as two key priority policy areas, which is perfectly matched with the priorities of this programme.

The **National Sustainable Development Strategy of the Republic of Serbia** fully encompasses and integrates requirements of the 2030 Agenda through establishing a balance of three pillars of sustainable development: sustainable economic growth and economic and technological progress, sustainable social development, and environmental protection. The Strategy outlines 5 Priorities: 1) EU membership; 2) Development of competitive market economy and balanced economic growth; 3) Development of human resources and increased employment; 4) Development of infrastructure and balanced regional development; 5) Protect and promote the environment and achieve rational use of natural resources.

It is important to stress out that both countries have recognized the importance of long-term energy planning and have developed long-term strategies - **Energy Development Strategy of the Republic of Croatia until 2030** with a view to 2050, **Energy Development Strategy of the Republic of Serbia until 2025** with projections until 2030, all of which stress out the importance of energy efficiency and new technologies for energy transition.

The special care is given to promotion of the **New European Bauhaus initiative**. The programme will foster the synergy within priority axes 2 and 4 and the complementarity with dedicated funds in order to contribute to the delivery of this Initiative. Various promotion channels will be used such as programme website and programme social media channels. Potential applicants will be informed and strongly encouraged to apply such initiatives and principles during various programme events such as information days, project clinics, etc. Furthermore, the programme will encourage the stakeholders/applicants/beneficiaries to follow the **European Quality Principles for EU-funded Interventions with potential impact upon Cultural Heritage** in order to adopt quality measures through raising awareness and by strengthening the implementation of conservation principles and standards at every stage of the cycle, from programming to evaluation.

The programme considered **EU Youth Strategy** and **European Youth Goals** and will encourage the inclusion of children and youth in projects and cross-border events, in particular within priority axes 2, 3 and 4.

To ensure that rural areas can continue to play these essential roles, a European Commission communication sets out a **long-term vision for the EU's rural areas up to 2040**. It identifies areas of action towards stronger, connected, resilient

and prosperous rural areas and communities. Four complementary areas of action emerged, embodying a long-term vision from, by and for stronger, connected, resilient and prosperous rural areas by 2040. This EU vision will be addressed within all four programme PAs, especially with respect to tackling issues of social exclusion and job creation in rural areas, and the preservation of natural resources, the restoration of landscapes, including cultural ones, the greening of farming activities and shortening supply chains which will make rural areas more resilient to climate change, natural hazards and economic crises.

To conclude, the programme has considered key strategic documents on all levels, and its logic fits ideally in the main EU/national goals and objectives and will therefore be an additional enabler of change in the region. The funding distribution among different priority axes has been defined in a way to focus on digital and green transformation, i.e., raise competitiveness through R&D and green transition, i.e., climate change risk mitigation and biodiversity preservation.

**E-cohesion**

In line with Article 69(8) of CPR, Managing Authority shall ensure that all exchanges of information between beneficiaries and the programme authorities are carried out by means of electronic data exchange systems in accordance with Annex XIV of CPR.

The programme has set up the electronic monitoring system (eMS) which has been successfully used during 2014-2020 period and is fully functional. For the period 2021-2027, the programme uses the new electronic system developed by the Interact programme, joint electronic monitoring system (Jems). The licence agreement between Managing Authority and City of Vienna was signed in March 2021. All exchanges between beneficiaries and programme bodies will be carried out by Jems.

In line with Article 69(9) of CPR, Managing Authority shall ensure that all official exchanges of information with the Commission are carried out by means of an electronic data exchange system in accordance with Annex XV of CPR. The Managing Authority will use SFC2021 for all official exchange of information with the European Commission.

**1.3. Justification for the selection of policy objectives and the Interreg-specific objectives, corresponding priorities, specific objectives and the forms of support, addressing, where appropriate, missing links in cross-border infrastructure - 2000 characters per objective**

*Reference: point (c) of Article 17(3)*

Table 1

Selected policy objective or selected Interreg-specific objective	Selected specific objective	Priority axis	Justification for selection
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<p><b>PO1</b> <b>A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity</b></p>	<p><b>(i)</b> <b>Developing and enhancing research and innovation capacities and the uptake of advanced technologies</b></p>	<p><b>PA 1</b> <b>Cooperating for smarter programme area</b></p>	<p><b><u>Justification for the selection of PO1</u></b> The programme area stakeholders are aware of the 4<sup>th</sup> industrial revolution and EU-wide momentum for a green and digitised economy. To remain competitive, Croatian and Serbian cross-border region has to encompass and manage the ongoing transition and economic transformation. Research and innovation drive, enable and accelerate the shift towards green and digital transitions and support competitiveness and economic development.</p> <p><b><u>Justification for the selection of ERDF SO 1.1.</u></b> The level of investment in research and technological development in programme area is still very low, private sector research &amp; development is very limited, and university-industry collaboration is insufficient resulting in low technology transfer, moreover intellectual property protection is weak. Sustainable growth is increasingly related to the capacity of regional economies to innovate and transform, adapting to an ever changing and more competitive environment. Investments in research and innovation increase the programme area attractiveness. Research and innovation activities are cross-sectoral, with potential for integration of different sectors and topics. Implementation of targeted scientific research may have a positive impact on economy and programme area competitiveness.</p> <p>Within this SO, the programme will foster SMEs involvement as target groups in order to promote research and innovation uptake in enterprises as well. There will be no direct support to businesses.</p> <p>Form of support: grants The nature of the operations and the relatively small scale does not allow the efficient deployment of financial instruments. The supported operations will not generate income, therefore, using financial instruments is not optimal because the beneficiaries will not have the resources to pay back the support. Therefore, grants are the most feasible way of support.</p>
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<p><b>PO2</b> A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility</p>	<p><b>(ii)</b> Promoting renewable energy in accordance with Renewable Energy Directive (EU) 2018/2001, including the sustainability criteria set out therein</p>	<p><b>PA 2</b> Cooperating for greener and climate change resilient programme area</p>	<p><b><u>Justification for the selection of PO2</u></b> Programme area is rich in natural heritage resources and biodiversity. Therefore, the responsibility and need to support a greener, low-carbon and resilient programme area, which is threatened by climate changes, through the projects/activities is essential. In line with the EU Green Deal, territories have to respond to the challenges of environmental degradation and climate change, by boosting the efficient use of resources, protecting and restoring biodiversity as well as cutting pollution. <b><u>Justification for the selection of ERDF SO 2.2.</u></b> The programme area has favourable conditions in terms of renewable energy resources. Croatia and Serbia are strategically rethinking their energy development in the coming period and both countries have developed their own strategic documents with the aim of controlled energy development and environmental protection. Switching to renewables is key to green transition and environmental protection. There is a continuing need to promote energy efficiency and reduce greenhouse gas emissions and support the transition to renewable energy sources. There will be no direct support to businesses. Form of support: grants The nature of the operations and the relatively small scale does not allow the efficient deployment of financial instruments. The supported operations will not generate income, therefore, using financial instruments is not optimal because the beneficiaries will not have the resources to pay back the support. Therefore, grants are the most feasible way of support.</p>
	<p><b>(iv)</b> Promoting climate change adaptation and disaster risk prevention, resilience, taking into account eco-system based approaches</p>		<p><b><u>Justification for the selection of PO2 – as described within SO 2.2</u></b> <b><u>Justification for the selection of ERDF SO 2.4.</u></b> The programme area is one of the most vulnerable areas in Europe where serious consequences of climate change are already being felt. Over the past 50 years, analysing the climate-relevant data, the overall air temperature trends indicate the inclinations of average temperature increase in whole Croatia. The same goes for Serbia, i.e., in the 2008-2017 period, the mean annual temperature was 1.5°C higher than the values in the 1961-1990 period in most of the territory of Serbia. Moreover, since the water richness of the programme area: Danube and Sava rivers, another</p>



		<p>common challenge is the prevention of floods. Adaptation to climate change is a burning need for both countries. In addition to floods, the programme area has the most problems with droughts, wildfires, landslides, invasive alien species and earthquakes to some extent. Therefore, challenges connected to climate change and hydrological extremes are especially important to adapt to. There is the need to improve the capacities and knowledge of the policy makers and other sectors for increased resilience of ecosystems and communities towards climate change impacts and environmental disaster risk management in everyday life. In order to increase the resilience to climate change and disasters of the programme area, there is the clear need for tailored adaptation actions and a better preparedness and disaster risk management (to minimize the economic, social and environmental impact generated by climate change). There will be no direct support to businesses.</p> <p>Form of support: grants</p> <p>The nature of the operations and the relatively small scale does not allow the efficient deployment of financial instruments. The supported operations will not generate income, therefore, using financial instruments is not optimal because the beneficiaries will not have the resources to pay back the support. Therefore, grants are the most feasible way of support.</p>
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<p><b>PO4</b>  <b>A more social and inclusive Europe implementing the European Pillar of Social Rights</b></p>	<p><b>(v)</b>  <b>Ensuring equal access to health care and fostering resilience of health systems, including primary care, and promoting the transition from institutional to family-based and community-based care</b></p>	<p><b>PA3</b>  <b>Cooperating for healthier and more inclusive programme area</b></p>	<p><b><u>Justification for the selection of PO4</u></b>  Demographic change in terms of migrations, increased aging and low birth rate is one of the common challenges in the programme area.  Stopping negative demographic trends, such as the general depopulation of the programme area, declining natural growth or negative migration balance - are the challenges that will be faced in the programme area in the coming years. Furthermore, the health system, although in place, is not sustainable in the long term given the additional burden following the pandemic. The occurrence of COVID-19 forced both countries to undertake a number of changes in the field of population health protection.</p> <p><b><u>Justification for the selection of ERDF SO 4.5.</u></b>  The health systems are well developed in both countries but pose a question of sustainability with debts and public investment being high. The GDP % for health care is almost the same in both countries, with low long-term care investment. In both countries and programme area, the main cause of death are illnesses connected to the circulatory system. The COVID-19 pandemic is a global shock that represents an unprecedented burden on both health and social protection systems. Therefore, it is evident that the quality and distribution of health services is one of the priorities in the future period.  There will be no direct support to businesses.  Form of support: grants  The nature of the operations and the relatively small scale does not allow the efficient deployment of financial instruments. The supported operations will not generate income, therefore, using financial instruments is not optimal because the beneficiaries will not have the resources to pay back the support. Therefore, grants are the most feasible way of support.</p>
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	<p><b>(vi)</b>  <b>Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation</b></p>	<p><b>PA4</b>  <b>Cooperating for more sustainable and socially innovative tourism and culture</b></p>	<p><b><u>Justification for the selection of PO4</u></b>          Tourism will have a huge impact on the recovery of the economy with a potentially different, more locally centred approach. New trends in promotion and booking, new accommodation types, and travel motivations in the global tourism market have to be taken into account that would foster the development of tourism in the region. In addition, this has to be planned with increasing levels of environmental consciousness and a bigger interest in heritage and culture, while strengthening local economic activity at the same time.</p> <p><b><u>Justification for the selection of ERDF SO 4.6.</u></b>          Tourism and culture play an important role in the economies and identity of both countries. The cross-border area of Croatia and Serbia abounds with natural, historic and cultural resources, but with a general low level of marketing of the region’s cultural heritage. Since the programme area is homogenous in that respect, the challenges can be resolved through joint cross-border interventions.</p> <p>The support to the development of visitor activities that enable visitors to meet local residents and engage in cultural tourism activities and events will be key in fostering this sector. It is vital to create a joint offer of tourist products and services and provide new destination management tools.</p> <p>There will be no direct support to businesses.</p> <p>Form of support: grants</p> <p>The nature of the operations and the relatively small scale does not allow the efficient deployment of financial instruments. The supported operations will not generate income, therefore, using financial instruments is not optimal because the beneficiaries will not have the resources to pay back the support. Therefore, grants are the most feasible way of support.</p>
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## 2. Priorities

Reference: points (d) and (e) of Article 17(3)

### 2.1. Title of the priority

Reference: point (d) of Article 17(3)

#### Priority Axis 1 – Cooperating for smarter programme area

#### 2.1.1. Specific objective (repeated for each selected specific objective, for priorities other than technical assistance)

Reference: point (e) of Article 17(3)

##### Specific objective 1.1. - Developing and enhancing research and innovation capacities and the uptake of advanced technologies

#### 2.1.2. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

The cross-border area has a great unrealized potential in increasing innovative forms of economic activity for its future economic development. With the whole of Europe undergoing green and digital transition, the programme area is yet to use the strengths it has in the presence of a number of research institutions and a relatively high number of SMEs in order to foster innovative and competitive economic base. Better innovative capacity is pivotal for increasing economic activities, both in economically better of urban part of the area, as well as in the more rural areas with demographic challenges. Even if institutional basis (presence of higher education and research institution) in the area exists, knowledge creation and technology transfer is yet to become an integral part of the economic activity to the level at which it can support a more competitive and smarter forms of economy.

The programme will be focused on supporting actions that support and accelerate innovation and technology transfer, primarily (but not exclusively) in the area of green economy.

Examples of cross-border actions to be supported (non-exhaustive lists):

1. Supporting cross-border innovation and technology based on smart specialization approach and improving cooperation between research institutions, SMEs, public sector, and business support organisations
2. Supporting pilot lines, early product validation, certification, advanced manufacturing capabilities including via science – business collaboration
3. Strengthening and modernising business support services (including small-scale infrastructure preferring nature-based solutions) that could help with: trainings, marketing, developing and or implementing new services/products, using ICT and new technologies, implementing innovative solutions in business organisation and processes (blockchain, big data, cloud computing, Internet of Things, advanced manufacturing, robotics, artificial intelligence, cybersecurity, etc.)
4. Accelerating innovation and technology transfer (e.g., bio, green and circular economy, agriculture, food production, smart manufacturing (the value chain should include efficiency of resources used, as well as responsible sourcing), climate change, biodiversity, skills development for smart specialization, etc.) in order to support the roll out of innovative solutions
5. Pilot actions aimed at transferring good practices on green economy trends and standards
6. Enhancing support services for SMEs and entrepreneurs to improve their access to research and technological innovations
7. Enhancing transfer and upscaling of proven green solutions to reduce the environmental footprint of production processes and open up green business opportunities
8. Improving capacities, developing technical solutions and new work methods, and integration of innovative solutions using ICT for public sector needs
9. Supporting the establishment of Living Labs, test-beds and ecosystems to promote the development and actual use of innovative solutions
10. Supporting cooperation of public authorities in development, implementation and monitoring of smart specialisation strategies and other policy tools for development of innovative economy
11. Establishing connections and long-term cooperation between research institution especially in joint capacity building for innovation and technology transfer to businesses.

The proposed non-exhaustive list of actions is aimed at creating linkages, boosting capacities and promoting best

practices of cooperation among businesses that will enable development of smart and innovative economy across the area. They aim at creating favourable preconditions for the enhancement of the technology base of the economic activity in the programme area by raising the policy-making capacities, establishing of institutional cooperation across the quadruple helix, creating the best practices in businesses and establishing business and knowledge exchanges across the border.

Actions will directly contribute to EUSDR priority area 7. However, other priority areas will be tackled also (5 and 6).

The types of actions have been assessed as compatible with the DNSH principle since they are not expected to have any significant negative environmental impact due to their nature.

For the INTERACT and ESPON programme:

Reference: point (c)(i) of Article 17(9)

Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Not applicable

### 2.1.3. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2

#### Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Final target (2029)
1	1.1.	RCO 87	RCO 87 - Organisations cooperating across borders	Organisations	0	34
1	1.1.	RCO 84	RCO 84 - Pilot actions developed jointly and implemented in projects	Pilot actions	0	12
1	1.1.	RCO 116	RCO 116 - Jointly developed solutions	Solutions	0	8

Table 3

#### Result indicator

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Final target (2029)	Source of data	Comments
1	1.1.	RCR 84	RCR 84 - Organisations cooperating across borders after project completion	Organisations	0	2021	17	Programme monitoring system	
1	1.1.	RCR 104	RCR 104 - Solutions	Solutions	0	2021	4	Programme monitoring	

			taken up or up-scaled by organizations					system	
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#### 2.1.4. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

<p>Target groups include all the relevant stakeholders that make up for a healthy innovation ecosystem. These are all elements of the quadruple helix that support innovative economy from the knowledge generation to marketing of the innovative products. They include:</p> <ul style="list-style-type: none"> <li>• Public authorities (national/regional/local level) and bodies governed by public law</li> <li>• Research institutions and higher education organisations (universities, faculties, institutes)</li> <li>• Business support institutions, e.g., regional and local development agencies, chambers of commerce, innovation agencies and hubs, business incubators, competence centres, technology and industrial parks, start-up centres</li> <li>• Business clusters, associations or non-governmental organisations aimed at promotion of technology transfer and innovation</li> <li>• SMEs will be included only indirectly</li> <li>• All population groups which will benefit from an improved research activities and innovative actions.</li> </ul>
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#### 2.1.5. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools Reference: Article point (e)(iv) of 17(3)

Text field [7 000]

Not applicable
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#### 2.1.6. Planned use of financial instruments Reference: point (e)(v) of Article 17(3)

Text field [7 000]

Not applicable
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#### 2.1.7. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4

Dimension 1 – intervention field

Priority no	Fund	Specific objective	Code	Amount (EUR)
1	IPA III	SO 1.1.	012	3.306.142,50
1	IPA III	SO 1.1.	028	2.644.914
1	IPA III	SO 1.1.	030	661.228,50

Table 5

Dimension 2 – form of financing

Priority no	Fund	Specific objective	Code	Amount (EUR)
1	IPA III	SO 1.1.	01	6.612.285

Table 6

Dimension 3 – territorial delivery mechanism and territorial focus

Priority No	Fund	Specific objective	Code	Amount (EUR)
1	IPA III	SO 1.1.	33	6.612.285

## 2.1. Title of the priority (repeated for each priority)

Reference: point (d) of Article 17(3)

### Priority Axis 2 - Cooperating for greener and climate change resilient programme area

2.1.1. Specific objective (repeated for each selected specific objective, for priorities other than technical assistance)

Reference: point (e) of Article 17(3)

#### **Specific objective 2.2. - Promoting renewable energy in accordance with Renewable Energy Directive (EU) 2018/2001, including the sustainability criteria set out therein**

2.1.2. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

The cross-border area has a significant potential for the use of renewable energy sources. Exploiting this potential requires large investments in infrastructure, while substantial cross-border effects would require improvement and harmonization of regulatory conditions at national levels, both of which goes beyond the framework of cross-border cooperation programmes. The impact of cross-border cooperation, however, is expected on the development of favourable models and exchange of experiences and practices that contribute to the reduction of CO2 emissions. Also, the programme aims towards the effects in reducing energy consumption, the introduction of innovative technologies in the field of renewable energy sources and in particular supporting models and practices that raise the energy efficiency of buildings and households. The actions will be focused on public infrastructure, creation of knowledge-base and human resources required for energy transition, as well as on national, regional and local agencies that promote energy efficiency and support and encourage end users to use energy from renewable sources and rationalise the energy consumption. The actions which are related to the promotion of renewable energy production will consider their contribution to climate neutrality policies and potential environmental impacts e.g., on biodiversity and Natura 2000 species and habitats, hydro-morphology, water-use, noise, vibrations and electromagnetic impacts as well as cultural (and touristic) landscape protection. The programme will not support production of biomass deriving from deforestation or forest degradation or waste incineration or any activity leading to significant increase in incineration.

The proposed actions include investments in measures and actions that increase energy efficiency and improve the integration of sustainable renewable energy sources. Use of RES such as solar and bioenergy plants should be considered when developing new infrastructure.

Examples of cross-border actions to be supported (a non-exhaustive list):

1. Development of joint solutions to increase the production of additional capacity for renewable energy (e.g., solar, geothermal, biomass, etc.) including small-scale infrastructure preferring nature-based solutions
2. Development and implementation of joint pilot actions that improve the integration of sustainable renewable energy sources in different sectors (e.g., building and construction sector, industry, agriculture, forestry etc.)
3. Joint solutions, research and pilot actions on RES (e.g., circular solutions, use and reuse of sustainable materials, demo centres/plants)
4. Implementing pilot actions to test innovative and climate-neutral solutions through, e.g., taking up and exploiting R&D results for the energy efficient renovation and heating and cooling of buildings (including cultural heritage buildings)
5. Improving energy demand management and fostering behavioural changes of consumers for reducing energy consumption and a resource-efficient and sustainable use of energy, supporting schemes linking various aspects of energy savings and energy efficiency, including include awareness raising activities and information regarding cooperation mechanisms and financing schemes
6. Promoting the production and use of advanced biofuels (produced from non-food/energy crops, such as cellulosic biofuels, and biomass supplied from sustainable sources), prioritising the use of brownfield locations. The programme shall support alternative methods of water collection for irrigation of energy crops
7. Strengthening the cross-border cooperation and transfer of knowledge in the region through exchange of experience, information (awareness raising) and capacity building through online and in-situ trainings to improve skills in the field of use of renewable energy sources.

Expected results of the actions are improved conditions for public and private sector investments and innovations in energy efficiency and integration of sustainable renewable energy sources in different sectors across the programme area. Actions will directly contribute to EUSDR priority areas 2 and 5, and to EUSAIR pillar 3. The types of actions have been assessed as compatible with the DNSH principle since they are not expected to have any significant negative environmental impact due to their nature.

For the INTERACT and ESPON programme:

Reference: point (c)(i) of Article 17(9)

Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Not applicable

### 2.1.3. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2

#### Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Final target (2029)
2	SO 2.2.	RCO 84	RCO 84 - Pilot actions developed jointly and implemented in projects	Pilot action	0	6
2	SO 2.2.	RCO 116	RCO 116 - Jointly developed solutions	Solution	0	6

Table 3

#### Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Final target (2029)	Source of data	Comments
2	SO 2.2.	RCR 104	RCR 104 - Solutions taken up or up-scaled by organizations	Solution	0	2021	3	Programme monitoring system	

### 2.1.4. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

The programme will aim at encouraging beneficial models and practices in use of renewable energy sources through supporting the public sector institutions that can educate end users and service providers, as well as initiate, plan and promote renewable energy, i.e. public authorities (national/regional/local level) and bodies governed by public law, public energy actors (agencies, operators and facilities), public providers of communal services, regional and local development agencies, education and research institutions and organisations and NGOs and Cooperatives active in the energy efficiency field. Target groups also include all population groups which will benefit from an improved regional and local energy performance.

### 2.1.5. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3)

Text field [7 000]

Not applicable

### 2.1.6. Planned use of financial instruments Reference: point (e)(v) of Article 17(3)

Text field [7 000]

Not applicable
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2.1.7. Indicative breakdown of the EU programme resources by type of intervention  
Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4

Dimension 1 – intervention field

Priority no	Fund	Specific objective	Code	Amount (EUR)
2	IPA III	SO 2.2.	044	1.566.067,70
2	IPA III	SO 2.2.	048	2.192.494,78
2	IPA III	SO 2.2.	049	1.566.067,70
2	IPA III	SO 2.2.	052	939.640,62

Table 5

Dimension 2 – form of financing

Priority no	Fund	Specific objective	Code	Amount (EUR)
2	IPA III	SO 2.2.	01	6.264.270,80

Table 6

Dimension 3 – territorial delivery mechanism and territorial focus

Priority No	Fund	Specific objective	Code	Amount (EUR)
2	IPA III	SO 2.2.	33	6.264.270,80

2.1.1. Specific objective (repeated for each selected specific objective, for priorities other than technical assistance)  
Reference: point (e) of Article 17(3)

**Specific objective 2.4. - Promoting climate change adaptation and disaster risk prevention, resilience, taking into account ecosystem-based approaches**

2.1.2. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

The natural environment is one of the key elements of the programme areas attractiveness and its socio-economic development potential. Its diverse geographical conditions, richness in water resources and forests, makes it an area with high biodiversity, rich in different, but also very sensitive ecosystems. The abundance of water resources is one of the great riches of the programme area. However, much like other parts of Europe, the programme area has been very much exposed to the negative effects of climate changes. In addition to floods, the programme area has the most problems with drought due to rising average temperatures and to more extreme weather conditions, wildfires, landslides, invasive alien species and earthquakes to some extent. Such events demand direct joint action once they take place, but the area already has different local and national models of cooperation in monitoring and prevention in place. There is the need to improve the capacities and knowledge of the policy makers and other sectors for increased resilience of eco-systems and communities towards climate change impacts and environmental disaster risk management across sectors in order to be able to efficiently implement adaptation measures.

The programme will thus give priority to joint nature-based solutions and developing sustainable systems that will help all the relevant stakeholders to jointly promote disaster prevention and resilience, as well as the climate change adaptation.

The aim is to improve the capacities and preparedness to combat with climate change impacts and disasters and to manage the related risks.

Use of RES (including energy storage in situ, where possible) should be considered when developing new infrastructure.

Examples of cross-border actions to be supported (non-exhaustive lists):

1. Development and introduction of joint climate change adaptation, disaster prevention and first response plans, SECAP, as well as solutions and systems for monitoring, prevention and management of potential risks (e.g., floods, wildfires, landslides, droughts, earthquakes, invasive alien species, etc.)
2. Encouraging intersectoral/interstate cooperation in risk prevention and rapid response management through development and implementation of joint protocols, procedures, approaches, measures, and sectoral risk and vulnerability assessments, such as establishment of joint emergency centres, small-scale infrastructure preferring nature-based solutions, response vehicles, equipment, shelters, etc.
3. Strengthening of institutional and expert capacities and raising awareness to address environmental issues, climate change and disaster risks reduction (e.g., workshops, methodologies, protocols, educational materials, joint training for civil protection units)
4. Development of cross-border risk assessment and disaster risk strategies for cross-border hazards such as droughts, floods, landslides, fires, invasive alien species directly threatening biodiversity and eco-systems
5. Exchanging knowledge and good practices on eco-system based climate change adaptation measures and implementing pilot actions for protection and restoration towards resilient eco-systems, e.g. rivers and wetlands, forests, cross-border connectivity of habitats, agro-forestry, biodiversity, landscapes, climate proofing, modelling and forecasting
6. Testing integrated climate-adaptation solutions in pilot actions (e.g., green infrastructure), which combine technological, ecological, social, cultural, governance and financial aspects taking into account good practices available at local, regional, national or European level (in order to decrease the trend of landscape fragmentation and taking into account visual values of urban and rural areas).
7. Increasing climate resilience of critical infrastructure and cultural/natural heritage sites through improved risk preparedness and risk management plans
8. Integrating climate change aspects and nature-based solutions into water management on local, regional and interregional level (considering e.g., water quality, flooding, rainwater management and water retention, water scarcity, drinking water supply including smart water pricing, ground water, forecasting, waste-water collection and treatment) and preservation of wetlands, reforestation and preservation of natural floodplains
9. Sharing knowledge and developing solutions for climate proofing the agricultural and forestry sectors (e.g., finding trees with increased carbon sinks, improving groundwater management and soil quality, preparation and updating of forestry management plans) to increase their resilience towards e.g., droughts, floods, outbreaks of pests, invasion of invasive alien species. The programme shall support alternative methods of water collection for irrigation in agricultural and forestry sectors.
10. Developing solutions for strengthening eco-system services for human health and wellbeing to support social resilience and counteracting socio-economic impacts of climate change (e.g., introducing green infrastructure and green building principles in urban and rural areas).



Actions will directly contribute to EUSDR priority areas 5 and 6, and to EUSAIR pillar 3. The types of actions have been assessed as compatible with the DNSH principle since they are not expected to have any significant negative environmental impact due to their nature. The proposed list of actions should be addressed through regular and strategic project.

For the INTERACT and ESPON programme:

Reference: point (c)(i) of Article 17(9)

Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Not applicable

### 2.1.3. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2

Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Final target (2029)
2	SO 2.4.	RCO 83	RCO 83 - Strategies and action plans jointly developed	Strategy/action plan	0	3
2	SO 2.4.	RCO 84	RCO 84 - Pilot actions developed jointly and implemented in projects	Pilot action	0	8
2	SO 2.4.	RCO 116	RCO 116 - Jointly developed solutions	Solution	0	8

Table 3

Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Final target (2029)	Source of data	Comments
2	SO 2.4.	RCR 79	RCR 79 - Joint strategies and action plans taken up by organizations	Joint strategy/action plan	0	2021	1	Programme monitoring system	
2	SO 2.4.	RCR 104	RCR 104 - Solutions taken up or up-scaled by organizations	Solutions	0	2021	4	Programme monitoring system	

### 2.1.4. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

The programme will target the key stakeholders capable of planning and implementing climate change adaptation and risk prevention and responses. These are predominantly public authorities (national/regional/local level) and bodies governed by public law, sectoral agencies and environmental institutions active in or responsible for environment protection and risk prevention and mitigation (including Basin management institutions), first responders, including rescue organisations and different civil protection organisations, public energy actors (agencies, operators and facilities),

public providers of communal services as well as research and innovation institutions, education organisations (universities, faculties, schools), regional and local development agencies, NGOs and associations in the field of environment protection. Target groups could include all population groups (e.g. children, youth) that will benefit from better mitigation measures and climate change adaptation activities.

2.1.5. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3)

Text field [7 000]

Not applicable

2.1.6. Planned use of financial instruments Reference: point (e)(v) of Article 17(3)

Text field [7 000]

Not applicable

2.1.7. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4

Dimension 1 – intervention field

Priority no	Fund	Specific objective	Code	Amount (EUR)
2	IPA III	SO 2.4.	058	3.288.742,17
2	IPA III	SO 2.4.	060	1.879.281,24
2	IPA III	SO 2.4.	064	1.409.460,93
2	IPA III	SO 2.4.	079	1.879.281,24
2	IPA III	SO 2.4.	080	939.640,62

Table 5

Dimension 2 – form of financing

Priority no	Fund	Specific objective	Code	Amount (EUR)
2	IPA III	SO 2.4.	01	9.396.406,20

Table 6

Dimension 3 – territorial delivery mechanism and territorial focus

Priority No	Fund	Specific objective	Code	Amount (EUR)
2	IPA III	SO 2.4.	33	9.396.406,20

## 2.1. Title of the priority (repeated for each priority)

Reference: point (d) of Article 17(3)

### Priority Axis 3 - Cooperating for healthier and more inclusive programme area

2.1.1. Specific objective (repeated for each selected specific objective, for priorities other than technical assistance)

Reference: point (e) of Article 17(3)

#### Specific objective 4.5. - Ensuring equal access to health care and fostering resilience of health systems, including primary care, and promoting the transition from institutional to family-based and community-based care

2.1.2. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Programme area has a substantial, but inefficient network of health care institutions, which often cannot provide for satisfactory and equal access to services for the patients. Border areas in particular suffer from poor access to health care, especially in cases where hospital care in one's own country is further away than the health care across the border. The access to health care remains a challenge and the network of health care institutions cannot fully meet the needs even on one side of the border. Previously under-organised and under-staffed health support systems of the border areas have been further challenged by COVID-19 crisis. As most of Europe, the border area therefore needs to adjust to the challenges of global pandemics and seize the opportunities of technological advancements in the organisation of medical practices and health support. The programme will promote the transition from institutional and hospital-centred model to family-based and community-based care and support primary and integrated health care models. Support to residential care facilities could be considered if investments are compliant with the certain conditions such as: they contribute to the EU's relevant policy objectives as expressed in the European Pillar of Social Rights, and is fully in line with the requirements of the UNCRPD (including the principles of equality, freedom of choice, the right to independent living, accessibility and prohibiting all forms of segregation), they do not undermine de-institutionalisation process, they upgrade the standards and quality of existing institutions, they respect the highest standards of human rights and fundamental freedoms and are fully in line with the national strategies/plans.

Examples of cross-border actions to be supported (non-exhaustive lists):

1. Development and implementation of ICT solutions and (pilot) actions to support digitalization in health and social care
2. Improving access to health and social care services for vulnerable and marginalised groups such as children (e.g., children deprived of parental care), elderly, persons with disabilities through investments in individual social housing, equipment, transport means, etc.
3. Improving the accessibility and effectiveness of cross-border public health care services by investing in telemedicine, diagnostics, mobile clinics/infirmaries and mobile assets, including small-scale infrastructure preferring nature-based solutions
4. Transfer of knowledge through exchange of experience, awareness raising, lifelong learning, education and training programmes, and capacity building through online and in-situ trainings to improve skills in the field of health care and social care and enhance the delivery of primary care and family-based and community-based care services
5. Developing and implementing joint activities/solutions to promote healthy lifestyles, active and healthy aging, disease prevention.

The programme aims to contribute to accessibility and effectiveness of the health care and social care system in the border areas by improving infrastructure, skills and organisation of health care and social care in the programme area. The proposed action will demonstrate their contribution to the resilience and sustainability of health care and social care system.

Actions will directly contribute to EUSDR priority area 7 and 9.

The types of actions have been assessed as compatible with the DNSH principle since they are not expected to have any significant negative environmental impact due to their nature.

For the INTERACT and ESPON programme:

Reference: point (c)(i) of Article 17(9)

Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Not applicable
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### 2.1.3. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2

Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Final target (2029)
3	SO 4.5.	RCO 84	RCO 84 - Pilot actions developed jointly and implemented in projects	Pilot action	0	9
3	SO 4.5.	RCO 116	RCO 116 - Jointly developed solutions	Solution	0	6
3	SO 4.5.	RCO 85	RCO 85 - Participations in joint training schemes	Participant	0	105
3	SO 4.5.	RCO 87	RCO 87 - Organisations cooperating across borders	Organisation	0	29

Table 3

Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Final target (2029)	Source of data	Comments
3	SO 4.5.	RCR 104	RCR 104 - Solutions taken up or up-scaled by organizations	Solution	0	2021	3	Programme monitoring system	
3	SO 4.5.	RCR 81	RCR 81 - Completions of joint training schemes	Participant	0	2021	84	Programme monitoring system	
3	SO 4.5.	RCR 84	RCR 84 - Organisations cooperating across borders after project completion	Organisations	0	2021	9	Programme monitoring system	

### 2.1.4. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

While the aim of this priority is to improve the access to health/social care for all, the programme will directly target health/social care providers and institutions and organisations that can support them or their patients in the health/social care access. Therefore, the expected target groups are: public institutions dealing with health care, long-term care and social care (e.g. hospitals, clinics, health care centres/facilities, social care centres, homes and centres for elderly), education and research institutions, national/regional/local public authorities and bodies governed by public law, regional and local development agencies, civil society organisations active in promoting health care and/or social care or assisting patients in accessing it, especially patients from vulnerable groups, organisations providing family-based and community-based care. In addition, other population groups (children, seniors, persons with disabilities) could be targeted, depending on the specific actions of projects.

2.1.5. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3)

Text field [7 000]

Not applicable

2.1.6. Planned use of financial instruments Reference: point (e)(v) of Article 17(3)

Text field [7 000]

Not applicable

2.1.7. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4

Dimension 1 – intervention field

Priority no	Fund	Specific objective	Code	Amount (EUR)
3	IPA III	SO 4.5.	128	2.088.090,30
3	IPA III	SO 4.5.	129	1.392.060,20
3	IPA III	SO 4.5.	159	1.392.060,20
3	IPA III	SO 4.5.	160	1.044.045,15
3	IPA III	SO 4.5.	162	1.044.045,15

Table 5

Dimension 2 – form of financing

Priority no	Fund	Specific objective	Code	Amount (EUR)
3	IPA III	SO 4.5.	01	6.960.301

Table 6

Dimension 3 – territorial delivery mechanism and territorial focus

Priority No	Fund	Specific objective	Code	Amount (EUR)
3	IPA III	SO 4.5.	33	6.960.301

## 2.1. Title of the priority (repeated for each priority)

Reference: point (d) of Article 17(3)

### Priority Axis 4 - Cooperating for more sustainable and socially innovative tourism and culture

2.1.1. Specific objective (repeated for each selected specific objective, for priorities other than technical assistance)

Reference: point (e) of Article 17(3)

#### Specific objective 4.6 - Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation

2.1.2. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

The cross-border area of Croatia and Serbia abounds with natural, historic and cultural resources, but with a general low level of marketing of the region's cultural heritage. In line with the EU Green Deal and Territorial Agenda 2030, it is important to balance economic, social and environmental aspects in all support activities (all three strands of sustainability shall be taken into account). In this context, sustainability of tourism and culture can be informed through social innovations as cooperative processes, which respond to local needs and create novel solutions and social and other values at the destination. Therefore, it is of uniform importance throughout the programme area that tourism and culture develops sustainably (including financial self-sustainability) and that it has an added value that it brings both to the consumers and to the local communities that will act as hosts.

The programme aims to support the specific, innovative, sustainable, green, digital and smart forms of tourism and culture (including new and existing sustainable tourism/cultural sites) that develops the advantage for the local communities and economies.

Examples of cross-border actions to be supported (non-exhaustive lists):

1. Developing and implementing joint (pilot) actions (including place-based solutions) to support diversification and sustainability of the tourism by investing in lesser-known destinations and diverse forms of tourism (cultural, rural, agro, active, etc.) including small-scale infrastructure preferring nature-based solutions
2. Developing and implementing innovative solutions and creating smart destinations (e.g., through digitalisation and creative industries), and new services and products for specific targeted market segments such as seniors, young people or people with disabilities including small-scale infrastructure preferring nature-based solutions
3. Development and implementation of measures to protect, develop and promote sustainable cultural heritage and cultural services, landscape heritage, public tourism assets and tourism services including investments in physical regeneration and security of public spaces (including small-scale infrastructure preferring nature-based solutions), in the scope of their inclusion in the touristic and/or cultural circuit
4. Support of social innovation and inclusion in tourism and culture - development of existing and/or new tourism and culture businesses to support job creation including up-skilling and re-skilling of vulnerable groups (e.g. upgrading digital skills)
5. Protection, development and promotion of natural heritage and eco-tourism including Natura 2000 sites (including campaigns to eliminate invasive species in the programme area and integration of green infrastructure as means of stopping the loss of biodiversity and supporting multiple ecosystem services)
6. Integration of existing tourist products into cross-border thematic routes, products or destinations and their further advancement
7. Capacity building for innovation in tourism and cultural heritage, focusing on recovery and resilience, and sustainable development of new or upgrading of existing cross-border tourism products, product diversification to adapt to new trends and needs, including sustainable mobility measures such as use of public transportation, alternative mobility modes, low-emission transport
8. Adoption of green concepts and standards in cross-border tourist products and services and sustainable use of culture and tourist potentials of the border regions (including support to existing mainstream tourism destinations to make them more environmentally sustainable).

Actions will directly contribute to EUSDR priority area 3, and to EUSAIR pillar 4.

The types of actions have been assessed as compatible with the DNSH principle since they are not expected to have any significant negative environmental impact due to their nature.

For the INTERACT and ESPON programme:

Reference: point (c)(i) of Article 17(9)

Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Not applicable

### 2.1.3. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2

Output indicators

Priority	Specific objective	ID [5]	Indicator	Measurement unit [255]	Milestone (2024) [200]	Final target (2029) [200]
4	SO 4.6.	RCO 77	RCO 77 - Number of cultural and tourism sites supported	Cultural and tourism sites	0	14
4	SO 4.6.	RCO 87	RCO 87 - Organisations cooperating across borders	Organisations	0	22

Table 3

Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Final target (2029)	Source of data	Comments
4	SO 4.6.	RCR 77	RCR 77 - Visitors of cultural and tourism sites supported	Visitors	0	2021	14.000	Programme monitoring system and sites statistics	
4	SO 4.6.	RCR 84	RCR 84 - Organisations cooperating across borders after project completion	Organisations	0	2021	11	Programme monitoring system	

### 2.1.4. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

Target groups include all the actors in creation and provision of the tourist services in tourism and culture, especially:

- Public authorities (national/regional/local level) and bodies governed by public law
- Regional and local development agencies
- Associations and NGOs operating in the field of tourism, culture, nature, training and education, rural development
- Sectoral agencies active in the field of tourism, culture and nature protection, rural development
- Education and research organisations
- Tourism organisations and institutions
- Culture organisations and institutions
- Chambers of commerce
- Chambers of trades and crafts
- Clusters of producers
- SMEs (only indirectly)

In addition, other population groups could be targeted (youth, seniors, persons with disabilities), depending on the specific actions of projects.

2.1.5. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3)

Text field [7 000]

Not applicable

2.1.6. Planned use of financial instruments Reference: point (e)(v) of Article 17(3)

Text field [7 000]

Not applicable

2.1.7. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4

Dimension 1 - intervention field

Priority no	Fund	Specific objective	Code	Amount (EUR)
4	IPA III	SO 4.6.	078	556.824
4	IPA III	SO 4.6.	165	1.948.884
4	IPA III	SO 4.6.	166	1.948.884
4	IPA III	SO 4.6.	167	1.113.648

Table 5

Dimension 2 - form of financing

Priority no	Fund	Specific objective	Code	Amount (EUR)
4	IPA III	SO 4.6.	01	5.568.240

Table 6

Dimension 3 - territorial delivery mechanism and territorial focus

Priority No	Fund	Specific objective	Code	Amount (EUR)
4	IPA III	SO 4.6.	33	5.568.240



### 3. Financing plan

Reference: point (f) of Article 17(3)

#### 3.1. Financial appropriations by year

Reference: point (g)(i) of Article 17(3), points (a) to (d) of Article 17(4)

Table 7

Fund	2021	2022	2023	2024	2025	2026	2027	Total
IPA III CBC	0.00	6.480.378	6.620.706	6.718.005	6.839.845	5.753.768	5.868.951	38.281.653
<b>Total</b>	<b>0.00</b>	<b>6.480.378</b>	<b>6.620.706</b>	<b>6.718.005</b>	<b>6.839.845</b>	<b>5.753.768</b>	<b>5.868.951</b>	<b>38.281.653</b>

#### 3.2. Total financial appropriations by fund and national co-financing Reference: point (f)(ii) of Article 17(3), points (a) to (d) of Article 17(4)

Table 8

Policy objective No	Priority	Fund (as applicable)	Basis for calculation EU support (total eligible cost or public contribution)	EU contribution (a)=(a1)+(a2)	Indicative breakdown of the EU contribution		National contribution (b)=(c)+(d)	Indicative breakdown of the national counterpart		Total (e)=(a)+(b)	Co-financing rate (f)=(a)/(e)	Contributions from the third countries (for information)
					without TA pursuant to Article 27(1) (a1)	for TA pursuant to Article 27(1) (a2)		National public (c)	National private (d)			
1	1	IPA III CBC	Total	7.273.513	6.612.285	661.228	1.283.561	1.283.561	0	8.557.074	85%	0
2	2	IPA III CBC	Total	17.226.745	15.660.677	1.566.068	3.040.014	3.040.014	0	20.266.759	85%	0
4	3	IPA III CBC	Total	7.656.331	6.960.301	696.030	1.351.117	1.351.117	0	9.007.448	85%	0
4	4	IPA III CBC	Total	6.125.064	5.568.240	556.824	1.080.894	1.080.894	0	7.205.958	85%	0
	<b>Total</b>	<b>IPA III CBC</b>	<b>Total</b>	<b>38.281.653</b>	<b>34.801.503</b>	<b>3.480.150</b>	<b>6.755.586</b>	<b>6.755.586</b>	<b>0</b>	<b>45.037.239</b>	<b>85%</b>	<b>0</b>
	<b>Grand total</b>		<b>Total</b>	<b>38.281.653</b>	<b>34.801.503</b>	<b>3.480.150</b>	<b>6.755.586</b>	<b>6.755.586</b>	<b>0</b>	<b>45.037.239</b>	<b>85%</b>	<b>0</b>

## 4. Action taken to involve the relevant programme partners in the preparation of the Interreg programme and the role of those programme partners in the implementation, monitoring and evaluation

Reference: point (g) of Article 17(3)  
Text field [10 000]

In line with regulatory requirements laid down in Article 8 of the CPR, the participating countries (with the assistance of MA/JS) of Interreg IPA CBC programme Croatia-Serbia 2014-2020 have involved a broad range of relevant partners in preparing the new programme for 2021-2027.

Partnership principle was fully respected since all relevant partners were included in the design of the programme, namely: public administration bodies, chambers, development agencies, science/technology parks, centres for entrepreneurship, local/regional government units, public institutions, LAGs, utility companies, research/educational/scientific institutions, public hospitals, health centres, civil society organisations, various NGOs, tourist boards, SMEs, from both participating countries.

The partner/stakeholder's involvement process was divided into two phases at different development stages of the new programme: 1) preparation of the territorial and socioeconomic analysis of the programme area, and 2) design of the programme, covered in detail below. Additional phases will follow later during programme implementation to ensure the programme's continuous relevance and increase its effectiveness and efficiency. During the process, a subsection of the programme website was used for the public/partners/stakeholders to be fully informed about the process, where they could also find all preparatory documents published and involvement outcomes communicated - <https://www.interreg-croatia-serbia.eu>.

The objective of the consultations process in the second phase of programming was to obtain input for the expectations of the stakeholders for a thematic concentration of the programme strategy, as well as for Interreg and specific objectives considered as relevant to receive support.

The stakeholder consultations were conducted in the period 21 May 2021 - 8 July 2021. A series of targeted public consultations - online survey, interviews, workshops - was launched to ensure that all relevant stakeholders have an opportunity to express their opinion.

### A. Online Survey

To get the most widely distributed views of stakeholders, a survey was produced and distributed online to be submitted in the period 21 May - 4 June 2021. The survey included a mix of questions including quantitative and open-ended qualitative questions given the diverse nature of the preferred answers.

The questionnaire was distributed by the external experts to 241 email addresses, from the list drafted in cooperation with the National Authorities. The Managing Authority has published the information with the link to the questionnaire on the programme website. There were 86 replies (46 from Croatia and 40 from Serbia) which represents 35.68%. In addition, the information was published on websites of the Ministry of Regional Development and EU Funds of the Republic of Croatia and the Ministry of European Integration of the Republic of Serbia.

### B. Targeted Interviews

Targeted interviews have been conducted with selected stakeholders from 21 June until 6 July 2021. A total of 38 stakeholders were invited to participate in the interview out of which 17 (44.74%) have responded.

All stakeholders pointed out their active monitoring of the programming process of the new programme and the majority of stakeholders indicated their interest in applying project proposals to be funded from the new programme.

### C. Workshops

In addition to the online survey and interviews conducted, the shortlisted (based on PTF decision) SOs were the subject of an additional round of consultations - workshops with the stakeholders from both participating countries, with the purpose of further thematic concentration. 3 workshops have been held on 7 and 8 July 2021, one per each preselected Policy Objective. Workshops for PO 1 and PO 4 were held on 7 July and for PO 2 on 8 July 2021.

Within workshop related to PO 1 Smarter Europe, 38 participants participated. Within workshop related PO 4 Social Europe, 36 participants participated, and within workshop related to PO 2 Greener Europe, 44 participants participated. Participation to workshops has been available to all interested stakeholders and organizations since the information was published on the programme website.

Within each workshop virtual rooms for respective preselected Specific Objectives have been organized, in total 10 virtual rooms. The workshops as a part of transparent public consultation have been organized in order to further elaborate and discuss the needs in the programme area and potential of cross-border effect and impact, to discuss about desired projects within the Specific Objectives and the most relevant types of actions and indicators. The goal of workshops was to guide PTF members in their decision-making process since the number of preselected Specific Objectives had to be further narrowed down in order to reach better thematic focus and programme results.

The workshops were envisaged in a way to ensure participation and valuable input from the participants. Firstly, a general introduction was made about the programming process, followed by the examples of good practices in the current programme. After this introduction, the participants were divided into breakout groups (virtual rooms) per each specific objective mentioned above. In the breakout sessions, the participants were given a worksheet they needed to fill out. The discussion was moderated by experts to ensure equal participation and to guide the participants in the desired direction, giving concrete and valuable feedback. After the breakout sessions, the participants were brought back to the plenary session, where the experts/moderators reported about the conclusions. The participants were allowed to add additional information in the worksheet in the following days after the workshop.

The continuous involvement of all relevant partners in the implementation of the programme is envisaged for following reasons:

- To enhance ownership of the programme among partners, in order to make use of their knowledge and expertise and to increase transparency in the decision-making processes;
- To improve the coordination with other ESI Funds as well as with other relevant funding instruments.

### **Involvement of partners within SEA procedure**

Decision on the start of Strategic Environmental Assessment procedure for the programme was issued by the Minister of Regional Development and EU Funds on 11 November 2021.

#### Scoping phase

The procedure on determining the scope of SEA Study was launched on 11 November 2021 by sending the relevant documents to 7 relevant Croatian ministries: Ministry of Economy and Sustainable Development, Ministry of Culture and Media, Ministry of Agriculture, Ministry of Health, Ministry of Labour, Pension System, Family and Social Policy, Ministry of Tourism and Sport, Ministry of Science and Education and to Serbian Ministry of Environmental Protection. The documentation was also published online on the National Authorities websites and programme website and available for commenting by 11 December 2021.

In order to harmonize the submitted opinions on the scope of SEA Study and to determine the final content of SEA Study, MRDEUF organized a public cross-border consultation meeting on 29 November 2021. The following institutions were present at the consultation meeting:

- Croatia: Ministry of Economy and Sustainable Development
- Serbia: Ministry of Construction, Transport and Infrastructure.

The following institutions provided their comments in writing: Ministry of Economy and Sustainable Development, Ministry of Tourism and Sport, Ministry of Labour, Pension System, Family and Social Policy, Ministry of Health, Ministry of Agriculture, Ministry of Culture and Media and Ministry of Science and Education. All relevant comments were taken into account.

#### SEA Study

Following the scoping phase, the MRDEUF adopted a Decision on the scope of the Strategic Environmental Assessment Study for the programme on 20 December 2021. Based on the adopted Decision, the MRDEUF launched public consultation process on the draft SEA Study and draft IP by publishing the documents at programme website and on National Authorities websites. Public consultations lasted from 1 March until 30 March 2022. MRDEUF also sent the relevant documents to 7 relevant Croatian ministries as listed above.

In order to harmonize the submitted opinions on the SEA Study, MRDEUF organized a public cross-border consultation meeting on 22 March 2022. The following institutions were present at the consultation meeting:

- Croatia: Agency for Development and Investments of the City of Vinkovci Via d.o.o.,
- Serbia: European Affairs Fund of Autonomous Province of Vojvodina, University of Novi Sad, Provincial Secretary for Regional Development, Interregional Cooperation and Local Self-Government, Provincial Institute for Social Protection, City of Subotica, Public Water Management Company "Vode Vojvodine", Provincial Secretariat for Urbanism and Environmental Protection.

The following institutions provided their comments in writing: Ministry of Economy and Sustainable Development, Ministry of Tourism and Sport, Ministry of Labour, Pension System, Family and Social Policy, Ministry of Health, Ministry of Agriculture, Ministry of Culture and Media and Ministry of Science and Education. All relevant comments were taken into account.

### **Monitoring Committee (MC)**

The continuous involvement of all relevant partners in the monitoring committee (MC) will be secured primarily through national delegations (national committees) who can voice their positions on strategic matters concerning the implementation of the programme (preparation of the call for proposals as well as monitoring and evaluation of the programme). Inclusion of bodies representing civil society including those promoting social inclusion, fundamental rights, rights of persons of disabilities, gender equality and non-discrimination will be secured by the national delegation of each participating country.

The composition of the MC will be agreed in communication with the participating countries and described in detail in MC Rules of Procedures. The EC representative will participate in MC in an advisory capacity. In line with Article 29(2) on Interreg Regulation the composition of MC shall be published on programme website. The MC shall carry out functions listed in Article 30 of Interreg Regulation.

#### **Capacity building**

In order to strengthen capacities of different stakeholders (e.g., applicants, beneficiaries, programme bodies, MC members) capacity building activities (such as trainings, workshops, conferences, study tours) will be organized. Technical assistance budget will be the main source for covering related costs. However, national/regional/local funds and programmes/schemes of each participating country may be used to complement programme budget.

## **5. Approach to communication and visibility for the Interreg programme (objectives, target audiences, communication channels, including social media outreach, where appropriate, planned budget and relevant indicators for monitoring and evaluation)**

*Reference: point (h) of Article 17(3)*

*Text field [4 500]*

#### **Objectives of communication**

The **objectives** of the communication and visibility of the programme are multiple and are not only dealing with the distribution of information but are key to for social cohesion in the area, and a prerequisite for the continuation of the dialogue with partners to increase programme efficiency, effectiveness and sustainability in the long run.

Objectives:

1. involve people and encourage them to think about project ideas
2. strengthen awareness of cross-border cooperation and show positive examples
3. encourage cross-border dialogue at local/regional/national level among decision-makers
4. strengthen the visibility of EU funds in the region/participating countries
5. capacity building of potential stakeholders
6. show good practise examples at EU level.

These objectives will be addressed through different activities that will be carried out during the programme depending on the phase the programme is in, and the most important objectives of the relevant stage.

#### **Target audience**

In general, all activities regarding the visibility and communication will be targeting different stakeholders from both countries:

1. Potential applicants and beneficiaries
2. Programme bodies
3. Target groups/final users
4. General public.

More precisely, the targeted audience will consist of: governmental and non/governmental organisations and decision makers, national and regional organisations, institutional actors, national/regional/local media representatives, SMEs, and finally citizens from the programme area.

#### **Channels**

Regarding different tools, a set of various channels is envisaged, customized to the type of the target group and to each stage of the life cycle of the programme: preparation and launching of the programme, launching of calls for proposals, selection of projects, implementation of projects, closure of the projects and programme, etc.

The communication of the programme will be mainly digital and based on various formats, e.g., digital publications, online campaigns, videos or other audio-visual productions. The **programme website**, newsletters, and social media channels (Facebook, Twitter, LinkedIn) form a strong system for the digital communication of the programme. The programme website is the main entry to inform target groups on the programme news and open calls. It contains all the information in line with Article 36(2) of Interreg Regulation, and the Info corner offers different publications and infographics together with videos and success stories of projects. The calendar is also a handy tool for keeping track of changes and upcoming events in scope of the programme. Programme website and social media channels will be used on a weekly basis to promote calls for proposals, programme campaigns, events and project results.

In addition, the programme will organise key programme events in order to increase the visibility, e.g., launching conferences, events on the European Cooperation Day, online events on different topics, trainings etc.

In addition, the programme's social media channels bring the programme closer to citizens and will be crucial to build a

community among its followers and spread the message of good cross-border cooperation among citizens. Given the rapid changes in digital marketing, the programme will follow new trends and will adapt to new changes and different platforms to raise the visibility even further. In addition, the programme website will be linked to a single website providing access to all available programmes in Croatia in line with Article 46 (b) of CPR - [www.strukturnifondovi.hr](http://www.strukturnifondovi.hr).

#### **Budget and resources**

The communication budget, excluding staff costs, will be at least 1% of the total programme budget and will be covered from the technical assistance budget. Annual work plans and Communication plans will further define the budget and resources needed.

#### **Monitoring and evaluation**

The programme will in a separate document draft a detailed set of indicators to follow and evaluate all communication activities. Programme communication activities will be elaborated within a yearly communication plan and implemented on annual basis by relevant programme bodies. The indicators used for evaluation and monitoring will include (non-exhaustive list):

- satisfaction of applicants and beneficiaries via survey,
- programme website statistics (clicks, Unique Visitors, Average Session Duration, bounce rate, etc.)
- outreach of the social media (followers, outreach, engagement, etc.)
- number of participants to events and specific activities
- media outreach and press cut reports.

In line with Article 36 (1) of Interreg Regulation, the programme will appoint a Communication officer in charge of communication activities who will coordinate the visibility and communication efforts of programme bodies to achieve the greatest outreach.

Furthermore, it is important to emphasize that Managing Authority together with Joint Secretariat and other relevant programme authorities will provide support to operation of strategic importance for its special communication needs (publications, events, social media, web and other visibility requirements).

## **6. Indication of support to small-scale projects, including small projects within small project funds**

*Reference: point (i) of Article 17(3), Article 24*

The programme will support small-scale projects within PA 1, SO 1.1 - Developing and enhancing research and innovation capacities and the uptake of advanced technologies in order to address the following issue recognized during previous implementation periods and analysis of the area:

1. Projects of smaller financial intensity, i.e., smaller budget and partnership tend to be more focused and can create more added-value and relevance with better cost - benefit relation.

It is envisaged that approximately 5 small-scale projects of an average value of 300.000 EUR (EU support) will be supported.

## **7. Implementing provisions**

### **7.1. Programme authorities**

*Reference: point (a) of Article 17(6)*

Table 9

Programme authorities	Name of the institution [255]	Contact name [200]	E-mail [200]
Managing authority	Ministry of Regional Development and EU Funds of the Republic of Croatia - Sector for Managing Interreg	Marko Perić	<a href="mailto:marko.peric@mrrfeu.hr">marko.peric@mrrfeu.hr</a>

	Cooperation Programmes		
National authority (for programmes with participating third or partner countries, if appropriate)	Ministry of Regional Development and EU Funds of the Republic of Croatia - Sector for coordination of European Territorial Cooperation programmes and Macro-Regional strategies	Mislav Kovač	<a href="mailto:mislav.kovac@mrrfeu.hr">mislav.kovac@mrrfeu.hr</a>
	Ministry of European Integration of the Republic of Serbia	Valentina Vidović	<a href="mailto:valentina.vidovic@mei.gov.rs">valentina.vidovic@mei.gov.rs</a>
Audit authority	Agency for the Audit of European Union Programmes Implementation System	Neven Šprlje	<a href="mailto:neven.sprlje@arpa.hr">neven.sprlje@arpa.hr</a>
Group of auditors representatives	Governmental Audit Office of EU Funds	Ljubinko Stanojević	<a href="mailto:ljubinko.stanojevic@aa.gov.rs">ljubinko.stanojevic@aa.gov.rs</a>
Body to which the payments are to be made by the Commission	Ministry of Regional Development and EU Funds of the Republic of Croatia - Directorate for Finance and Information-Telecommunication Systems	Davor Huška	<a href="mailto:davor.huska@mrrfeu.hr">davor.huska@mrrfeu.hr</a>

## 7.2. Procedure for setting up the joint secretariat

Reference: point (b) of Article 17(6)

In accordance with Article 17(6)(b) of the Interreg Regulation and considering the successful implementation of the previous programme in 2014-2020 period, the Managing Authority will ensure continuity of the Joint Secretariat (JS) by maintaining the basic structural and implementation arrangements already in place.

The JS will continue supporting and assisting:

- Managing Authority and the Monitoring Committee in carrying out their functions,
- Applicants and beneficiaries in effective participation in the programme.

JS headquarter is placed within the Sector for Managing Interreg Cooperation Programmes in the Ministry of Regional Development and EU Funds of the Republic of Croatia.

Besides JS headquarters based in Zagreb (Croatia), branch office is set in Sremska Mitrovica (Serbia) to ensure smooth and efficient programme implementation.

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

In case of a selection of Head of JS, the joint commission shall be composed of the Managing Authority representative and representatives from National Authorities (one member from NA in Croatia and one member from NA in Serbia) In case of selection of other JS staff in the headquarters, their selection will be carried out by the joint commission composed of the representative from the Managing Authority, Head of JS and representatives from National Authorities (one member

from NA in Croatia and one member from NA in Serbia). In case of JS branch office staff, selection will be organized by the National Authority in Serbia and carried out by the joint commission composed of the representative from the Managing Authority, Head of JS and representatives from both National Authorities (one from NA Croatia and three from NA Serbia). The costs of the JS branch office, including JS branch office staff, will be supported from the TA budget of the Serbian National Authority. The JS branch office staff shall be contracted by the Serbian National Authority, through service contract (RS: Ugovor o delu).

### **7.3. Apportionment of liabilities among participating Member States and where applicable, the third or partner countries and OCTs, in the event of financial corrections imposed by the managing authority or the Commission**

*Reference: point (c) of Article 17(6)*

The arrangements related to irregularities and the apportionment of liabilities, in principle, will continue from the 2014-2020 programming period. In the eventuality that the Managing Authority suspects or is informed about an irregular use of granted funds, it shall undertake the necessary follow-up actions, such as suspending the reimbursement of the financing related to the lead partner or project partner as well as withdrawing or recovering the irregular amounts.

Without prejudice to the participating countries responsibility for detecting and correcting irregularities and for recovering amounts unduly paid in accordance with Article 69 (2) of the CPR, as stated in Article 52 (1) of the Interreg Regulation, the Managing Authority shall ensure that any amount paid as a result of an irregularity is recovered from the Lead Partner. The project partners shall then repay the Lead Partner any amounts unduly paid, as per relevant provisions of the subsidy contract / partnership agreement.

In line with Article 52 (2), the Managing Authority will not recover an amount unduly paid if it does not exceed EUR 250 (not including interest) paid to an operation in a given accounting year. If the Lead Partner does not succeed in securing repayment from a project partner or if the Managing Authority does not succeed in securing repayment from the Lead Partner, the participating countries on whose territory the legal entity concerned is located, shall reimburse the Managing Authority the amount unduly paid to that project partner in accordance with Article 52 (3) of the Interreg 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.

The Managing Authority will reimburse the funds to the Union once the amounts are recovered as explained above. Should the Managing Authority bear any legal expenses for recovery recourse proceedings – initiated after consultation and in mutual agreement with the respective participating country - even if the proceedings are unsuccessful, it will be reimbursed by the participating country hosting the legal entity responsible for the said procedure. Since participating countries have the overall liability for the IPA III support granted to legal entities located on their territories, they shall ensure that 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 on their territory. Where appropriate, a participating country may also charge interest on late payments. In accordance with Article 52 (4) of the Interreg Regulation, once the participating country has reimbursed the Managing Authority any amounts unduly paid to a partner, it may continue or start a recovery procedure against that partner under its national law. In the event of successful recovery, the participating country may use those amounts for the national co-financing of the programme.

In case the participating country does not reimburse the Managing Authority any amounts unduly paid to a partner, in accordance with Article 52 (5) the amounts shall be subject to a recovery order by the European Commission that, where possible, will be executed by offsetting with amounts due to the participating country. Such recovery shall not constitute a financial correction and shall not reduce the support from the IPA III to the respective Interreg programme.

In case the Member State (Croatia) does not reimburse the Managing Authority any amount unduly paid to a partner, the offsetting shall concern subsequent payments to the same Interreg programme. In case the non-EU Member State (Serbia) does not reimburse the Managing Authority any amount unduly paid to a partner, the offsetting shall concern subsequent payments to programmes under the respective IPA III. In such an eventuality, the Managing Authority will start discussions with the participating countries until a joint solution is found on how and from where to offset the amount deducted by the European Commission.

Participating country will bear liability as follows:

- Irregularities of the joint management bodies:

In case of irregularities that result from the actions and decisions made by the Managing Authority, the body carrying out the accounting function and/or the Joint Secretariat, liability towards the European Commission and the Monitoring Committee is borne by the Member State hosting the Managing Authority.

- Systemic irregularity – at national level:

In case a systemic error is found by the European Commission or the Audit Authority, which can be clearly connected to the participating country, the participating country concerned shall be solely liable for the repayment.



- Systemic irregularity – at programme level:

For a systemic irregularity or financial correction on programme level that cannot be linked to the participating country, the liability shall be jointly and equally borne by both participating countries.

- Financial correction at programme level:

If financial correction is established at programme level by the European Commission the liability is determined by the Managing Authority, and the Audit Authority after consultation with National authorities. As general rule the participating country shall be liable for the payment of such a correction. Participating countries shall pay a share of the correction, which is proportional to the amounts found by the Audit Authority to be wrongfully validated by the participating country.

The above liability principles also apply to corrections to Technical Assistance (TA) calculated in compliance with Article 27 of the Interreg regulation, since such corrections would be the direct consequence of project related irregularities (whether systemic or not) if they cannot be reused. The Managing Authority will keep the participating country informed about all irregularities and their impact on TA.

As stated in Article 69 (12) of the CPR, irregularities shall be reported by the participating country. The participating country shall also inform the Managing Authority who will inform the Audit Authority. Specific procedures in this respect will be part of the description of the programme management and control system to be established in accordance with Article 69 of the CPR and Annex XVI of the CPR.

More detailed procedures and other cases, e.g., when the Managing Authority does not reimburse the Lead Partner and the Lead Partner does not reimburse the project partner, will be described in the Implementing Agreement.

## 8. Use of unit costs, lump sums, flat rates and financing not linked to costs

Reference: Articles 94 and 95 of Regulation (EU) 2021/1060 (CPR)

Table 10

Use of unit costs, lump sums, flat rates and financing not linked to costs

Intended use of Articles 94 and 95	YES	NO
From the adoption the programme will make use of reimbursement of the Union contribution based on unit costs, lump sums and flat rates under priority according to Article 94 CPR (if yes, fill in Appendix 1)	<input type="checkbox"/>	x
From the adoption the programme will make use of reimbursement of the Union contribution based on financing not linked to costs according to Article 95 CPR (if yes, fill in Appendix 2)	<input type="checkbox"/>	x

## APPENDICES

Appendix 1: Map of the programme area

Appendix 3: List of planned operations of strategic importance with a timetable – Article 17(3)

Appendix 1

Map of the programme area



### Appendix 3

#### List of planned operations of strategic importance with a timetable Article 17(3)

Operation of strategic importance is planned within Priority axis 2 – Cooperating for greener and climate change resilient programme area, Specific objective 2.4 – Promoting climate change adaptation and disaster risk prevention, resilience, taking into account eco-system based approaches. Indicative theme of the operation of strategic importance is supporting adaptation measures to reduce vulnerability to the effects of climate change. Indicative start of implementation of the operation is 2Q/3Q of 2023, with indicative duration of 36-48 months.