

# Cross-Border Development Concept

Foča (BiH) – Plužine (MNE)



**Foča - Plužine**  
**March 2011**



# Cross-Border Development Concept Foča (BiH) – Plužine (MNE)

Funded by  
**GIZ ORF**

Institute for Territorial Economic  
Development  
(InTER)

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Under the auspices of the Open Regional Fund for Foreign Trade Promotion in South-East Europe, the project on Cross-Border Economic Development of Montenegro and Bosnia-Herzegovina has been created with the goal of strengthening cross-border structures for the effective and sustainable development of the economic and export potentials in North-Western Montenegro and Eastern Bosnia-Herzegovina and to transfer experiences into other border areas in South-East Europe (SEE).

The project focuses on the structural and institutional level. It provides methodological, technical, as well as institutional consultancies targeting the establishment of cross-border coordination and cooperative structures. Their aim is to increase economic production as well as demand for products and services from the project area, while linking that economic development to mechanisms for the protection of natural resources as an inevitable economic factor in this area.

The implementation period of the project is due to last 24 months, from October 2009 to September 2011.



The Institute for Territorial Economic Development (InTER) was established in 2006 as a not-for-profit independent non-governmental think tank, with the mission of promoting and advancing sustainable socio-economic territorial development in the Western Balkans.

InTER is active in a range of issues including local and regional development, strategic planning of territorial development, cluster and private sector development, public administration reform and EU project development. InTER works with highly experienced scholars and practitioners in all its fields of operation.

For more information on InTER please visit [www.lokalnirazvoj.org](http://www.lokalnirazvoj.org).

**Important:** The opinions expressed and arguments employed herein do not necessarily reflect the official views of the GIZ ORF.

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## ACRONYMS AND ABBREVIATIONS

BiH	Bosnia and Herzegovina
CBC	Cross - Border Co-operation
COSV	Comitato di coordinamento delle Organizzazioni per il Servizio Volontario
EU	European Union
FIFA	Fédération Internationale de Football Association (the World Football Association)
GDP	Gross Domestic Product
GAP	Government Accountability Project
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
IPA	Instrument for Pre-Accession
KM	Konvertibilna Marka - the currency of Bosnia and Herzegovina
km	Kilometres
KUD	Kulturno umetničko društvo (in English: artistic association)
MNE	Montenegro
NGO	Non-Governmental Organisation
ORF	Open Regional Fund
RMAP	Rights-based Municipal Development Programme
SIDA	Swedish Agency for International Development
SME	Small and Medium-sized Enterprises
SWOT	S-Strengths, W-Weaknesses, O-Opportunities, T-Threats
ToR	Terms of Reference
UNDP	United Nation Development Programme
USAID	U.S. Agency for International Development

## EXECUTIVE SUMMARY

### INTRODUCTION

The purpose of this Concept is to analyse the two municipalities in a comparative manner and to explore potential and modalities for their future cooperation. The Concept does not present the strategic document for cross-border cooperation of Plužine and Foča municipalities. It is rather as a baseline document that provides an overview of the potential for cross-border cooperation, accompanied by practical recommendations for authorities of the two municipalities, as well as public and private sector representatives, civil society activists and professionals from international development cooperation agencies.

The Concept has been financed under the auspices of the GIZ ORF project on Cross-Border Economic Development of Montenegro and Bosnia-Herzegovina.

### GENERAL MODALITY FOR CROSS-BORDER COOPERATION

The final goal of all cross-border cooperation processes in the European Union is to establish functional Euroregions. Functional cross-border areas across Europe are usually established within three phases. The first phase is characterised by cross-border cooperation between citizens and private bodies, aiming to create conditions to develop their own private interests. The second phase sees the introduction of cross-border cooperation among local institutions in order to create favourable conditions for socio-economic development. The third phase entails cross-border cooperation where new institutions are established to solve problems across the entire area. In EU countries, the cross-border areas that achieve the third phase are called Euroregions.

Most countries of the Western Balkans do not have formal or informal cooperation modalities in place with their neighbours. Some of the bilateral cross-border arrangements that exist in the Western Balkans have proved to be more procedural and formal than productive.

Cross-border cooperation is a new instrument for Bosnia-Herzegovina and Montenegro and these two countries so far have not developed a legal framework to enable their municipalities to establish functional cross-border institutions.

### SCOPE AND METHODOLOGY OF WORK

The scope of the work has been defined within the Terms of Reference and further confirmed by the contract, signed between GIZ ORF and InTER.

The implementation of the assignment is scheduled to take place from 01 May 2010 to 30 November 2010, with a non-cost extension till the end of February 2011.

The applied methodology presents a combined desk analysis of secondary source data and interviews held with key players from the public and private sectors of the two targeted municipalities: Foča and Plužine. Municipal representatives and other public sector officials were the main sources for the identification and distribution of secondary data.

### BRIEF DESCRIPTION OF THE TERRITORY

Foča Municipality is located in the southeastern part of Bosnia-Herzegovina and is a part of the political entity of the Republic of Srpska. The altitude ranges from 400m to 2,386m above sea level and a considerable part of the territory is covered with forests (76,702 ha) and arable land (30,901 ha).

Plužine Municipality is situated in the north west of Montenegro in an area between the Durmitor Mountains in the east, Vojnik and Golija in the south and the border with Bosnia-Herzegovina in the north and west. The

Sarajevo-Foča-Podgorica motorway runs through the municipality and, as with Foča, the Plužine municipality is located at a high altitude, covered with forests and pastures, but with less arable land.

### COMPARATIVE ANALYSIS OF TWO MUNICIPALITIES

The concept provides detailed comparative analyses of two municipalities in the following areas:

- Territory;
- Demography;
- Local Self-Government;
- Infrastructure;
- Planning Documents;
- Economy;
- Tourism;
- Institutions of Social Welfare;
- Environmental Protection;
- Civil Society Organisations;
- Development cooperation.

### CROSS-BORDER COOPERATION

**Historical Legacy of Cooperation:** Communities in the two municipalities have a very long history of cooperation, having shared a common history since the Middle Ages. In more contemporary times of the 20<sup>th</sup> Century, both municipalities were part of the same country, though still in different Republics. Links between the communities were strengthened by numerous marriages between men and women from the two municipalities.

**Recent Initiatives of Cooperation:** In order to maximise the potential of this funding scheme and to enhance cooperation between the municipalities of Plužine and Foča, GIZ ORF has initiated a project of cross-border cooperation between them. The project has created a working group for cooperation, consisting of representatives of municipal departments, tourism associations, civil society organisations and private sector entities, mostly engaged in the tourism sector. The working group has been trained in EU project proposal writing, with four cross-border project proposals having been developed in a participatory manner. In addition, the group was taken on study tour of Slovenia where they had a chance to see concrete examples of cross-border cooperation between municipalities from Slovenia, Italy and Austria. The activities of the working group have been regularly presented to the municipal authorities, informing them about potential cross-border development initiatives between the two municipalities.

**SWOT Analysis:** SWOT analysis of the cross-border cooperation of two municipalities is anticipated in Table 3 on page 26.

### IDENTIFIED CROSS-BORDER DEVELOPMENT POTENTIALS AND ACTIVITIES (STRATEGIC ORIENTATIONS AND SPECIFIC OBJECTIVES)

Cross-border development potential and activities are presented within three main strategic orientations that cover all areas of identified potential between the two municipalities. Each strategic orientation has several categories, each of them breakdown into the specific objectives.

#### Strategic Orientation 1: Strengthening cooperation between local self/government and authorities of the two municipalities.

**Local administrative structures:** Only joint strategic and operational efforts of two local administrations can meet the actual requirements of an effective and sustainable cross-border development. The proposed specific objectives:

- Creation of mechanisms for cooperation between the two municipalities;
- Human resource development among municipal officials;
- Civil Society Development;
- Coordination in the development of spatial plans and other local regulatory policies;

- Development of joint infrastructural projects and joint advocacy for both, the reconstruction of the motorway E762 (M18) and utilisation of the potentials of Drina and Tara Rivers.

**Environmental Protection:** It is essential that the two municipalities increase their cooperation and coordination in regard to cleaning the Tara River and other tourist destinations. They might also cooperate on raising awareness on environmental issues among the general population, especially targeting children and young people. The proposed specific objectives:

- Strengthening cooperation between the municipal public utility companies;
- Strengthening a public-private dialogue on environmental protection issues at tourist destinations;
- Raising Awareness on Environmental Protection.

**Joint response in emergency situations:** The floods that have affected the municipality of Foča in late 2010 indicated the necessity of cooperation between the two municipalities in emergency situations. In this regard, the following specific objectives are proposed:

- Formation of a joint body for emergency response;
- Organising joint exercises for emergency response;
- Raising awareness and educating people how to react in emergency situations.

### **Strategic Orientation 2: Support to the Economic Development of the Cross-Border Area**

**Tourism:** it is advised to develop the Plužine-Foča area as integrated tourist destination with products and services to be located on both sides of the border. Strengthening cooperation of two tourism organisations should be emphasised as a horizontal priority for all of the above initiatives since those potentials should be implemented either by two tourism organisations or in close cooperation with them. The proposed specific objectives:

- Development of tourist products, services and destinations on both sides of the border;
- Joint marketing;
- Increasing the quality of tourist accommodation;
- Capacity-building among tourism workers;
- Integrating tourism with other sectors;
- Strengthening cooperation of tourism providers with local authorities;

**Business Development:** Since there are no public or private providers of business development services in both municipalities, Foča and Plužine might work together to develop new or strengthening existing institution(s) that will provide support to SMEs and entrepreneurs from both towns. The proposed specific objectives:

- Developing institutional and organisational capacity for provision of business development services;
- Project development support in the field of SME and Entrepreneurship Development;
- Organisation of Fairs and other manifestations;
- Promotion and strengthening of public-private dialog in strategic areas.

**Rural Development:** Two municipalities have good natural potentials for developing rural agriculture; therefore cooperation in this area may be of a high importance. The proposed specific objectives:

- Integrated Strategy for Rural Development in Foča and Plužine;
- Capacity Development for rural development projects;

### **Strategic Orientation 3: Cooperation in the field of Community Development, such as Culture, the Arts, Education, Sport and Recreation**

The cooperation between communities of two municipalities has a long history and the same should be encouraged in the future. Therefore, as the third strategic orientation, there is a need to create preconditions for the intensifying cooperation and creation of joint activities in the field of culture, education, art, sports, recreation and other forms of cooperation between the two communities. The proposed specific objectives are:

- Development of joint projects in the field of culture and the arts;
- Strengthening cooperation between educational institutions;
- Strengthening cooperation between sports clubs.



It is important to emphasise that this is not a finite list of opportunities for cross-border cooperation between Foča and Plužine municipalities, but could be extended to many other ideas and initiatives that the two communities have an interest in working on together.

#### **IMPLEMENTATION STRUCTURES FOR FUTURE CROSS-BORDER COOPERATION AND REQUIRED STEPS**

The cooperation established within the GIZ ORF project has created a good basis for further initiatives in the cross-border area, which resulted the creation of a Working Group/Forum for Cross-Border Cooperation. Meetings of the Working Group/Forum concluded the necessity to form two non-governmental organisations, NGO Forum Foča and NGO Forum Plužine, which would then sign an agreement for establishing the Alliance, called the Cross-Border Forum Foča - Plužine. The Cross-Border Forum Foča - Plužine should have the following bodies:

**Steering Group:** The steering group will be established with the mandate to specify the cooperation objectives between the two municipalities and to monitor their implementation.

**Thematic Groups:** While the steering group has a more strategic role in the cooperation between the two municipalities, thematic groups will be established to advance cooperation in sector-, or theme - related issues such as tourism, infrastructure, environmental protection, business development, local administration capacity development, education, culture, etc.

**Project - based / ad-hoc teams:** the agreement should also foresee the creation of project-related or ad-hoc teams that will work on single issues.

The Agreement on the formation of the Cross-Border Forum Foča - Plužine should also regulate the distribution of tasks and procedures of the steering group, the thematic groups and project-related teams. It is recommended to create ad-hoc administrative units that would be responsible for coordinating the work of the aforementioned structures on a rotational basis between Foča and Plužine every six months.

The concept recommends the following immediate steps for the implementation of the cross-border cooperation:

- The two Mayors should promote and advocate investment potential in the cross-border areas and should lobby for more development funds in that regard. In addition, the two municipalities should create a team of professionals that will be in charge for writing project proposals for all initiatives proposed by the cooperation structures.
- The structure of cooperation between Foča and Plužine should be rather inclusive than exclusive and should leave room for informal communication and cooperation between the formal and informal groups from the two municipalities.
- Assignment and support of administrative staff members to get responsible as “focal points” on each side for the cross-border cooperation

#### **CONCLUSION**

Foča and Plužine have similar developmental needs and the Concept has shown a great potential for cooperation between the two municipalities in many fields.

Both municipalities are trying to develop hospitality and tourism, seeking opportunities for extending the tourist season and improving the tourist offer. Using the concept of cross-border cooperation, two municipalities could create an integrated tourist offer that would cross the border of the two countries. Within the same concept they could cooperate on developing complementary planning documents, necessary infrastructure, business development, joint environmental protection projects and many other issues.

The main objective of the cross-border cooperation between two municipalities should be to establish functional networks and base for contiguous cooperation.

In accordance with the conclusions of a Forum for Cross-Border Cooperation between two municipalities, the concept proposes to establish two non-governmental organisations, NGO Forum Foča and NGO Forum Plužine, which will later sign an agreement on forming the Alliance “Cross-Border Forum Foča-Plužine”. The agreement of forming the alliance would define the modalities and instruments for future cooperation and will create the following joint bodies: Steering group, that would manage and monitor the realisation of cross-border initiatives at the strategic level, the thematic groups, that will work on initiatives for cooperation in specific sectors or themes, and teams formed for specific projects or ad hoc teams to work on individual initiatives.

## INTRODUCTION

The contemporary needs of each local community of any country can be summed up in three categories:

- Stabilisation of democracy;
- Protection of human rights; and
- Economic development.

Communities located at a border have the additional challenge of shifting from the idea of the border being a point of closure and separation to that of a gateway towards the outside and a unique opportunity for the fulfilment of the principles of democracy and cooperation.

There is a level of cooperation within reach of individuals and small local economic and cultural groups, which leads to informally and spontaneously activated situations. However, the situation becomes more complicated when the required actions are too exacting and too complex to be implemented by individuals or community groups. Under these conditions it is advantageous to activate cooperation between public institutions (i.e. municipalities), which will work together to create more profitable environment for the benefit of all their citizens.

There is a long history of cooperation between individuals and institutions in the municipalities of Plužine in Montenegro and Foča in Bosnia-Herzegovina; two municipalities which have shared a common history since the Middle Ages and were, for many years, part of the same country. Moreover, the two communities have always had a good and amicable relationship without any notable dispute.

Nowadays, both municipalities face similar developmental issues. Their economies have been under transition, changing course from processing to service-oriented industries. At the same time, citizens' demands for democracy and a better quality of life have required constant reform of the municipal administrations. EU integration and the potential for attracting EU IPA CBC funds also create great incentive for better cooperation between the two municipalities.

The purpose of this Concept is to analyse the two municipalities in a comparative manner and to explore potential and modalities for their future cooperation. The Concept does not present the strategic document for cross-border cooperation of Plužine and Foča municipalities, it is rather as a baseline document that provide information on development potentials in the area. The Concept has been financed under the auspices of the GIZ ORF project on Cross-Border Economic Development of Montenegro and Bosnia-Herzegovina.

The Concept starts with a brief description of the territory, providing information on the location of the two municipalities. It then continues with a comparative analysis of the two municipalities based on several criteria: territory, demography, local self-government, infrastructure, planning documents, economy, tourism, institutions of social welfare, environmental protection, civil society and development cooperation. The subsequent section explores the historical and contemporary initiatives for cross-border cooperation, followed by an exploration of the potential to expand cooperation between the two municipalities. This is followed by a SWOT analysis and, in conclusion, the recommendations for future interventions.

This Concept intends to provide an overview of the potential for cross-border cooperation, accompanied by practical recommendations for authorities of the two municipalities, as well as public and private sector representatives, civil society activists and professionals from international development cooperation agencies.

## GENERAL MODALITY FOR CROSS-BORDER COOPERATION

The final goal of all cross-border cooperation processes in the European Union is to establish functional Euroregions. Functional cross-border areas across Europe are usually established within three phases. The first phase is characterised by cross-border cooperation between citizens and private bodies, aiming to create conditions to develop their own private interests. The second phase sees the introduction of cross-border cooperation among local institutions in order to create favourable conditions for socio-economic development. The third phase entails cross-border cooperation where new institutions are established to solve problems across the entire area. In EU countries, the cross-border areas that achieve the third phase are called Euroregions. The final goal of all cross-border cooperation processes in the European Union is to establish functional Euroregions.

Euroregions usually do not correspond to any legislative or governmental institution, nor do they have direct political power. Their work is limited to the competencies of the local and regional authorities, which constitute them. They are usually arranged to promote common interests across the border and cooperate for the common good of the border populations.

In general, there are three types of Euroregions:

- The first type refers to Euroregions intending to provide the area with macro-structures or political agreements for cross-border cooperation, designed to link the area with international hinterlands. The goal of this type of Euroregion is to provide the area of road and port macro-infrastructures (harbours, motorways, airports), structures that may favour cooperation in the border regions, mutually compactable national legislation and cross-border agreements between the countries and/or regions. These objectives may be pursued by Euroregional bodies, taking the initiative in matters of legislation through conventions and decisions on operational interventions.
- The second type of Euroregion's objective is to implement cooperation by means of functional networks. Its basis is the institutions favouring the establishment and stabilisation of ties, companies, firms, administrative institutions, cultural institutions, associations, mass media, etc. From these ties, triggered by each Euroregion's institutions, stem the networks of relations qualitatively influenced by what is exchanged: money, information, culture, support and so on.
- The third type of Euroregion has a goal of contiguous cooperation. This is closely linked with community, the creation of cross-border areas specialised in some economic function (for example, winter tourism, university education, rural development, etc) and the intense involvement of the population.

It is important to mention that those three types of Euroregions are not excluding each other, in other words, each Euroregion belongs to at least one of the three types, if not all three of them.

Most countries of the Western Balkans do not have formal or informal cooperation modalities in place with their neighbours. Some of the bilateral cross-border arrangements that exist in the Western Balkans have proved to be more procedural and formal than productive. Cross-border cooperation is at times hampered by political and historical differences and considerations related to national integrity and security. Lack of trust and good personal relations sometimes deter productive and rapid intelligence exchange. In some cases, language differences, procedural discrepancies and equipment limitations also make cross-border cooperation difficult.

Cross-border cooperation is a new instrument for Bosnia-Herzegovina and Montenegro and these two countries so far have not developed a legal framework to enable their municipalities to establish functional cross-border institutions.

## SCOPE AND METHODOLOGY OF WORK

This Concept focuses on researching the potential for cross-border cooperation between two neighbouring municipalities: the Municipality of Foča (BiH) and the Municipality of Plužine (MNE), and providing recommendations for future joint development initiatives. The scope of the work has been defined within the Terms of Reference and further confirmed by the contract, signed between GIZ ORF and InTER. The following aspects are of particular importance:

- 1) Contribution to the discussion and final determination of the structure and contents of the cross-border development concept;
- 2) Elaboration of the following mandatory parts of the cross-border development concept:
  - Analysis of the socio-economic situation, local administrative capacities and relevant institutional structures in the area covered in the cross-border development concept by:
    - Reviewing available documents;
    - Gathering required additional data and information;
    - Conducting interviews with key resource persons;
    - Applying any other means of verification, which seem necessary and appropriate;
  - Preparation of a SWOT-analysis of the present situation in the area to be covered by the cross-border development concept on the basis of the results of Activity #1 and identification of prominent structures of the socio-economic situation, main potentials (incl. institutional capacities) for development, key problems (incl. institutional capacities) of socio-economic development and areas of collision between interests and requirements of socio-economic development and environmental protection;
  - Formulation of appropriate strategic orientations for future development in the specified cross-border area;
  - Identification and definition of necessary implementation, steering and monitoring structures;
  - Formulation of guidelines / mode of work for functioning of cross-border implementation, steering and monitoring structures;
  - Elaboration of a plan of activities;
- 3) Drafting of the cross-border development concept paper (with contributions from GIZ's Project Coordinator and Project Consultant);
- 4) Have a leading role in presenting the draft concept paper during a public hearing and the elaboration of the final draft following remarks on the pre-draft during the public hearing.

The implementation of the assignment is scheduled to take place from 01 May 2010 to 30 November 2010, with a non-cost extension till end of February 2011.

The applied methodology presents a combined desk analysis of secondary source data and interviews held with key players from the public and private sectors of the two targeted municipalities: Foča and Plužine. Municipal representatives and other public sector officials were the main sources for the identification and distribution of secondary data.

Primary data for the Concept was collected through individual and collective interviews with key players from both the public and private sectors. Interviews were also held with representatives of museums, cultural and sport institutions, local tourist organisations, schools, civil society organisations, associations of rafting clubs and ethno/eco villages<sup>1</sup> amongst others.

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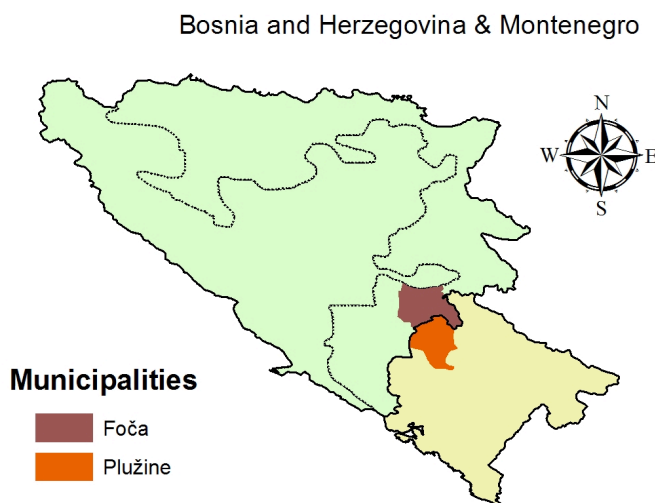
<sup>1</sup> In Montenegro, ethno and eco villages are considered as different legal categories.

In total, 22 interviews were held with 27 representatives from 20 institutions, organisations and companies (see Annex 1 for the full list of interviews). The field interviews were organised in three phases, firstly in Foča in May, secondly in Podgorica in June and thirdly in both Foča and Plužine in October. Strategic objectives of the Concept were presented at the First Cross-Border Cooperation Forum Meeting, held in Foča on 16 December 2010, later further elaborated at the second meeting of the Forum, held in Podgorica on 1 February 2011.

## BRIEF DESCRIPTION OF THE TERRITORY

Foča Municipality is located in the southeastern part of Bosnia-Herzegovina and is a part of the political entity of the Republic of Srpska. The municipality is located on the crossroads of two important motorways: Belgrade-Foča-Dubrovnik and Sarajevo-Foča-Podgorica. The altitude ranges from 400m to 2,386m above sea level and a considerable part of the territory is covered with forests (76,702 ha) and arable land (30,901 ha).

**Figure 1: Foča - Plužine Cross-Border Area**



Plužine Municipality is situated in the north west of Montenegro in an area between the Durmitor mountains in the east, Vojnik and Golija in the south and the border with Bosnia-Herzegovina in the north and west. The municipality is intersected by the canyons of the Piva, Komarnica and Vrbnica rivers, some of which are as deep as 1,000m. The municipality is characterised by a 42km-long manmade lake on the River Piva, with one of the largest concrete dams in Europe. The Sarajevo-Foča-Podgorica motorway runs through the municipality and, as with Foča, the Plužine municipality is located at a high altitude, covered with forests and pastures, but with less arable land.

The border between the two municipalities (and, of course, the two countries) runs through the Tara Canyon on the east (the deepest canyon in Europe and a UNESCO-protected site of natural heritage), and the visually impressive mountains of Maglić, Zelegora and Treskavica on the west. On the side of Foča, those mountains form Sutjeska National Park, the oldest national park in Bosnia-Herzegovina.

## COMPARATIVE ANALYSIS OF TWO MUNICIPALITIES

### TERRITORY

Foča municipality covers an area of 1,115 km<sup>2</sup> while that of Plužine covers 854km<sup>2</sup>; both are among the largest municipalities in their countries. They have a similar land configuration of high altitude mountains, intersected by canyons and river valleys. On average, Plužine municipality is at a higher altitude than that of Foča, though both municipalities reach peaks of above 2,300m. Due to its higher altitude, Plužine municipality has a more mountainous, dry and strong continental climate, while the valley of the Drina River in Foča municipality renders more moderate climatic conditions.

## DEMOGRAPHY

Foča municipality is considerably more populated than that of Plužine. According to the census of 1991, Foča had 40,513 inhabitants. Following the war, this number decreased to the currently estimated 27,000<sup>2</sup> with a population density of 24.21 people per km<sup>2</sup>. On the other side, Plužine municipality has only 4,272 inhabitants with a population density of 5 people per km<sup>2</sup>. These figures show that both municipalities are depopulated, especially Plužine. While both municipalities tend to be considered as rural, Foča also has a certain number of urban residents.

**Table 1:** Comparative statistics of Foča and Plužine municipalities

	Municipality of Foča	Municipality of Plužine
Area in km <sup>2</sup>	1,115	854
Population	27,000	4,272
Population density	24.21 people per km <sup>2</sup>	5 people per km <sup>2</sup>
Number of settlements	95	50
Number of employees	3,930	1,110

*Source: Development strategies of Foča and Plužine Municipalities*

## LOCAL SELF-GOVERNMENT

Both municipalities have a long tradition of local self-governance, established and operating within the national (in the case of Plužine) and entity (in the case of Foča) legislation. Although located in different countries, the local self-government system is similar in both municipalities. Both municipal structures are comprised of the Municipality Assembly and the President (or Mayor) of the municipality. Municipal Assemblies deliver the regulations, strategies, plans and programme documents and discuss the Mayor's reports. The Mayors are carriers of executive power in both municipalities and have wide-ranging authority: they propose the delivery of municipal regulations, they are in charge of their implementation, and carry out the inspection of local government work.

In the case of Montenegro, the Mayor with the consent of the Municipal Assembly appoints the Chief Administrator for a period of 4 years, who coordinates the work of local administration and services, makes sure of the lawfulness, efficiency and cost-effectiveness of their work, gives technical guidance and instructions on the internal organisation of the local self-government administration and public utilities and performs other duties in accordance with the law and the stature. Chief Administration has the authority of a second instance authority.

A Chief Executive, who is selected on the basis of public competition for a period of 4 years, manages the work of the local government.

The act on internal organisation and systematisation of bodies and services of the local self-government, public utilities, community police, special services and information centre is issued by the Chief Executive, with the consent of the Mayor.

Foča Municipal Assembly is comprised of 31 councillors. The last local elections were organised in 2008 when nine political parties and coalitions joined the Assembly. Executive power is exercised by the Mayor.

The Foča municipal administration is organised through the following departments:

- General Administration Department;
- Economy and Social Affairs Department;
- Spatial Planning, Housing and Public Utilities Department;
- Finance Department, and the Inspectorate;
- Municipal Assembly's Expert Department;
- Mayor's Expert Department

<sup>2</sup> There was no census organised in Bosnia and Herzegovina after the war, therefore it is not possible to determine the correct number of inhabitants in Foča municipality.



In February 2007, Foča Municipality was awarded the Certificate of Quality Management ISO 9001–2000, which provided a written guarantee that the quality systems applied in Foča Municipality were in accordance with the ISO 9001 international standards.

The Municipal Assembly of Plužine has 30 councillors from four political parties and coalitions, elected in 2010. Executive power is exercised by Mayor.

The Plužine municipal administration is organised through the Secretariat, and has the following departments:

- General Administration Department,
- Department for Economy, Finances and Entrepreneurship;
- Social Affairs Department;
- Protection Department

Both municipalities have a budget of slightly more than 4 million Euros per year. Bearing in mind that Foča has about seven times more inhabitants than Plužine, it might be concluded that there is a significant discrepancy in investment abilities between the two municipalities.

Both municipalities lack an integrated *one-stop shop* system for the complete provision of local services to their citizens.

## INFRASTRUCTURE

The condition of the physical infrastructure in both municipalities is unsatisfactory. There have been no significant infrastructure development projects for more than 20 years and condition of the existing infrastructure is bad due to improper and insufficient maintenance.

The motorway E762 (M18), which connects Sarajevo and Tirana through Foča and Plužine, is in a bad condition. Although the distance between the two towns is less than 60km, the journey takes more than 90 minutes to complete. The road is especially run down in the section between Foča and Šćepan Polje, which is the border crossing with Montenegro. On this stretch, the road is only 3.5m wide and characterised by a lot of landfalls, active landslides and consequent deformation of the road surface. Due to these bad conditions, the road is closed to lorries and heavy trucks.

As part of the construction of the new “Buk-Bijela” hydropower plant on the Drina River, a stretch of the existing E762 (M18) motorway is intended to be flooded over, and consequently should be re-routed. However, construction of the plant has been repeatedly cancelled or postponed, firstly due to the war in Bosnia-Herzegovina and subsequently by environmental advocacy activists with regard to the protection of the Tara Canyon from flooding.

The bridge over the Tara River in Šćepan Polje is also a weak and dangerous structure, which requires complete reconstruction. The bridge was damaged during the war and later rehabilitated with the intention of providing a temporary solution for passage across the Tara Canyon. The bridge was paved with wooden boards, which are now severely damaged in several places, and present a danger for both cars and pedestrians. Because of this, the bridge is already permanently closed to heavy traffic.

The rehabilitation of the E762 (M18) motorway has been recognised as a strategic priority for both Bosnia-Herzegovina and Montenegro. Bosnia-Herzegovina has conducted a feasibility study for the rehabilitation of the road between Foča and Hum. On the other side, the Montenegro government has recognised the necessity for rehabilitation of the road between Šćepan Polje and Plužine and has taken initial steps in that regard. However, reconstruction and rehabilitation of the E762 motorway is in the hands of higher tiers of government, and consequently the municipalities of Foča and Plužine have limited power to take a more active approach on this issue.

Besides the road infrastructure between the two municipalities, each municipality struggles with its own problems of communal infrastructure. The canyons of the Piva, Komarnica and Vrbnica rivers intersect

Plužine municipality, so that some villages are more than 50km away from Plužine town. Over the past two years, the municipality of Plužine has taken significant measures to improve the conditions of local roads by re-asphalting 55km. This will continue so that by next year all villages in the municipality will be connected with asphalted roads.

Other infrastructure issues include the urgent need for construction of sewerage treatment plant in Plužine town, as all wastewater currently goes directly into the lake. *Elektroprivreda Crne Gore* (the Republic of Montenegro's electric power utility) are supposed to fund this project as a part of their unfulfilled obligations for having built the Piva River dam and resettling inhabitants of Plužine town back in the 70s.

## PLANNING DOCUMENTS

After many years, the municipalities of Foča and Plužine have finally started to invest in the development of necessary planning documents. With technical assistance support provided by the UNDP under the Rights-based Municipal Development Programme (RMAP), and involving a participatory process, the municipality of Foča has developed and adopted the Municipal Development Strategy 2009 - 2015. The strategy defines the vision<sup>3</sup> and the following four developmental goals:

**Development goal 1:** Increase the efficiency, transparency and accountability of municipal administration and civil society organisations.

**Development goal 2:** Increase the rate of employment through the efficient use of natural resources in the wood processing, agriculture, tourism and energy industries.

**Development goal 3:** Enhance spatial conditions, develop traffic and communal infrastructure and improve environmental protection.

**Development goal 4:** Ensure better quality of education, health care and social protection, and further improve cultural and sports activities in the municipality.

Developmental goals are further broken down into strategic objectives, programmes, projects and measures.

The municipality of Plužine initiated the process of developing the municipal strategy in September 2010, which has not been finalised. Technical assistance has been provided by the GIZ, under the ORF project on Cross-border Economic Development of Montenegro and Bosnia-Herzegovina. The drafted strategy includes a municipal vision<sup>4</sup> over the long-term, identifies the important sectors and within them determines goals, programmes, projects and measures.

Table 2 provides an overview of the strategic objectives of the two municipalities, arranged to compare each other sector-by-sector. By analysing the objectives, we can conclude a number of similarities in the developmental initiatives of each municipality.

Both municipalities see tourism as being among the central aspects to their economic developmental potential and the programmes and projects and that would need to be implemented in that regard. Agriculture and good food production is another developmental area mutual to both municipalities. In addition, Foča municipality sees potential in the forestry and wood-processing industry as well as in the development of self-employment through entrepreneurship. Meanwhile, both municipalities are concerned with increasing their citizens' standard of living by improving infrastructure, environmental conditions, health and social services. The municipalities are also focused on improving their own municipal services. It is important to mention that one of the strategic goals of Plužine municipality is to improve their cross-border cooperation with Foča municipality, which is a clear sign of awareness of the importance of cooperation between decision-makers of the two municipalities.

<sup>3</sup> Vision statement of Foča Municipality says: *In 2015, Foča will be an economically developed and spatially organized community, which will be reflected in a high level of social activity development, and a dynamic local community dedicated to further improvement of all citizens' life quality.*

<sup>4</sup> Working version of the Plužine municipality vision says: *The Municipality Plužine is an attractive location for residence and dispose on adequate conditions for economic development, while the existing favourable status of natural resources and environment is preserved.*



**Table 2:** A comparative overview of the strategic objectives of the municipalities of Foča and Plužine

Sector	Municipality of Foča	Municipality of Plužine
<b>Economy</b>	By 2013, through improved programmes, infrastructure and human resources, up to 30,000 overnights to be registered annually (Objective 2.3).	Increase of quantity (accommodation capacities, infrastructure) and quality (services, accommodation, infrastructure) in the tourism offer
	By 2015, a revitalised and modernised wood industry, with up to 80% of final wood processing (Objective 2.1).	Keeping and strengthen the existing production capacities and encourage new initiatives in the production sector
	By 2012, registered a minimum of 5,000 employed individuals (Objective 2.4).	
	By 2010, developed agricultural production with a minimum of 100 registered employees and secured mechanisms for the sale of agricultural products (Objective 2.2).	Creating conditions for the quantitative and qualitative increase of production of healthy food by individual farmers and by cooperatives
<b>Social Issues</b>	By 2015, the capacity of social and healthcare institutions will be strengthened and a qualitative service delivery ensured for the municipal population (Objective 4.1).	Improvement of the conditions for socially vulnerable members of the population
	By 2012, infrastructural and technical preconditions for stronger development of culture and sports in the municipality to be ensured (Objective 4.3).	Improvement of the situation of specialist examinations in Plužine municipality
	By 2012, infrastructural and technical preconditions for stronger development of culture and sports in the municipality to be ensured (Objective 4.3).	Improvement in the quality and number of sports and cultural events
	By 2011, strengthen technical, organisational and human capacities of civil society organisations for active participation in the management of public affairs (Objective 1.2)	Strengthening the dialogue between municipal administration and civil society and population
<b>Infrastructure</b>	By 2012, infrastructural and technical conditions to be secured in all educational institutions with preset standards (Objective 4.2).	Keeping the competent human resources and education of adults
	By 2015, access to regularly controlled and safe drinking water secured for 85% of households, with connections to the wastewater collection and treatment systems (Objective 3.1).	Improvement of traffic infrastructure
	By 2010, 80% of households to be provided with sustainable solid waste collection and disposal systems and strengthened technical and human capacities for environmental protection (Objective 3.2).	Improvement of communal infrastructure
	By 2015, adequate spatial and urban documentation adopted, and both road infrastructure and the electricity network reconstructed in accordance with the needs of the population (Objective 3.3)	
<b>Environment</b>	By 2013, through improved programmes, infrastructure and human resources, increase overnight bookings up to 30,000 registered annually (Objective 2.3).	Improvement of conditions for visiting tourists and a more qualitative tourism offer
	By 2010, 80% of households to be provided with sustainable solid waste collection and disposal systems and	Improvement of communal infrastructure for better protection of the environment Improvement of soil-erosion protection

Sector	Municipality of Foča	Municipality of Plužine
	strengthened technical and human capacities for environmental protection (Objective 3.2).	Strengthening re-forestation and sustainable use of forests
<b>Municipal Administration</b>	By 2012, enhanced human resources and technical capacities of the municipal administration and improved management of public finances, municipal property and local development (Objective 1.1)	Expansion of the scope of responsibilities of local administration
		Effective municipal administration
		Improvement of cross-border cooperation with Municipality of Foča

Plužine municipality is engaged in developing a spatial plan for the period until 2025; the plan has been drafted and the public hearing was finished. The spatial plan of Foča municipality was adopted in November 1990 and was elaborated for the planning period 1990-2001. Revision of the plan has not yet been initiated, however. Development of a new municipal spatial plan became even more of an issue following the adoption of the spatial plan of the Republic of Srpska in 2007.

The current spatial plan defines construction regimes in urban areas, as well as protective infrastructural belts and other protective zones. Increased use of the municipality's natural resources for development of the tourism and hospitality industry as well as construction of the necessary infrastructure was programmed during the planning period. Foča municipality's spatial plan of 1990 defined the area from Sastavci to Brod as having special importance in terms of nature and landscape, while the Republic of Srpska's spatial plan anticipates developing the "Tara" National Park in the Tara Canyon. The municipality of Foča, in December of 2010 adopted the Regulation Plan Hum - Šćepan Polje with planning solutions that create preconditions for the construction of tourist and recreational facilities, along with ancillary and complementary facilities in the area in question, and with the maximum preservation and integration of the existing natural ambience in the new urban solutions.

The Spatial plan of the Republic of Montenegro identifies the zones of Tara Canyon and Durmitor mountain as areas of special concern. The drafting of the spatial plan of special purpose area for Durmitor (Durmitor National Park and the wider area) is in progress and will define the general guidelines for the use of space in a given territory. So far, however, there has been no valid information as to when this document will be publicly available.

According to the law, municipalities in Montenegro have the authority to declare certain parts of their territories as protected areas, though it depends from other national planning documents such as the Spatial Plan of the Republic of Montenegro. The Plužine municipality, in cooperation with the Institute for Nature Conservation of the Republic of Montenegro, is preparing a feasibility study for declaring parts of Maglić - Bioč - Volujak Mountains as a regional park. UNDP has financially supported the Plužine municipality in developing this feasibility study that will determine validity of this initiative and determine boundaries of the regional park.

## ECONOMY

In the last two decades Foča economy is diverging, which resulted the bankruptcy of almost all large enterprises. Privatisation of the socially owned enterprises failed to succeed in revitalising the economy and re-creating employment opportunities. Two of the most significant companies, Miljevina Brown Coal Mine and Maglić Forestry Company are still active, but continue to work with limited capacity. Consequently, the most significant employers in Foča remain public sector entities such as the municipality itself, the public utility company, Sutjeska National Park and the hospital, as well as university faculties dislocated from Sarajevo during the war.

Forests are one of Foča municipality's great resources, covering 69% of its territory. However, the vast majority of forest is under the central management of the Government of the Republic of Srpska. The control of these resources is delegated to the public forestry company "Maglić" and to Sutjeska national park. Foča municipality does not make any profit from exploiting the forests beyond the employment of a few local within these two enterprises. Since most of the 27 ha of land and premises in Brod were devastated negligence

and lack of investments, the municipality has plans to purchase those premises from the Maglić forestry company and to convert it into an industrial park for developing wood-processing and other industrial businesses.

According to municipal statistics, 80 companies from Foča have submitted their annual financial report for 2009. These companies employ 865 workers. Fifty companies have claimed positive balance sheets for 2009, though only eight of them had a profit of more than 50,000KM. There are many other enterprises registered throughout Bosnia-Herzegovina, which have their representative branches or offices in Foča (e.g. "Telekom RS", "Pošte Srpske", hospitals, faculties etc). In addition, there are 426 registered entrepreneurs and craftsmen, between them engaging 650 employees.

At the centre of Plužine municipality's economy is the Piva hydropower plant, which is part of the system that supplies the whole of Serbia with electric power. The plant makes an annual profit of between 30 million and 33 million USD and employs 204 workers. However, the municipality has little or no direct benefits from the hydroelectric plant. Municipal officials have tried to advocate the adoption of a policy that would charge fees to the plant for using local water resources, but so far all their attempts have failed.

Apart from the hydropower plant, other aspects of Plužine municipality's economy are in poor standing. Above all, privatisation of socially owned enterprises was ill done. For example, after privatisation, the once highly successful Electrode Factory reached the edge of bankruptcy, leaving most of its workers without a job. Meanwhile, following privatisation of the "Bajo Pivljanin" agricultural complex, sheep breeding has been reduced from 2,000 to about 500 sheep, being enough to satisfy the needs of the restaurants, which belong to the complex's new owners.

The situation within the Piva hospitality and tourism company is even more dramatic since they are in bankruptcy. The company owns the hotel, which is the only one in Plužine, leaving the town without any decent accommodation for visiting tourists and business people.

A private sawmill operates in the municipality, though its capacities are rather limited. The situation regarding forestry is better than in Foča, since exploitation of the forests is given to private concessions. The remainder of the private sector is mostly focused on tourism activities such as rafting clubs, ethno-villages etc, as well as on retail and small-scale rural agriculture.

According to statistics, the standard of living in Plužine is much higher than in Foča. Based on the data provided, GDP per capita in Foča for 2007 was estimated at 2,600KM or approximately 1,300 Euros. By contrast, GDP per capita in Plužine for 2001 was estimated at almost 2,779 Euros, which is more than double that in Foča. However, the average prices of foods and goods are also much higher in Plužine than in Foča.

## TOURISM

Both municipalities show good potential for developing continental tourism, particularly in the domains of extreme sports such as rafting, mountaineering, biking and hiking. The area of the two municipalities is known for its wild untouched nature with deep canyons, mountain peaks at high altitude, and natural, artificial and glacial lakes. Moreover, Sutjeska national park located in Foča municipality has a rainforest called "Perućica", being unique as a phenomenon of this kind in Europe. The area covered by the two municipalities also has numerous historical, religious and other points of interest for sightseeing that are attractive to tourists.

The most utilised tourist potential in both municipalities is rafting on the Tara River, which divides the two municipalities (and the two countries), being in the deepest canyon in Europe. UNESCO protects the canyon as a natural phenomenon of World significance. Rafting activities in the river are very popular, attracting about 30,000 tourists to each municipality annually.

The tourist demand for rafting on the Tara River has created a need for an associated service industry, from organising transport through to providing accommodation and food in addition to the rafting activities themselves.

Most camps are located in one of three locations: Sastavci at Šćepan Polje, Bastasi and Brštanovica. Camps in the Republic of Srpska are usually located on the bank of Drina river, in areas belonging to two public

enterprises of the Republic of Srpska: *Elektroprivreda Republike Srpske* (Electric Power Utility of the Republic of Srpska) and *Šume Republike Srpske* (Forestry of the Republic of Srpska). Camps in Montenegro are also located either on property that belongs to *Elektroprivreda Crne Gore* or are privately owned. However, in general, these camping locations have not been prepared with proper communal infrastructure.

There are 12 registered camps and rafting clubs in Foča. The document “Regulation plan Hum - Šćepan Polje” estimates the accommodation capacity of existing rafting camps at 913 beds. The accommodation capacity of rafting camps in Montenegro could not be identified, although Plužine’s touristic organisation estimates 560 beds in total across the whole municipal territory. Camps are usually uncategorised, some of them with basic sleeping facilities, though each of them has a kitchen/restaurant, toilets and bathrooms.

The previously mentioned document “Regulation plan Hum - Šćepan Polje”, which focuses on the Foča side of the border, defines 4 localities for the development of recreational tourism activities. Three of the identified localities are in Bastasi and one in Brštanovica, where the following activities are proposed:

- Development and rehabilitation of existing camps;
- Development and rehabilitation of camps in areas below the flood line of the future water reservoir which had been intended to be built as part of the hydro power plant Buk-Bijela;
- Areas for tourism and sports-recreation activities complementary to rafting, sports fields, open spaces suited for grouping tourists as well as for organising cultural and sporting events, bungalows for accommodation, camps and other additional activities;
- Central facilities – e.g. shops, ambulances, internet centres, renting equipment, etc;
- Development of green areas;
- Developed areas along the river banks – e.g. green areas, boat piers, marked entries and exits, stairs and other necessary developments;

The regulation plan also foresees construction of pedestrian and biking trails between the four localities.

The spatial-planning document of the Tara riverbank on the side of Plužine municipality will be developed within the scope of the Spatial Plan of special purpose area for Durmitor.

Rafting on the Tara River has not been entirely legally regulated either in Bosnia-Herzegovina/the Republic of Srpska or in Montenegro. In Montenegro there is a problem of defining which Ministry should be in charge of regulating rafting activities, due to an ongoing dispute between the Ministry of Tourism and the Ministry of Transportation, Maritime Affairs and Telecommunication as to whether rafting is a tourist attraction or a means of transportation. Meanwhile, the Government of the Republic of Srpska has undertaken no necessary actions for regulating rafting activities.

Licensing rafting skippers has also become an issue, since rafting skippers are treated and licensed the same way as the skippers of small boats on safe waters. Workers in the rafting service industry do not have any special training, whether on first aid, life-saving or communication and language skills.

Rafting usually follows the route starting at Brštanovica and finishing at Sastavci, though rafters with camps on the Drina River continue downstream to their location. Since the rafting starts at Brštanovica, which is located in Montenegro, rafters coming from Foča have to pass the border crossing and to register with the police. This administrative requirement creates queues at the border in-season, which sometimes spoils the pleasure of rafting. Rafters coming from Montenegro also have to pass the border crossing, yet the procedure is simplified since the tourists do not leave the territory of the Republic of Montenegro.

Plužine’s tourist organisation has introduced rafting charges for all tourists, whether coming from Montenegro or Bosnia-Herzegovina. They have set-up a small kiosk at the access road to Brštanovica, charging tourists 1 euro to pass. In contrast, Foča’s tourist organisation does not have any institutional mechanisms to introduce similar taxes to tourists coming to raft in their municipality.

The structure of tourists coming to raft is quite diverse. The majority of tourists in Plužine come from the coastline, looking for a one-day rafting adventure. Tourists coming to Foča are mostly from Serbia, usually staying for 2 days (rafting including an overnight stay).

Rafting clubs from both municipalities have a mutual issue on how to prolong the season, which usually lasts from May to September. There is also a problem of keeping the tourists for more than one or two days. Therefore, development of new tourist products is a necessity for both municipalities.

The current tourist offer is much more diversified in Plužine than in Foča. Although having great potential for developing tourism, besides rafting, the tourist offer in Foča is virtually insignificant. In order to provide better services to their tourists, rafting clubs could organise visits to the Sutjeska national park, sightseeing of the *Skakavac* waterfall, as well as the lakes and peaks of the Maglić and Volujak mountains and to earth pyramids. However, none of these locations has been developed as tourist destinations. Foča tourist organisation is trying to enrich the tourist offer, though their resources are symbolic and insufficient for achieving tangible results.

However, the tourist offer in Plužine is much better organised. Plužine has six ethno-villages as well as three touristic households that provide different services to its visitors. Besides rafting, there are touristic attractions such as cruising the Piva Lake and visiting nearby caves, hiking and biking on marked trails, ethno-, and healthy food tourism, etc. Plužine municipality has built a beach on the bank of Piva Lake and the municipality has plans to further develop this area with the pontoon, beach bars and other facilities.

The seasonal accommodation capacity in Plužine has been increased from 50 beds in 2005 to 560 beds in 2010. However, the accommodation offer off-season remains insufficient since the sole hotel in Plužine is insolvent.

The accommodation offer in Foča is also insufficient since the sole hotel in the town is also insolvent there. However, a new 4-star hotel is under construction and is supposed to be finished in 2011. Furthermore, an aqua-park will be built close to the hotel, which will additionally contribute to the quality of the tourism offer in Foča.

The overall impression for both municipalities is that so far they have not managed to enrich the tourist offer by utilising their entire local potential. There is a clear need to develop new tourist products such as biking and hiking trails, free climbing, paragliding, canyoning, visits to historical and religious monuments and natural phenomena, and many others. Alongside the development of new tourist products, there is also a need for better regulation of the tourist destinations as well as a need for improvement of human resources in the tourism industry.

## INSTITUTIONS OF SOCIAL WELFARE

Since Plužine municipality has a rather small population, the range of services provided locally is limited, although basic services are ensured.

In terms of education, Plužine has an education centre, which comprises a kindergarten, and primary and secondary schools. There is also a dormitory as part of the centre, which provides accommodation for pupils from remote villages. The total number of students is 450. The primary school has 9 branch schools in remote villages across the municipality. Within the secondary school two grades of classes are provided, featuring a gymnasium and tourism school.

Plužine municipality has a health centre with two employed doctors. In terms of social protection, there is a branch office of the Centre for Social Welfare from Nikšić.

The municipality also has a cultural centre, which is in charge of publishing and cultural activities. The main two cultural events traditionally organised by the Centre are “Tara bez granica” (in English: Tara without borders) and “Pivski susreti” (in English: Meetings at Piva river). These events gather poets, writers, painters and traditional music players - minstrels<sup>5</sup>, not only from Plužine but also from other places, including Foča. The centre is also active in organising thematic events such as literary and minstrel evenings, artists’ colonies, etc. Besides, the centre is active in supporting local artistic association KUD “PIVA”, as well as the

<sup>5</sup> Minstrel is traditional single-stringed musical instrument used in the Balkans and in the Dinarides Region. See: <http://en.wikipedia.org/wiki/Gusle>, last visited on November 25, 2010.

dancing classes. In 2010, GIZ ORF financially supported pupils of the dancing classes to perform in Slovenia. Under the EU IPA CBC BiH-MNE programme, the cultural centre has been awarded 49,717 Euros for the project of organising book fairs in Plužine; this project should start being implemented in late 2010.

Plužine has no sports clubs nor indoor or outdoor sports facilities.

Foča has a hospital with several branch departments in remote villages. There is also a Faculty of Medicine and Dentistry, which operates within the hospital premises.

The municipality has a Centre for Social Welfare, which is active in the field of social protection. The local Red Cross organisation is also active in this field.

Education in Foča is organised with one kindergarten (with 52 children), two primary schools (with 1,509 pupils in total), a music school (with 115 pupils) and a secondary school education centre (with 821 pupils). There is also a seminary with 105 pupils. Foča also has two faculties, the aforementioned Faculty of Medicine and Dentistry with 968 students and a Theological Seminary with 570 students. Faculties are accompanied with necessary dormitories to accommodate numerous students from Bosnia-Herzegovina and neighbouring countries.

Foča has a centre for culture and information, established as a municipal enterprise in charge of culture, information and publishing. Within the centre there is also a radio station as well as TV Foča. Artistic association KUD "Foča" is also active within the centre. The centre is active in organising numerous cultural events, as well as in publishing.

There is a good history of cooperation between the two cultural centres from Foča and Plužine in organising joint events and this cooperation could be further strengthened in the future. Besides the centre for culture, Foča has a theatre and museum that are also active in enriching the quality of life of its citizens.

Foča municipality has very good facilities for sports and recreation. An outdoor football stadium and other facilities have been renovated with donations from FIFA and the Municipality of Foča. The Municipality has also constructed a modern indoor sports hall. Development of these sports facilities has enabled Foča municipality to organise sporting events such as "Football Friends", "Street Football", "Mini Olympic Games" and many others. Some of these events have an international character. Foča has active sports clubs in many disciplines, being: Sutjeska football club, Sutjeska basketball club, Sutjeska volleyball club Perućica table tennis club, Ljubišnja karate club, Foča kayak and canoe Club, Foča tennis club and the Zelengora mountaineering club.

## ENVIRONMENTAL PROTECTION

There is an increasing awareness within both municipalities on issues regarding environmental protection. The municipalities pay special attention to cleaning illegal dumping sites and placing new trash bins throughout the municipality. Special concern has also been paid to keeping main tourist destinations, such as Tara Canyon, clean.

However, increased activities of public utility companies from Foča and Plužine have drastically increased the user charges for trash collection and disposal. These have become a burden for local tourism providers (rafting clubs, ethno- and eco-villages, restaurants etc) many of whom have refused to pay the fees. There is a need for mediation between the public utilities and tourist service providers in order to find the best solution for all actors involved.

Plužine municipality is requesting *Elektroprivreda Crne Gore* to construct a sewerage wastewater treatment plant on the banks of the Piva Lake, which will increase the quality of the lake water and consequently will contribute to the development of tourism in this location.



## CIVIL SOCIETY ORGANISATIONS

The Foča Municipal Development Strategy identifies 33 civil society organisations<sup>6</sup>, although only a few of these actively participate in decision-making processes. The strategy further raises the problem of sustainability of civil society organisations and their dependence on municipal funds and international donor assistance.

The municipality has a budget line for supporting activities among civil society organisations, which was at 240,000KM in 2008. Funds from this budget were distributed to civil society organisations on competitive grounds.

There are 21 organisations active in Plužine municipality<sup>7</sup>. The NGO called “Tara” has been involved in partnership with the Italian NGO “COSV” on implementing the tourism development project in Plužine, helping them to increase their internal capacity for running similar project activities in the future. Among the other NGOs, the Plužine’s hunting and fishing club “Bajo Pivljanin” is also quite active. The club has a long tradition in organising commercial and non-commercial hunting and fishing activities in Plužine municipality.

It should be mentioned that development strategies of both municipalities recognise the need for civil society development and the need for strengthening cooperation in decision-making issues.

## INTERNATIONAL DEVELOPMENT COOPERATION

Foča municipality has been involved in developmental cooperation with international and bilateral organisations since 2006. Significant results have been achieved with the Governance Accountability Project (GAP)<sup>8</sup>, under which the funding of four projects was implemented.

The municipality also cooperated with the UNDP on two projects: the Upper Drina Regional Development Programme and the Rights-Based Municipal Development Programme.

Cooperation with GIZ ORF has been established through the project Cross-border Economic Development of Montenegro & Bosnia-Herzegovina. In addition to other results, this project successfully funded the construction of new premises of the Touristic Organisation of Foča Municipality.

In late October 2010, the Municipality of Foča signed an agreement on cooperation with the Sarajevo Regional Development Agency, Sutjeska National Park and the EU Training and Consultation Agency (EUTAC) on implementation of the EU-funded project "Support to the development of ecotourism in the Sutjeska National Park. The project is worth 413,060 Euros, of which 349,985 Euros were donated by the EU and 63,074 Euros by the Sarajevo Regional Development Agency (SERDA). The project involves the development of new tourism products and programmes in the Sutjeska National Park, providing training for

<sup>6</sup> For the purpose of this Study there is a need to enlist all organisations in Foča. Those are: (1) the Municipal Veterans' Organisation, (2) the Association of Refugees and Displaced Persons, (3) the Association of Families of Fallen and Imprisoned Soldiers and Missing Civilians, (4) the Union of the National Liberation War Veterans, (5) the Union of National Defence War Veterans, (6) the Association of Blind and Visually Challenged Persons, (7) the Dystrophic Association, (8) the Pensioners' Association, (9) the Foča Speleologist Association, (10) the Ecological Association *Drina*, (11) the Hunting Association *Bakić*, (12) the Foča Municipality Association of Persons Incapable of Work, (13) the Foča Youth Council, (14) the Democratic Centre *Nove nade*, (15) the Stomatology Faculty Students' Association, (16) the Medical Faculty Students' Association, (17) the RS Doctors' Association – Foča Subsidiary, (18) the Foča Nurses' Association, (19) the Foča Fine Artists' Association *TON*, (20) the Apiarists' Association *Polen*, (21) the Foča Cultural/Artist Association *VILA*, (22) the Fiddlers' Association *Herceg-Šćepan*, (23) the Foča Hiking Association, (24) the Sports Union, (25) the Craftsmen/Entrepreneurs' Association, (26) the Regional Women's Association *Žena za ženu* - Foča Subsidiary, (27) the Red Cross, (28) the Association for Assistance to Mentally Challenged Persons, (29) the Bosniak Returnees' Association, (30) the Association of Families with Four or More Children, (31) the Hiking Association, (32) the Fishing Association and (33) the Rafting Association.

<sup>7</sup> For the purpose of the Concept, the following organisations and associations are identified in Plužine Municipality: (1) Savez udruženja boraca narodnooslobodilačkog rata Crne Gore - Opštinski odbor Plužine, (2) Udruženje za zaštitu akcionarskih prava AD fabrike elektroda Piva - Plužine, (3) Društvo pčelara PIVA - Plužine, (4) NVO “Pivsko oko”, (5) NGO “Fond za razvoj Pive”, (6) Guslarsko društvo “Lazar Sočica”, (7) Klub akcionara Piva Nikšić, (8) NVO “Forum žena Pive”, (9) Omladinski savjet Plužina, (10) Organizacija boraca narodnooslobodilačkog rata 1941-1945.g. - Plužine, (11) Organizacija boraca narodnooslobodilačkog rata - Plužine, (12) Organizacija rezervnih vojnih starješina - Plužine, (13) Pčelarsko društvo “Piva” - Plužine, (14) Pivsko agro udruženje - Plužine, (15) Planinarsko-smučarsko društvo “Vihor” - Trsa, (16) Udruženje boraca ratova od 1990.g. - Plužine, (17) Udruženje građana Pišča i Vojinovića, (18) Udruženje penzionera - Plužine, (19) Udruženje Pivljana “Bajo Pivljanin”, (20) Udruženje Pivljana u Podgorici i (21) Udruženje za zaštitu akcionarskih prava AD Fabrike Elektroda “Piva” - Plužine.

<sup>8</sup> GAP – the Governance Accountability Project for BiH is a project financed by the US Agency for International Development (USAID) and the Swedish International Development Cooperation Agency (SIDA).

mountain guides and rescue services including certification, web design, construction of an information centre, reconstruction of hiking and biking trails, and reconstruction of the mountain house on the location of Lower Bare of Orlovačko Lake.

Plužine municipality has far less experience in cooperating with international and bilateral development agencies. There are only a few projects, which have been developed under the funding of donor agencies.

In 2009, the UNDP in Montenegro co-financed the development of spatial planning of Plužine municipality with 35,000 Euros and co-financed the elaboration of the Protection Study for defining the borders of future Regional park Maglic, Volujak, Bioc.

CHF International, through USAID funding, realised the project of renovating the school gym and building premises of the Plužine Touristic Organisation, while UNICEF donated a minivan for transporting pupils to and from remote villages.

In cooperation with the local NGO "Tara", Plužine municipality and other partners, the Italian NGO COSV has initiated a project called "Support to tourism development in Montenegro". The project produced tangible results by setting-up tourist signposting and marking 200km of biking and hiking trails throughout the municipality. These trails have become included in the national network of biking and hiking trails of Montenegro. The project will also develop local tourist maps and the new website of the Plužine Touristic Organisation. Developing a variety of soft skills of workers in tourism is also included in project activities.

Under the EU IPA CBC BiH MNE funding scheme, COSV has also been awarded with a project whose objective is to develop and enhance sustainable tourism infrastructure and services through a cross-border sustainable and community-based tourism and rural development plan. The project will be implemented in cooperation with Durmitor national park in Montenegro and Sutjeska national park in Bosnia-Herzegovina. The project is expected to start late in 2010 and will last 18 months.

## CROSS-BORDER CO-OPERATION

### HISTORICAL LEGACY OF COOPERATION

Communities in the two municipalities have a very long history of cooperation, having shared a common history since the Middle-Ages. In more contemporary times of the 20<sup>th</sup> Century, both municipalities were part of the same country, though still in different Republics. During the time of Yugoslavia, Foča was one of the urban centres to which inhabitants of Plužine municipality often migrated as labour for the numerous industry plants. Throughout history, Foča was also a significant regional centre for craftsmanship and trading, attracting people from Plužine to come for procurement of supplies and selling their goods. Moreover, links between the communities were strengthened by numerous marriages between men and women from the two municipalities.

### RECENT INITIATIVES FOR CO-OPERATION

Although the two municipalities and their institutions have a good history of cooperation, this has been intensified recently, mostly due to various initiatives presented by a few donor agencies. Principally, both municipalities are eligible for the EU IPA CBC programme between Bosnia-Herzegovina and Montenegro<sup>9</sup>.

In order to maximise the potential of this funding scheme and to enhance cooperation between the municipalities of Plužine and Foča, GIZ ORF has initiated a project of cross-border cooperation between them. The project has been steered by the Cross-Border Coordination Committee, consisted of 6 members (mayors of two municipalities, accompanied by one associate and two GIZ representatives). The Cross-

<sup>9</sup> The cross-border programme Bosnia and Herzegovina – Montenegro is implemented under Instrument for Pre-Accession (IPA). The eligible area covers the border between Bosnia and Herzegovina and Montenegro. The eligible area covers 31.134,33 km<sup>2</sup> and has a population of 1.685.366 inhabitants. The Bosnia and Herzegovina part of the eligible area consists of 53 municipalities while there are 13 municipalities in the Montenegrin part (12 in eligible and one in adjacent area). More information on the programme might be found on [www.cbc.bih-mne.org](http://www.cbc.bih-mne.org).



Border Coordination Committee acts in accordance with the adopted Statute, which provides for regular meetings once every two months during the project implementation.

With the purpose of capacity development of local and regional actors, the project has created a working group, consisting of representatives of municipal departments, tourism associations, civil society organisations and private sector entities, mostly engaged in the tourism sector (rafting and mountaineering clubs, eco-, and ethno-villages, etc). The working group has been trained in EU project proposal writing, with four cross-border project proposals having been developed in a participatory manner. In addition, the group was taken on study tour of Slovenia where they had a chance to see concrete examples of cross-border cooperation between municipalities from Slovenia, Italy and Austria. The activities of the working group have been regularly presented to the Cross-Border Coordination Committee, informing them about potential cross-border development initiatives between the two municipalities.

The working group has created an excellent internal energy, developing trust and team spirit for solving various issues of mutual interest. Moreover, the working group has presented the first example of public-private dialogue between different actors within the municipalities of Plužine and Foča. Many local, inter-municipal issues have been solved as a result of talks during breaks of working group meetings. Besides, the GIZ project intervention has created a lot of spinoffs in joint co-operation between two municipalities. For instance, local touristic organisations from Foča and Plužine had a joint presentation at the Tourism Fair in Kragujevac (Serbia).

Moreover, as a direct result of the activities of the working group, Plužine municipality has included cooperation with Foča as a strategic development objective, working on the following four measures:

1. Elaborating joint tourism development strategies;
2. Promoting establishment of a regional park of nature along the border;
3. Preparation and realisation of joint applications for IPA co-financed projects.

It is highly recommended to continue support for the working group, challenging its members to work on the development and implementation of projects of mutual interest.

There are no similar examples of such intensive cross-border cooperation between other municipalities of Bosnia-Herzegovina and Montenegro. Cooperation between municipalities and institutions in other places is rather ad-hoc and project-based. There are also isolated cases of project-based cooperation between other institutions in Plužine and Foča. For instance, municipality of Plužine and municipality of Foča submitted a joint application for the first call of the EU IPA CBC programme. The project proposal development was facilitated by the Dutch organisation SNV, based in Podgorica, but unfortunately, the project was not awarded for funding.

## SWOT ANALYSIS

SWOT analysis is a basic instrument in the planning process, focusing on the identification of comparative advantages and basic weaknesses in the cross-border cooperation of the two municipalities.

Strengths are considered as internal factors that have a positive influence on the cooperation and could contribute to the development of competitive advantages in the two municipalities. Internal factors that have a negative influence on cross-border cooperation are regarded as Weaknesses.

Opportunities come from capitalising on Strengths or countering Weaknesses as well as positive influences or events from outside. Threats are seen as anticipated unfavourable influences on the position of the region from outside.

SWOT analysis of the cross-border cooperation of two municipalities is anticipated in Table 3, presented below.

**Table 3:** SWOT Matrix

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Geographical proximity;</li> <li>- Good history of cooperation;</li> <li>- Community similarities in terms of religion, culture, language, etc;</li> <li>- Local authorities and community leaders have positive experience in direct communication;</li> <li>- Similarity in developmental goals and objectives;</li> <li>- Experience in developing joint project proposals;</li> <li>- Positive experience in solving issues of mutual concern (e.g. rafting-related issues);</li> </ul>	<ul style="list-style-type: none"> <li>- Disparity in population numbers between two municipalities and depopulation of the area;</li> <li>- Lack of English language skills;</li> <li>- Lack of experience in project proposal development and project implementation;</li> <li>- Lack of experience in establishing cross-border initiatives;</li> <li>- Lack of internal financial resources for funding and co-funding CBC projects;</li> <li>- Shifting interests of cooperation to other cross-border municipalities;</li> <li>- Poor infrastructure connection between two municipalities</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>- Increased inflow of tourists in both municipalities;</li> <li>- Funds available under EU IPA CBC BiH MNE and other donor initiatives;</li> <li>- EU enlargement process;</li> <li>- Development organisations, such as GIZ, UNDP, SNV and many others, increased their interest in providing technical assistance for strengthening cross-border cooperation;</li> <li>- The motorway E762 (M18) has international character since connects Sarajevo and Tirana</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of favourable legislation for establishing CBC institutions;</li> <li>- Inadequate adoption and implementation of supreme planning documents: the Spatial plan of special purpose area for Durmitor, Planning documents for construction of the motorway E762 (M18) from Foča to Šćepan Polje, Spatial Plan for special purpose of Tara River (Republic of Srpska side), etc.</li> <li>- Lack of national funds for capital investments in infrastructure development;</li> <li>- Central government do not support the cross-border initiatives of Plužine and Foča</li> <li>- EU engagement of BiH is stopped due to internal political issues;</li> <li>- The threat of natural disasters (e.g. floods, forest fires, etc.)</li> </ul>

### **IDENTIFIED CROSS - BORDER DEVELOPMENT POTENTIALS AND ACTIVITIES (STRATEGIC ORIENTATIONS AND SPECIFIC OBJECTIVES)**

Cross-border development potential and activities are presented within three main strategic orientations that cover all areas of identified potential between the two municipalities. The first strategic orientation targets developing institutional relations between the two municipalities and the modernisation of local self-administration services. The second strategic orientation focuses on utilising cross-border potential for economic development. Finally, the third strategic orientation tries to emphasise cooperation between the two communities in the fields of culture, art and education. Further on in the text, the strategic orientations are discussed in more detail.

**STRATEGIC ORIENTATION 1: STRENGTHENING COOPERATION BETWEEN LOCAL SELF-GOVERNMENT AND AUTHORITIES OF THE TWO MUNICIPALITIES**

Well-established cooperation between the two municipalities has strategic importance for the development of all future cross-border initiatives. Moreover, through cooperation, the two municipalities could potentially jointly address numerous issues of local self-government modernisation. Thus, the objective of the cross-border cooperation between the two municipalities at this stage should be to establish functional networks and a base for contiguous cooperation. Here is a list of areas and specific objectives for cooperation in regard to the first strategic orientation:

**Local administrative structures:** Although private sector and civil society present important stakeholder groups for cross-border cooperation, a decisive role is taken by local administrations. In various concerns the cooperation of the administrations should strengthen and intensify their cooperation because only joint strategic and operational efforts can meet the actual requirements of an effective and sustainable cross-border development.

The specific objectives for proposed cooperation in the field of local administrative structures are as follows:

- **Creation of mechanisms for cooperation between the two municipalities:** In order to maximise potential for cross-border cooperation, the two municipalities should sign a cooperation agreement. The agreement should emphasise the commitment to cooperation and establish communication structures that will address all needs in this regard. The two municipalities should also organise regular meetings of Mayors, heads of different departments, municipal enterprises and all other institutions that might benefit from cross-border interaction. Both municipalities should also encourage non-public actors to take a part in such activities.
- **Human resource development among municipal officials:** the two municipalities might cooperate on the development of human resources with their administrations, from developing managerial techniques to improving soft-skills such as English language and computer skills. This objective also includes actions to improve the human resources of the two municipalities and the private and civil society actors to write project proposals to be financed with EU funds and their implementation. At the moment, both municipalities have limited capacity in this regard and that should be changed since the EU funds are a good resource for future development.
- **Civil Society Development:** Since both municipalities have their own programmes for supporting civil society development on their own territories, they might consider to enhance those grant programmes by empowering civil society organisations to cooperate with their peers from across the border. This will create favourable horizontal links between different society groups from the two municipalities that will significantly contribute to the cross-border development impact of the targeted area. The two municipalities should also be active in promoting cooperation between individuals, formal and informal groups and all others that are interested in cooperation with those across the border.
- **Coordination in the development of spatial plans and other local regulatory policies:** There is a great need for the two municipalities to cooperate on the development of regulatory documents, especially for the area of Tara Canyon. Although these documents are often dependant on the supreme national plans and regulations, municipalities are encouraged to take a pro-active role and initiate cooperation on these issues. The municipalities might also develop a joint strategy on how to lobby the national authorities to better regulate these areas.
- **Development of joint infrastructural projects and joint advocacy for both, the reconstruction of the motorway E762 (M18) and utilisation of the potentials of Drina and Tara Rivers:** There is a great need for reconstruction of the motorway E762 (M18) between the two municipalities. Although the two municipalities do not have direct responsibility on this issue, they can organise joint advocacy actions on raising awareness of the importance of this road. There is also a need to build a new bridge over the Tara River at Šćepan Polje, either as part of the E762 reconstruction or as a separate project. Besides, there are many other small-scale infrastructure projects that the two municipalities might work on developing together. Moreover, two municipalities should develop a

joint advocacy strategy for lobbying national authorities for better utilisation of tourist and water resources of Drina and Tara Rivers.

**Environmental Protection:** Environmental protection is a very important issue for both municipalities, especially on tourist destinations. It is essential that the two municipalities increase their cooperation and coordination in regard to cleaning the Tara River and other tourist destinations. However, they might also cooperate on raising awareness on environmental issues among the general population, especially targeting children and young people.

The specific objectives for proposed cooperation in the field of environmental protection are as follows:

- **Strengthening cooperation between the municipal public utility companies:** Garbage collection in tourist destinations such as Šćepan Polje, Brštanovica, Hum and Bastasi has become a big issue and there is a need for more coordination and cooperation between the public utilities from two municipalities. Cleaning of illegal dumping sites is also an issue that requires cooperation between the two companies.
- **Strengthening a public-private dialogue on environmental protection issues at tourist destinations:** There is a need for public-private discussion between public utility officials and accommodation providers (in rafting camps, ethno villages, etc) on garbage disposal charges and other issues regarding keeping the environment clean. Though such a dialogue can also be based on individual initiatives in both municipalities it is more striking and finally convincing to develop cross-border campaigns and instruments.
- **Raising Awareness on Environmental Protection:** The two municipalities might also cooperate on broad actions regarding raising awareness over environmental issues. Those initiatives might include cooperation with schools and kindergartens from both municipalities as well as voluntary initiatives of environmental activists and all other interesting parties.

**Emergency Response:** the floods that have affected the municipality of Foča in late 2010 indicated the necessity of cooperation between the two municipalities in emergency situations.

Therefore, the following specific objectives are proposed in the field of emergency response:

- **Formation of a joint body for emergency response:** this body will consist of representatives of both municipalities, if possible the high officials of local self-government, and representatives from the police, health house/hospitals, rescue services, etc.
- **Organising joint exercises for emergency response:** in order to be prepared in cases of emergency, there is a need to organise regular exercises for the members of the emergency body to react in emergency situations.
- **Raising awareness and educating people how to react in emergency situations:** the recent floods have shown the need for public education on how to react in emergency situations to save lives and material goods. In this regard it is necessary to organise seminars, workshops, practical exercises and promotional campaigns to train residents of two municipalities to react in emergency situations.

## **STRATEGIC ORIENTATION 2: SUPPORT TO THE ECONOMIC DEVELOPMENT OF THE CROSS-BORDER AREA**

As discussed earlier, the two municipalities share the same development obstacles and potential. Therefore, Plužine and Foča might unite their forces in solving issues of mutual concern. In order to maximise their development utility, the areas for potential cooperation in the most significant fields for both municipalities would be: tourism, infrastructure, business development, environmental protection and rural development & agriculture.

**Tourism:** In both municipalities, tourism is seen as having serious economic development potential. Moreover, they both share the same tourist resources on the Tara River and the Maglić - Volujak - Zelengora Mountains, which should be further utilised and developed on both sides of the border. Therefore, it is advised to develop the Plužine-Foča area as integrated tourist destination with products and services to be located on both sides of the border. Strengthening cooperation of two tourism organisations should be emphasised as a horizontal priority for all of the above initiatives since those potentials should be implemented either by two tourism organisations or in close cooperation with them.

The specific objectives for proposed cooperation in the field of tourism are as follows:

- **Development of tourist products, services and destinations on both sides of the border:** besides rafting on the Tara River, the current range of tourist products and services on offer is insufficient. There is thus a need for the development of new tourist products and services along with the improvement of conditions in the existing destinations. In that regard it is necessary to first make a cadastre of all tourism opportunities in the two municipalities and then make a plan for their development. Special attention should be given in utilising historical and religious monuments and natural phenomena. Old village households and water mills might also be developed into attractive tourist destinations. Even the existing and old industrial plants might be developed as tourist destinations. In that regard it would be interesting to explore the idea of including the hydropower plant in the tourist offer. This initiative should also include the marking of trails for hiking and biking, the development of access to rock climbing locations, the construction of information points and sightseeing platforms, and similar activities.
- **Joint marketing:** Although tourism providers from Foča and Plužine attract tourists from different locations, they could still benefit a great deal from joint marketing activities. It is necessary to promote the Plužine-Foča area as a unitary tourism destination, with attractions located on both sides of the border. In that regard, a joint website should be developed with integrated maps of tourist destinations, promotional materials, leaflets and brochures. Joint promotion at tourist fairs would also be part of these activities.
- **Increasing the quality of tourist accommodation:** The accommodation capacity of both municipalities has increased dramatically in the last few years. However, the quality of accommodation ranges from quite bad (rooms with numerous beds and no indoor toilets) to decent (one bed per room plus internal toilet). There is a need to increase the quality of the accommodation and the two municipalities should work together in this regard, from providing technical assistance in applying standards for categorisation of accommodation, to providing budgetary subsidies for increasing the quality of accommodation facilities.
- **Capacity building among tourism workers:** There is a need to improve the capacity of tourism service providers, from developing language skills (English, Russian, and other languages) to organising specialised training modules for skippers, tourist guides, lifesavers, etc.
- **Integrating tourism with other sectors:** There is a necessity to connect tourism development with rural development, where rural households in remote villages might be used for tourism purposes. Local cultural, sports and historical events could also be used for tourism purposes.
- **Strengthening cooperation of tourism providers with local authorities:** Following positive results of the working group established by the GIZ ORF project, the group should be transferred into a permanent forum between public and private actors in the two municipalities. The forum should discuss all issues with regard to tourism development, as well as seek innovative solutions and best practices that might be applied in this area.

It should be emphasised that cooperation in other sectors, such as infrastructure development, environmental protection, trade, rural development, agriculture, etc., should be integrated, as much as possible, with the strategic orientation of tourism development. The same applies to the development of horizontal issues such as entrepreneurship, standardization and certification, human resources development, etc.

**Business Development:** Since there are no public or private providers of business development services in both municipalities, Foča and Plužine might work together to develop new or strengthening existing institution(s) that will provide support to SMEs and entrepreneurs from both towns.

The specific objectives for proposed cooperation in the field of business development are as follows:

- ☛ **Developing institutional and organisational capacity for provision of business development services:** The two municipalities should cooperate in developing new or advancing existent public or private institutions that provide services for business development to SMEs and entrepreneurs.
- ☛ **Support to SME and Entrepreneurship Development Projects:** There is a need for developing projects that will target of strengthening local services for SMEs and entrepreneurs of both municipalities. Those projects might develop local services for supporting SME and entrepreneurship such as subsidy loans, business incubators, clusters, capacity building training sessions, etc. These services should be developed by local organisations, though external technical assistance from an experience business development company should be organised.
- ☛ **Organisation of Fairs and Manifestations:** Interaction between businesses of two municipalities can be strengthened through the organisation of local fairs, market days and similar manifestations where local producers of food and crafts might sell their goods. Such events might not involve high cost but will produce great effects in creating business networks and trade.
- ☛ **Promoting and Strengthening Public-Private Dialogue in Strategic Areas:** the dialogue between the public and private sector is essential for the economic development of any area. In this regard, the proposed specific objective targets to implement activities that will strengthen cooperation and dialogue between businesses and public sectors in strategic areas such as tourism, agriculture, etc.

**Rural Development:** Two municipalities have good natural potentials for developing rural agriculture; therefore cooperation in this area may be of a high importance.

The specific objectives for proposed cooperation in the field of rural development are as follows:

- ☛ **Integrated Strategy for Rural Development in Foča and Plužine:** The two municipalities are interested in cooperating on the development of integrated strategy for rural development that will systematically address the issues of sustainability of rural agriculture and depopulation. This strategy should be well in line with the tourism development of the two municipalities.
- ☛ **Capacity Development for agriculture development projects:** There is an opportunity for cooperation on projects that will target agriculture development in the two municipalities. Those projects might cover a broad variety of activities, from capacity building of farmers, through agriculture land testing for new cultures, to branding, marketing and strengthening of cooperatives. Cattle breeding (and especially sheep breeding) might also offer good potential for cross-border cooperation as for example information exchange, labelling, marketing.

### **STRATEGIC ORIENTATION 3: COOPERATION IN THE FIELD OF COMMUNITY DEVELOPMENT, SUCH AS CULTURE, THE ARTS, EDUCATION, SPORT AND RECREATION**

The cooperation between communities of two municipalities has a long history and the same should be encouraged in the future. Therefore, as the third strategic orientation, there is a need to create preconditions for the intensifying cooperation and creation of joint activities in the field of culture, education, art, sports, recreation and other forms of cooperation between the two communities. The proposed specific objectives are:

The specific objectives for proposed cooperation in the field of strategic orientation 3 are as follows:

- ☛ **Development of joint projects in the field of culture and the arts:** the two municipalities have a good history of cooperation in the domain of culture. This might be further intensified by organising regular cross-border cultural events that could include other municipalities as well. The potential

project might be regular visits of the Foča's theatrical group to Plužine, artist colonies, poetry events, etc.

- **Strengthening cooperation between educational institutions:** There is a great potential for cooperation between the school centres from Foča and Plužine in organisation of joint projects, competitions and various events. This can include among others summer camps, winter sports activities, school competitions in knowledge and sports. The school centres might also cooperate in promoting the volunteerism by developing programmes for helping elderly people in remote villages, cleaning environmental hot spots, organising events, etc. Within this objective there is also possible to organise projects that will research a joint history of two municipalities.
- **Strengthening cooperation between sports clubs:** two municipalities should be supporting in organising sports events and strengthen cooperation between sports clubs and associations. In cooperation with the rafting camps and ethno-villages, there could be organised physical trainings for sports clubs, both from Foča and Plužine, yet from other municipalities too.

It is important to emphasise that this is not a finite list of opportunities for cross-border cooperation between Foča and Plužine municipalities, but could be extended to many other ideas and initiatives that the two communities have an interest in working on together.

## IMPLEMENTATION STRUCTURES FOR FUTURE CROSS-BORDER COOPERATION AND REQUIRED STEPS

The cross-border area of the two municipalities characterise good cooperation between citizens and private bodies, including some attempts of institutional cooperation between two municipalities and other public sector entities (e.g. cooperation between two Centres for Culture). Cooperation between public and private bodies of the two municipalities has been further improved by numerous activities organised within the GIZ ORF project on cross-border economic development of Montenegro and Bosnia-Herzegovina. The project has established a Working Group of representatives from public and private sectors of both municipalities with the aim of working together on cross-border development issues.

The working group, called Forum, held two meetings<sup>10</sup> and as a conclusion of these meeting it was decided to form two non-governmental organisations, NGO Forum Foča and NGO Forum Plužine. The representatives of municipal authorities, private sector and civil society organisations will found these two non-governmental organisations. Then, the two non-governmental organisations will sign an Agreement that will form an alliance, called the Cross-Border Forum Foča-Plužine. This modality of forming two non-governmental organisations first and then the Cross-Border Forum Foča-Plužine is in line with the existing laws of the Republic of Montenegro and Republic of Srpska and it presents the only possible way of formalising cooperation between the public, private and civil society sector in two bordering municipalities.

The Cross-Border Forum Foča - Plužine should have the following bodies:

- **Steering Group:** The steering group will be established with the mandate to specify the cooperation objectives between the two municipalities and to monitor their implementation. The cooperation objectives might be determined from the strategic orientations and potentials that are proposed within the previous chapter. The steering group will consist of representatives from the two municipalities, both from the public and private sector (including NGOs). The two Mayors will co-chair the work of the steering group, on a rotational basis.
- **Thematic Groups:** While the steering group has a more strategic role in the cooperation between the two municipalities, thematic groups will be established to advance cooperation in sector-, or theme - related issues such as tourism, infrastructure, environmental protection, business development, local administration capacity development, education, culture, etc. These

<sup>10</sup> The first meeting of the Forum was held in Foča on 16 December 2010 and the second meeting was held in Podgorica, on 1 February 2011.

groups will also have members from the public and private sector (including NGOs), notable in the field of operations. It is recommended not to create all thematic groups at once but to start with those ones where the cooperation is most beneficial and least harmful for stakeholders from both municipalities. Tourism might be one example of such a thematic group.

- **Project - based / ad-hoc teams:** the agreement should also foresee the creation of project-related or ad-hoc teams that will work on single issues. Those teams might be part of some thematic group, or might be created as an independent unit under the supervision of the steering group.

The Agreement of creating a cross-border alliance should also stipulate arrangements and procedures for administration of the work of the steering group, the thematic groups and project-related teams. It is recommended to create ad-hoc administrative units that will be in charge of coordination of the work of the above structures on a rotational basis of six months.

Cross-border projects should be funded not only from EU IPA CBC funds but also from other sources such as municipal budgets, national/entity development funds, international and bilateral donors, bank loans, etc.

The concept recommends the following immediate steps for the implementation of the cross-border cooperation:

- The two Mayors, supported by other steering group members, should promote and advocate investment potential in the cross-border areas and should lobby for more development funds in that regard. In addition, it is very important to mention again that the two municipalities should create a team of professionals that will be in charge for writing project proposals for all initiatives proposed by the cooperation structures.
- The structure of cooperation between Foča and Plužine should be rather inclusive than exclusive and should leave room for informal communication and cooperation between the formal and informal groups from the two municipalities.
- Assignment and support of administrative staff members to get responsible as “focal points” on each side for the cross-border cooperation

## CONCLUSION

Within the principles of European integration and under the IPA Cross-Border Cooperation between Montenegro and Bosnia-Herzegovina funding scheme, the municipalities of Plužine and Foča can use their historical ties to intensify their cooperation through concrete projects and initiatives that will contribute to the socio-economic development of both communities.

Foča and Plužine have similar developmental needs and the Concept has shown a great potential for cooperation between the two municipalities in many fields.

Former industrial plants have collapsed in both municipalities and privatisation did not bring the desired solutions. As a result, the municipalities are trying to develop tourism, hospitality and other service industry. Both municipalities are seeking opportunities for extending the tourist season and improving the tourist offer. Using the concept of cross-border cooperation, they could create an integrated tourist offer that would literally cross the border of the two countries. Within the same concept they could cooperate on developing complementary planning documents, necessary infrastructure, business development, joint environmental protection projects and many other issues.

The two municipalities also have an interest to cooperate in the field of developing new services for their citizens, as well as human resource development within the local self-governments. Cooperation could also be extended to issues relating to education, social welfare, culture and sport and those opportunities were also discussed within this Concept.



The main objective of the cross-border cooperation between two municipalities should be to establish functional networks and base for contiguous cooperation. Creation of the Euroregion is not on the agenda, though that idea should not be excluded on a long-term basis.

In accordance with the conclusions of a Forum for Cross-Border Cooperation between two municipalities, the concept proposes to form two non-governmental organisations, NGO Forum Foča and NGO Forum Plužine, which will later sign an Agreement on forming the Alliance “Cross-Border Forum Foča-Plužine”. The Agreement of forming the Alliance would define the modalities and instruments for future cooperation and will create the following joint bodies: a Steering Group, that would manage and monitor the realisation of cross-border initiatives at the strategic level, the Thematic Groups, that will work on initiatives for cooperation in specific sectors or themes, and teams formed for specific projects or ad hoc teams to work on individual initiatives. Beside those well-structured cooperation mechanisms, citizens and various formal and informal groups should be encouraged to take a part in cooperation with their peers from across the border.

**ANNEX 1: LIST OF INTERVIEWS**

<b>Name</b>	<b>Institution / Organization</b>	<b>Place, Date and Time</b>
Zdravko Krsmanovic	Mayor, Municipality of Foča	Foča, 13 May 2010 @ 9:00AM
Stefan Daeger Aleksandra Kiković	GIZ ORF	Podgorica, 21 June 2010 @ 9:30AM
Neđeljko Jovovic	Director, Touristic Organization Plužine	Plužine, 18 October 2010 @ 10:00AM
Rade Vukovic	Owner, Touristic Household “Zvono”, Plužine	Plužine, 18 October 2010 @ 12:00AM
Mijuško Bajagić	Mayor, Municipality of Plužine	Plužine, 18 October 2010 @ 1:30PM
Marija Bakrač	Advisor, Touristic Organization Plužine	Plužine, 18 October 2010 @ 2:45PM
Nikifor Milović	Abot, Piva Monastery	Plužine, 18 October 2010 @ 4:15PM
Petar Mitrić Neđeljko Subašić	Municipality of Plužine	Plužine, 18 October 2010 @ 7:00PM
Mičo Blagojevic Mikica Blagojevic	Tourist service providers	Plužine, 19 October 2010 @ 11:00AM
Gordana Radovic	Director, Centre for Education, Plužine	Plužine, 19 October 2010 @ 1:30PM
Milenko Mićanović	Director, Centre for Culture, Plužine	Plužine, 20 October 2010 @ 10:30AM
Vladimir Knežević Olgica Glomazić	Head of the Municipal Administration Head of the Municipal Department for Economy	Plužine, 20 October 2010 @ 11:30AM
Miles Davis Branislav Ceranić	Project Coordinator COSV Italy NGO Tara	Plužine, 20 October 2010 @ 1:00PM
Slobodan Gagović	Owner, Rafting Club “Bodo” Foča	Foča, 20 October 2010 @ 5:00PM
Radenka Srndović	Head of the Municipal Department for Economy	Foča, 21 October 2010 @ 8:45AM
Radisav Mašić	Director, Centre for Culture, Foča	Foča, 21 October 2010 @ 11:00AM
Dragana Ivanovic	Director, Touristic Organisation, Foča	Foča, 21 October 2010 @ 12:00AM
Vesna Elez	Municipality of Foča	Foča, 21 October 2010 @ 1:00PM
Nenad Ikonić	Lifesaving Club “Wolf”, Foča	Foča, 21 October 2010 @ 1:30PM
Ivana Smrekić	Football club “Sutjeska”, Foča	Foča, 21 October 2010 @ 2:15PM
Nada Marković	Director, Sports Hall, Foča	Foča, 21 October 2010 @ 2:45PM

Name	Institution / Organization	Place, Date and Time
Dragica Ćurčić	Curator, Museum, Foča	Foča, 21 October 2010 @ 3:15PM

## ANNEX 2: REVIEW OF COOPERATION INSTRUMENTS FOR IMPLEMENTATION OF STRATEGIC ORIENTATIONS

Strategic Orientation	Development Potential	Main Stakeholders	Cooperation Instrument
<b>Strategic Orientation 1:</b> Strengthening cooperation between authorities and local administration structures of two municipalities	Creation of mechanisms for cooperation between two municipalities	Foča Municipality Plužine Municipality	The steering group
	Increasing the capacity of municipalities to deliver better quality services through establishing one-stop shops	Foča Municipality Plužine Municipality	Thematic group on administration reform
	Human resource development of municipal officials	Foča Municipality Plužine Municipality	Thematic group on administration reform
	Civil Society Development	Foča Municipality Plužine Municipality Civil Society Organisations	The steering group Thematic group on civil society development
	Technical Assistance for EU PCM	Foča Municipality Plužine Municipality Other public and private actors	Thematic group on administration reform
<b>Strategic Orientation 2:</b> Support to the economic development of the Cross-Border Area	Tourism: Integrated Strategy for Development of Tourism in Plužine and Foča	Foča Tourism Organisation Plužine Tourism Organisation Other public and private actors in tourism	Thematic group on tourism
	Tourism: Identification and development of new and existing tourist products, services and destinations on both sides of the border	Foča Tourism Organisation Plužine Tourism Organisation Other public and private actors in tourism	Thematic group on tourism
	Tourism: Joint marketing	Foča Tourism	Thematic group on tourism

Strategic Orientation	Development Potential	Main Stakeholders	Cooperation Instrument
		Organisation Plužine Tourism Organisation Other public and private actors in tourism	
	Tourism: Increasing the quality of tourist accommodation	Foča Tourism Organisation Plužine Tourism Organisation Tourist Accommodation Providers Other public and private actors in tourism	Thematic group on tourism
	Tourism: Capacity-building among tourism workers	Foča Tourism Organisation Plužine Tourism Organisation Other public and private actors in tourism	Thematic group on tourism
	Tourism: Integrating tourism with other sectors	Foča Tourism Organisation Plužine Tourism Organisation Other public and private actors in tourism	Thematic group on tourism
	Tourism: Strengthening cooperation of tourism providers with local authorities	Foča Tourism Organisation Plužine Tourism Organisation Other public and private actors in tourism	Thematic group on tourism
	Infrastructure: Reconstruction of the motorway E762 (M18)	Foča Municipality Plužine Municipality National/Entity Governments	Thematic group on infrastructure development
	Infrastructure: Cooperation on the	Foča Municipality Plužine Municipality	Thematic group on infrastructure development

Strategic Orientation	Development Potential	Main Stakeholders	Cooperation Instrument
	regulatory policies		
	Infrastructure: Development of local roads that can be used in tourism	Foča Municipality Plužine Municipality Public and private actors in tourism	Thematic group on infrastructure development
	Infrastructure: Development of other infrastructural projects	Foča Municipality Plužine Municipality	Thematic group on infrastructure development
	Business Development: Developing institutional and organisational capacity for provision of business development services	Foča Municipality Plužine Municipality Private Sector actors	Thematic group on business development
	Business Development: SME and Entrepreneurship Development Projects	Foča Municipality Plužine Municipality Private Sector actors	Thematic group on business development
	Business Development: Organisation of Fairs and Market Days	Foča Municipality Plužine Municipality Private Sector actors	Thematic group on business development
	Environmental Protection: Strengthening cooperation between the municipal public utility companies	Public utility companies from two municipalities Foča Municipality Plužine Municipality	Thematic group on environmental protection
	Environmental Protection: Strengthening a public-private dialogue on environmental protection issues at tourist destinations	Public utility companies from two municipalities Foča Municipality Plužine Municipality Tourism providers	Thematic group on environmental protection
	Environmental Protection: Raising Awareness on Environmental Protection	Public utility companies from two municipalities Foča Municipality Plužine Municipality Tourism providers School Centres	Thematic group on environmental protection
	Rural Development: Integrated Strategy for	Foča Municipality	Thematic group on Rural Development

Strategic Orientation	Development Potential	Main Stakeholders	Cooperation Instrument
	Foča and Plužine	development actors	
	Agriculture Development Project	Foča Municipality Plužine Municipality Other Agriculture development actors	Project - based teams
<b>Strategic Orientation 3:</b> Cooperation in the field of community development, such as culture, art and education	Culture: Theatre plays in Plužine	Theatre Foča Cultural Centre Plužine School Centre Plužine	Project - based team
	Culture: Artist colonies and poetry competitions	Cultural Centre Foča Cultural Centre Plužine	Project - based team
	Culture: Research of joint history	Cultural Centre Foča Cultural Centre Plužine Other actors in the field	Project - based team
	Education: Knowledge and Sports Competitions	School Centre Foča School Centre Plužine	Project - based team
	Education: Promotion of volunteerism	School Centre Foča School Centre Plužine Civil Society Organisations	Project - based team
	Education: Promotion of Faculties	Faculties in Foča School Centre Plužine	Project - based team

### ANNEX 3: REFERENCE LIST

Foča Municipal Development Strategy 2009 - 2015

Plužine Municipal Development Strategy (draft version)

Regulation Plan "Hum - "Šćepan Polje" - Development Concept

Spatial Plan of Plužine Municipality until 2025

Foča Municipality: a set of documents with information on socio-economic conditions, prepared for the Municipal Assembly session.