

# ANNUAL IMPLEMENTATION REPORT

## 2017

**INTERREG-IPA Bulgaria –  
the former Yugoslav Republic of  
Macedonia  
CBC Programme**

**Interreg - IPA CBC**  
  CCI 2014TC16I5CB006



## PART A

### 1. IDENTIFICATION OF THE ANNUAL/FINAL IMPLEMENTATION REPORT

CCI	2014TC16I5CB006
Title	INTERREG-IPA Cross-border Cooperation Programme Bulgaria – the former Yugoslav Republic of Macedonia
Version	4.0
Reporting year	2017
Date of approval of the report by the Joint Monitoring Committee	17 May 2018

### 2. OVERVIEW OF THE IMPLEMENTATION OF THE COOPERATION PROGRAMME *(Article 50(2) of Regulation (EU) No 1303/2013 and Article 14(3)(a) of Regulation (EU) No 1299/2013)*

During year 2017 the joint efforts were linked to implementation of the projects financed under the 1<sup>st</sup> Call for Proposals (CfP) of the INTERREG-IPA Cross-border Cooperation Programme Bulgaria – the former Yugoslav Republic of Macedonia 2014-2020 (hereinafter referred to also as Programme) and the preparation for the launch of the 2<sup>nd</sup> CfP.

At the beginning of the year, a total number of 45 subsidy contracts signed in October 2016 were under implementation. As on the ground of the contracted funds under the 1<sup>st</sup> CfP there were available funds under Priority Axis 2 “Tourism” sufficient for funding additional three project proposals from the reserve list. Therefore, the Managing Authority (MA) proposed and the Joint Monitoring Committee (JMC) of the Programme with its decision from 22<sup>nd</sup> of March 2017 approved the first three projects from the reserve list under Priority Axis 2 “Tourism” for contracting, namely No CBC006.1.21.191, No CBC006.1.22.117 and No CBC006.1.21.183. The respective subsidy contracts were prepared and signed with Lead partners in period May – September 2017. As a result **48 subsidy contracts** at the total amount of EUR 10 335 472,67 (representing 59% of the total Programme budget under Priority Axes 1, 2 and 3) were under implementation in 2017, distributed per Priority Axes as follows:

- ✓ Priority axis 1 “Environment” (PA 1) - 14 projects at a total amount of EUR 3 864 830,87 or 56,74% of the total allocation for PA 1;
- ✓ Priority axis 2 “Tourism” (PA 2) - 17 projects at a total amount of EUR 4 707 627,94 or 60,47% of the allocation for PA 2;
- ✓ Priority axis 3 “Competitiveness” (PA 3) - 17 projects at a total amount of EUR 1 763 013,86 or 60,39% of the allocation for PA 3.

All projects are subject to regular monitoring and risk assessment at quarterly basis.

Due to the fact that 45 of the subsidy contracts under the 1<sup>st</sup> CfP had been signed in October 2016 and 3 in 2017, only 5 projects completed their implementation by the end of 2017: 2 projects under PA 2 (CB006.1.22.033 and CB006.1.23.135) and 3 projects under PA 3 (CB006.1.31.015, No CB006.1.31.017 and CB006.1.31.111). Taking into account projects duration and foreseen contribution to the Programme Output Indicators (OIs), the figures for OIs for the years 2017 and 2018 are given in Table 2 below.

Since the indicators are vital to the efficient and effective implementation of the Programme and with

regards to preparation of application package under 2<sup>nd</sup> CfP, the MA prepared an analysis of the expected level of achievement of the Programme OIs, based on the information provided in the financed projects under 1<sup>st</sup> CfP. On the ground of the performed analysis, a forecast can be made that 14 out of 27 OIs are expected to be fully achieved until the end of 2018 as a result of the implementation of the projects under the 1<sup>st</sup> CfP, as follows: 5 OIs targets under PA 1; 4 OIs targets under PA 2; all OIs targets (5) under PA 3.

Based on the above forecast, the main concern of the MA in the process of preparation for the 2<sup>nd</sup> Call was to tackle the issue with the successful achievement of all Programme OIs. Since it has been envisaged to allocate all of its remaining funding under Priority Axes 1, 2 and 3 (amounting to EUR 6 917 631) towards the 2<sup>nd</sup> CfP, fulfilment of all targets for the “underachieved” OIs has been considered essential for assessment of the Programme’s overall performance. Therefore, in preparation of the Guidelines for applicants under the 2<sup>nd</sup> CfP, the MA decided project selection to be made on base of separate ranking of project proposals under each Output Indicator and contracting as many projects from each separate ranking list as necessary for reaching the set OI target. In preparation of Guidelines for applicants under 2<sup>nd</sup> CfP, the MA also decided to apply a new approach for submission of the project proposal - electronic application via Electronic Application System.

In June 2017, the draft Application package had been published for public consultations. Potential applicants and other interested stakeholders were invited to express their suggestions and comments for a period of one month as the received comments were later taken into consideration while preparing the final version of the documents and before their submission for approval by JMC. Meanwhile, a separate module to the online “Beneficiaries Portal”, part of the Management Information System (MIS) of the Programme was developed for submission of the projects, so for the first time the application process under the upcoming CfP shall be performed entirely electronically. The launch of the 2<sup>nd</sup> CfP was planned for the beginning of 2018.

During the year, the funds approved by the JMC under Priority axis 4 „Technical assistance“ (TA) were used for actions and services related to Programme management and implementation, such as: remuneration of the Joint Secretariat and First Level Control, travel costs, daily allowances and accommodations, organization of events and JMC meetings, training seminars.

At the same time, various tools for information and publicity were used to reach the wide audience. For sixth consecutive year, on 27<sup>th</sup> of September 2017 the European Cooperation Day was celebrated in Petrich, Bulgaria. The main goal of this year’s celebration was to promote cross-border cooperation through sports competitions with the participation of young people from schools from both partnering countries. Programme web site was constantly updated, social media accounts in Facebook and Twitter were further developed as a step to apply an innovative approach towards the general public, the improvements in the Management Information System (MIS) and the Beneficiary portal (BP) led to improved communication between beneficiaries and all Programme bodies, further enhanced by the conducted trainings of beneficiaries on the MIS and BP. In 2017 a contract was awarded for elaboration of a document export module in the MIS ensuring possibility for simultaneously registration of official documents both in MIS and in the registry system of the Ministry of Regional Development and Public Works (“Acstre Office”) including development and introduction of document import and export modules which will allow an automatic intersystem connection.

During year 2017 an amendment of the Programme was performed concerning introduction of the performance framework of the programme. The amendment was initiated by the MA in order to fulfil the recommendations of the EC given in their letter Ares(2017)223429 – 16.01.2017.

### 3. IMPLEMENTATION OF THE PRIORITY AXIS *(Article 50(2) of Regulation (EU) No 1303/2013)*

#### 3.1. Overview of the implementation

ID	Priority axis	Key information on the implementation of the priority axis with reference to key developments, significant problems and steps taken to address these problems
1	Environment	<p>Out of 76 applications submitted under the First CfP, a total number of 14 projects were contracted amounting to EUR 3 864 830,87.</p> <ul style="list-style-type: none"> <li>✓ Under SO 1.1 “Environmental protection and sustainable use of the common natural resources of the CBC area” - 11 projects amounting to EUR 2 712 475,33 have been under implementation in 2017. The distribution between “soft” measures and investment projects is 5 to 6 with duration between 12 and 15 months for soft and from 18 to 24 months for investment projects;</li> <li>✓ Under SO 1.2 “Prevention and mitigation the consequences of natural and man-caused disasters of cross-border dimension and impact” - 3 investment projects at total amount of EUR 1 152 355,54 are under implementation with duration between 18 and 24 months.</li> </ul> <p>Due to the fact that the subsidy contracts had been signed in October 2016 the first outputs are provisionally expected in 2018. As indicated in Table 2:</p> <ul style="list-style-type: none"> <li>✓ 4 out of 5 OIs under SO 1.1 are expected to meet their targets after the successful completion of the projects. Under the 1<sup>st</sup> CfP no projects were financed addressing OI 1.1.2 related to nature protected areas addressed by supported interventions. Therefore, such projects will be encouraged in the 2<sup>nd</sup> CfP;</li> <li>✓ Only 1 out of 7 OIs under SO 2.1 is expected to achieve its targets after successfully completion of the projects. Since the other 6 OIs remain underachieved, it is envisaged with projects for adaptation and mitigation of climate change consequences and measures for forest fire and flood protection, financed under the 2<sup>nd</sup> CfP the respective OIs targets to be achieved.</li> </ul> <p>In year 2017 there are no completed projects under PA 1.</p> <p>No significant problems were detected in year 2017.</p>
2	Tourism	<p>Out of 93 applications submitted under the 1<sup>st</sup> CfP, a total number of 17 projects were contracted amounting to EUR 4 707 627,94:</p> <ul style="list-style-type: none"> <li>✓ Under SO 2.1 “Enhancing the tourism potential of the region through cooperation initiatives in better preservation and sustainable utilization of natural and cultural heritage” - 9 projects amounting to EUR 3 851 393,78 with duration 15 - 24 months. Therefore, the first outputs are expected in 2018, as the newly built or reconstructed or upgraded tourist related facilities and attractions (OI 2.1.3) will be achieved through successful completion of projects under the 1st CfP. Since the 3 out of 4 OIs remain underachieved, it is envisaged with projects financed under the 2nd CfP the OI 2.1.1, OI 2.1.2 and OI 2.1.4 targets to be achieved;</li> <li>✓ Under SO 2.2 “Raising the competitiveness of the CBC region’s tourist offer” - 6 soft projects with duration up to 15 months amounting to EUR 697 017,34. Their successful implementation will guarantee the achievement of all OIs’ targets under this SO;</li> </ul>

		<p>✓ Under SO 2.3 “Promoting cooperation among regional actors in the area of sustainable tourism” - 2 soft projects with duration up to 15 months and amounting to EUR 159 216,82. Since these two projects cannot ensure the full achievement of the OIs, additional projects for establishment of cross-border networks, promotion of the region cultural identity and youth initiatives have to be contracted under 2nd CfP to achieve the targets.</p> <p>By the end of 2017, two projects were successfully completed, which respectively contributed to OIs 2.2.2 and 2.3.1.</p> <p>No significant problems were detected in year 2017.</p>
3	Competitiveness	<p>Out of 44 applications submitted under the 1<sup>st</sup> CfP, a total number of 17 soft projects are contracted amounting to EUR 1 763 013,86 with project duration up to 15 months. Until the end of 2018 all OIs targets under PA 3 are expected to be achieved.</p> <p>By the end of 2017, three projects were successfully completed and contributed to the Programme objectives as follows:</p> <ul style="list-style-type: none"> <li>✓ Project No CB006.1.31.015 - OI 3.1.2 “Number of participants (split into men and women) in supported training and qualification initiatives”;</li> <li>✓ Project No CB006.1.31.017 - OI 3.1.2 “Number of participants (split into men and women) in supported training and qualification initiatives” and OI 3.1.5 “Number of cooperation networks”;</li> <li>✓ Project No CB006.1.31.111 - contributed to all 5 OIs as OI 3.1.1 “Supported joint start-up and self-employment initiatives”, OI 3.1.2 “Number of participants (split into men and women) in supported training and qualification initiatives”, OI 3.1.3 “Number of enterprises receiving non-financial support”, OI 3.1.4 “Supported initiatives for economic development and investment promotion” and OI 3.1.5 “Number of cooperation networks”.</li> </ul> <p>No significant problems were detected in 2017.</p>
4	Technical Assistance (TA)	<p>The Annual Technical Assistance Plan for 2017 was approved by the JMC on 24<sup>th</sup> of January 2017 together with a detailed budget breakdown and rules on Eligibility of Technical Assistance Expenditures. The indicative budget of Priority axis 4 „Technical assistance“ for year 2017 amounted to EUR 480 802,50.</p> <p>During the reporting period in 2017 a number of Programme management activities were performed related to:</p> <ul style="list-style-type: none"> <li>✓ Implementation of the 1<sup>st</sup> CfP (monitoring on implementation, verification of expenditures and payments to the projects) and contracting of additional 3 projects);</li> <li>✓ Preparation of the 2<sup>nd</sup> CfP including public consultation on the Application package;</li> <li>✓ Conducting tender procedures (supply and installation of office equipment, service for organization of events, maintenance of MIS and development of module for electronic submission of project proposals under the 2<sup>nd</sup> CfP and document export module);</li> <li>✓ Organization and participation in technical and JMC meeting for approval of 2016 Annual Implementation Report held on 30<sup>th</sup> of May 2017 in Berovo;</li> <li>✓ Organization and participation in the European Cooperation Day 2017 – 27<sup>th</sup> of September 2017 in Petrich, Bulgaria;</li> <li>✓ Ongoing upgrading and maintenance of Programme official website and MIS (including elaboration of additional functionality of the Beneficiary’s portal which will enable the electronic submission of the project</li> </ul>

		proposals under the 2 <sup>nd</sup> CfP).
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**3.2. Common and programme specific indicators** (Article 50(2) of Regulation (EU) No 1303/2013)

*Data for common and programme-specific indicators by investment priority transmitted using the tables 1 and 2 below.*

Table 1

Result indicators (by priority axis and specific objective)

						ANNUAL VALUE										
ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2023)	2014	15	16	17	18	19	20	21	22	23	Observations (if necessary)
RI 1.1.1	Increased level of capacity in environment protection and sustainable use of common natural resources	Scale	2.56	2014	3.00	0	0	0	0							Frequency of reporting: 2018 2023
RI 1.2.1	Increased joint interventions in the field of risk prevention and management	Percentage	6	2014	80%	0	0	0	0							Frequency of reporting: 2018 2023
RI 1.2.2	Increased joint initiatives related to risk prevention and management	Percentage	30	2014	20%	0	0	0	0							Frequency of reporting: 2018 2023
RI 2.1.1	Increased nights spent in the cross-border region	Percentage	1 618 655	2014	1%	0	0	0	0							Frequency of reporting: 2018 2023
RI 2.2.1	Increased level of joint and integrated approaches to sustainable tourism development in the	Scale	2.44	2014	3.00	0	0	0	0							Frequency of reporting: 2018 2023

	border area																
RI 2.3.1	Increased public awareness regarding sustainable use of natural and cultural heritage and resources	Scale	2.49	2014	3.00	0	0	0	0								Frequency of reporting: 2018 2023
RI 3.1.1	Increased cross-border business networks created or extended	%	29	2014	10%	0	0	0	0								Frequency of reporting: 2018 2023
RI 3.1.2	Increased level of awareness on the business opportunities offered by the region	Scale	2.34	2014	3.00	0	0	0	0								Frequency of reporting: 2018 2023

Table 2

**Common and programme specific output indicators (by priority axis, investment priority); applies also to technical assistance priority axes**

	ID	Indicator (name of indicator)	Measurement unit	Target value <sup>(1)</sup> (2023)	CUMULATIVE VALUE										Observations (if necessary)		
					2014	15	16	17	18	19	20	21	22	23			
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 1.1.1	Number of supported investments for improving the environmental conditions in the programme region	Number	15	0	0	0	0	22								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs	OI 1.1.2	Number of nature	Number	5	0	0	0	0	0								

<sup>1</sup> Targets are optional for technical assistance priority axes.



to be delivered by selected operations [forecast provided by beneficiaries]		protected areas addressed by supported interventions															
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 1.1.3	Number of supported joint mechanisms for environmental protection, promotion of biodiversity and sustainable use of natural resources	Number	5	0	0	0	0	8								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 1.1.4	Number of institutions/organizations involved in environmental related activities	Number	20	0	0	0	0	130								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 1.1.5	Number of participants in environmental related trainings and campaigns	Number	300	0	0	0	0	954								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations	OI 1.2.1	Supported investments for	Number	5	0	0	0	0	6								

[forecast provided by beneficiaries]		improving disaster management and risk prevention															
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 1.2.2	Supported investments for adaptation and mitigation of climate change consequences	Number	5	0	0	0	0	1								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 1.2.3	Supported joint mechanisms for disaster management and risk prevention and for promotion of climate change awareness	Number	3	0	0	0	0	1								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 1.2.4	Number of institutions/organizations involved in initiatives related to risk prevention and management	Number	10	0	0	0	0	6								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 1.2.5	Number of participants in trainings and	Number	300	0	0	0	0	60								

Cumulative value – outputs delivered by operations [actual achievement]		campaigns in the field of risk prevention, (including marginalized communities and other vulnerable groups)			0	0	0	0							
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 1.2.6	Population benefiting from flood protection measures	Number	350 000	0	0	0	0	255 840						
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0							
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 1.2.7	Population benefiting from forest fire protection measures	Number	400 000	0	0	0	0	0						
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0							
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 2.1.1	Number of cultural and historical touristic sites reconstructed / restored / covered by conservation and protection actions	Number	25	0	0	0	0	5	6					
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0							
Cumulative value – outputs to be delivered by selected operations	OI 2.1.2	Length of new or reconstructed or	Km	5	0	0	0	0	4.21						

[forecast provided by beneficiaries]		upgraded access roads to natural, cultural and historic tourism sites, cycling routes and walking paths															
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 2.1.3	Number of newly built or reconstructed or upgraded tourist related facilities and attractions	Number	10	0	0	0	0	12	15							
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 2.1.4	Number of created/reconstructed facilities for disabled people for access to or in the supported touristic sites	Number	5	0	0	0	0	3	4							
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 2.2.1	Number of joint touristic products, services, brands, thematic routes	Number	10	0	0	0	0	20								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 2.2.2	Number of actions, tools and initiatives developed and/or	Number	10	0	0	0	1	19								

Cumulative value – outputs delivered by operations [actual achievement]		implemented for promotion of sustainable tourism potential of the eligible border area			0	0	0	1								
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 2.2.3	Number of participants in joint training and qualification initiatives in the field of sustainable tourism	Number	50	0	0	0	0	240							
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0								
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 2.3.1	Number of cross-border networks established or strengthened in the field of sustainable tourism	Number	5	0	0	0	3	3							
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	3								
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 2.3.2	Number of cultural events held for promoting the region's cultural identity	Number	15	0	0	0	0	7							
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0								
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 2.3.3	Number of participants in youth initiatives	Number	150	0	0	0	0	0							
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0								

delivered by operations [actual achievement]																	
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 3.1.1	Supported joint start-up and self-employment initiatives	Number	2	0	0	0	1	11								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	1									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 3.1.2	Number of participants (split into men and women) in supported training and qualification initiatives	Number	150 (balanced participation of men and women)	0	0	0	340	1 652								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	365									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 3.1.3	Number of enterprises receiving non-financial support	Number	10	0	0	0	3	145								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	3									
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI 3.1.4	Supported initiatives for economic development and investment promotion	Number	10	0	0	0	1	15								
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	1									
Cumulative value – outputs to be delivered by selected	OI 3.1.5	Number of	Number	7	0	0	0	2	12								

operations [forecast provided by beneficiaries]		cooperation networks														
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	2								
Actual achievement per year*	OI 4.1.1	Number of performed evaluations of the programme	Number	N/A	0	0	0	0								
	OI 4.1.2	Updated MIS system	Number	N/A	0	0	1	1								
	OI 4.1.3	No of Monitoring Committee meetings	Number	N/A	0	1	2	1								
	OI 4.1.4	No of publicity events for beneficiaries	Number	N/A	0	6	2	3								
	OI 4.1.5	Number of employees (full time) whose salaries are co-financed by technical assistance	Number	N/A	0	5	7	20								

\*The provided information is not cumulated. Share of 33, 3% of the salaries of the Bulgarian First Level Controllers are covered by the Priority Axis 4 "Technical assistance".

### 3.3 Milestones and targets defined in the performance framework *(Article 50(2) of Regulation (EU) No 1303/2013)*

Priority Axis	Indicator or Key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)
PA 1 "Environment"	OI 1.1.1 Number of supported investments for improving the environmental conditions in the programme region	Number	0	15
	KIS 1.1.1 Number of contracted projects related to investments for improving the environmental conditions in the programme region	Number	6	6
	OI 1.2.1 Supported investments for improving disaster management and risk prevention	Number	0	5
	KIS 1.2.1 Number of contracted projects related to investments for improving disaster management and risk prevention	Number	3	3
	FI 1 Eligible certified expenditure of the priority axis 1 "Environment"	EUR	419 323	5 789 852
PA 2 "Tourism"	OI 2.1.3 Number of newly built or reconstructed or upgraded tourist related facilities and attractions	Number	3	10
	KIS 2.1.3 Number of contracted projects related to newly built or reconstructed or upgraded tourist related facilities and attractions	Number	5	5
	OI 2.2.1 Number of joint touristic products, services, brands, thematic routes	Number	8	10
	FI 2 Eligible certified expenditure of the priority axis 2 "Tourism"	EUR	479 226	6 616 974
PA 3 "Competitiveness"	OI 3.1.4 Supported initiatives for economic development and investment promotion	Number	8	10
	FI 3 Eligible certified expenditure of the priority axis 3 "Competitiveness"	EUR	179 710	2 481 365



**3.4. Financial data** (Article 50(2) of Regulation (EU) No 1303/2013)

Table 4

**Financial information at priority axis and programme level**

(as set out in Table 1 of Annex II to Commission Implementing Regulation (EU) No 1011/2014 and table 16 of the Programme)

The financial allocation of the priority axis						Cumulative data on the financial progress					
Priority axis	Fund	Category of region	Basis for the calculation of Union support*  (Total eligible cost or public eligible cost)	Total funding (EUR)	Co-financing rate (%)	Total eligible cost of operations selected for support (EUR)	Proportion of the total allocation covered with selected operations (%)  [column 7/column 5 × 100]	Public eligible cost of operations selected for support (EUR)	Total eligible expenditure declared by beneficiaries to the managing authority	Proportion of the total allocation covered by eligible expenditure declared by beneficiaries (%)  [column 10/column 5 × 100]	Number of operations selected
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
Priority axis 1	IPA	less developed	Public	6 811 592	84,99%	3 864 830,87	56,74%	3 864 830,87	882 480,73	12,96%	14
Priority axis 2	IPA	less developed	Public	7 784 676	84,99%	4 707 627,94	60,47%	4 707 627,94	591 085,92	7,59%	17
Priority axis 3	IPA	less developed	Public	2 919 253	84,99%	1 763 013,86	60,39%	1 763 013,86	762 544,44	26,12%	17
Priority axis 4 TA	IPA	n/a	Public	1 946 169	84,99%	917 132,50	47,13%	917 132,50	134 824,97	6,93%	3*
<b>Total</b>				<b>19 461 690</b>	<b>84,99%</b>	<b>11 252 605,17</b>	<b>57,82%</b>	<b>11 252 605,17</b>	<b>2 370 936,06</b>	<b>12,18%</b>	<b>51</b>

\* The number indicates Technical Assistance projects of the MA and NA for years 2015, 2016 and 2017.

Until the end of year 2017, the contracted amount represents 57,82% of the total programme budget or EUR 11 252 605,17 under all Priority Axes.

From the beginning of the programming period until 31<sup>st</sup> of December 2017, the payments (advance and interim) transferred to the lead partners amount to EUR 4 008 982,

distributed per Priority Axes as follows:

- ✓ Priority axis 1 “Environment” - EUR 1 559 219;
- ✓ Priority axis 2 “Tourism” - EUR 1 408 433;
- ✓ Priority axis 3 “Competitiveness” - EUR 1 041 330;

For year 2017 the total eligible expenditures declared by beneficiaries (and respective interim payments made) amount to of EUR 2 236 111,09 (EUR 882 480,73 – under PA1, EUR 591 085,92 – under PA2 and EUR 762 544,44 – under PA3).

Table 5

**Breakdown of the cumulative financial data by category of intervention for the transmission made by 31 January**

(as set out in Table 2 of Annex II to Commission Implementing Regulation (EU) No 1011/2014 and tables 6-9 of the Programme)

Priority axis	Characteristics of expenditure		Categorisation dimensions								Financial data			
			1 Intervention field	2 Form of finance	3 Territorial dimension	4 Territorial delivery mechanism	5 Thematic objective dimension ERDF/Cohe sion Fund	6 ESF secon dary theme	7 Economic dimension	8 Location dimension	Total eligible cost of operations selected for support (EUR)	Public eligible cost of operations selected for support (EUR)	The total eligible expenditure declared by beneficiaries to the MA	Number of operations selected
PA 1	IPA	less developed	085 & 087	01	01/02/03	n/a	(b)	n/a	n/a	BG413, BG415, MK North-East, South-East & East regions	3 864 830,87	3 864 830,87	882 480,73	14
PA 1	IPA	less developed	085	01	01/02/03	n/a	(b)	n/a	n/a	BG413, BG415, MK North-East, South-East & East regions	2 712 475,33	2 712 475,33	768 734,93	11
PA 1	IPA	less developed	085	01	01	n/a	(b)	n/a	n/a	BG413	493 693,09	493 693,09	270 494,44	2
PA 1	IPA	less	085	01	02	n/a	(b)	n/a	n/a	BG413, MK	1 423 577,19	1 423 577,19	374 082,54	5

Priority axis	Characteristics of expenditure		Categorisation dimensions								Financial data			
			1 <i>Intervention field</i>	2 <i>Form of finance</i>	3 <i>Territorial dimension</i>	4 <i>Territorial delivery mechanism</i>	5 <i>Thematic objective dimension ERDF/Cohe sion Fund</i>	6 <i>ESF sec ondary theme</i>	7 <i>Economic dimension</i>	8 <i>Location dimension</i>	<i>Total eligible cost of operations selected for support (EUR)</i>	<i>Public eligible cost of operations selected for support (EUR)</i>	<i>The total eligible expenditure declared by beneficiarie s to the MA</i>	<i>Number of operation s selected</i>
		developed								South-East & East regions				
PA 1	IPA	less developed	085	01	03	n/a	(b)	n/a	n/a	BG413, BG415, MK North-East & East region	795 205,05	795 205,05	124 157,95	4
<b>PA 1</b>	<b>IPA</b>	<b>less developed</b>	<b>087</b>	<b>01</b>	<b>02/03</b>	<b>n/a</b>	<b>(b)</b>	<b>n/a</b>	<b>n/a</b>	<b>MK North-East, South-East &amp; East regions</b>	<b>1 152 355,54</b>	<b>1 152 355,54</b>	<b>113 745,80</b>	<b>3</b>
PA 1	IPA	less developed	087	01	02	n/a	(b)	n/a	n/a	MK South-East region	382 459,61	382 459,61	53346,58	1
PA 1	IPA	less developed	087	01	03	n/a	(b)	n/a	n/a	MK North-East & East regions	769 895,93	769 895,93	60 399,22	2
<b>PA 2</b>	IPA	less developed	075, 092, 094, 095, 103	<b>01</b>	01/02/03	n/a	<b>(d)</b>	n/a	n/a	BG413, BG415, MK North-East, South-East & East regions	4 707 627,94	4 707 627,94	591 085,92	17
<b>PA 2</b>	<b>IPA</b>	<b>less developed</b>	<b>075</b>	<b>01</b>	<b>02</b>	<b>n/a</b>	<b>(d)</b>	<b>n/a</b>	<b>n/a</b>	<b>MK East region</b>	<b>599 328,40</b>	<b>599 328,40</b>	<b>87 785,47</b>	<b>2</b>
PA 2	IPA	less developed	075	01	02	n/a	(d)	n/a	n/a	MK East region	599 328,40	599 328,40	87 785,47	2
<b>PA 2</b>	<b>IPA</b>	<b>less developed</b>	<b>092</b>	<b>01</b>	<b>01/02/03</b>	<b>n/a</b>	<b>(d)</b>	<b>n/a</b>	<b>n/a</b>	<b>BG413, BG415, MK North-East &amp; South-East regions</b>	<b>1 744 957,54</b>	<b>1 744 957,54</b>	<b>261 108,90</b>	<b>6</b>
PA 2	IPA	less developed	092	01	01	n/a	(d)	n/a	n/a	BG413	107 337,45	107 337,45	8 464,87	1
PA 2	IPA	less developed	092	01	02	n/a	(d)	n/a	n/a	BG415, MK South-East region	1 142 143,50	1 142 143,50	167 131,60	4

Priority axis	Characteristics of expenditure		Categorisation dimensions								Financial data			
			1 <i>Intervention field</i>	2 <i>Form of finance</i>	3 <i>Territorial dimension</i>	4 <i>Territorial delivery mechanism</i>	5 <i>Thematic objective dimension ERDF/Cohe sion Fund</i>	6 <i>ESF secon dary theme</i>	7 <i>Economic dimension</i>	8 <i>Location dimension</i>	<i>Total eligible cost of operations selected for support (EUR)</i>	<i>Public eligible cost of operations selected for support (EUR)</i>	<i>The total eligible expenditure declared by beneficiar ies to the MA</i>	<i>Number of operation s selected</i>
PA 2	IPA	less developed	092	01	03	n/a	(d)	n/a	n/a	MK North-East region	495 476,59	495 476,59	85 512,43	1
PA 2	IPA	less developed	094	01	02/03	n/a	(d)	n/a	n/a	BG413, MK South-East & East regions	1 169 238,24	1 169 238,24	88 046,67	5
PA 2	IPA	less developed	094	01	02	n/a	(d)	n/a	n/a	BG 413, MK South-East region	389 626,66	389 626,66	27 306,08	3
PA 2	IPA	less developed	094	01	03	n/a	(d)	n/a	n/a	MK South-East & East regions	779 611,58	779 611,58	60 740,59	2
PA 2	IPA	less developed	095	01	03	n/a	(d)	n/a	n/a	BG413, MK North-East & East regions	1 074 573,45	1 074 573,45	68 034,96	3
PA 2	IPA	less developed	095	01	03	n/a	(d)	n/a	n/a	BG413, MK North-East region	1 074 573,45	1 074 573,45	68 034,96	3
PA 2	IPA	less developed	103	01	02	n/a	(d)	n/a	n/a	BG415	119 530,31	119 530,31	86 109,92	1
PA 2	IPA	less developed	103	01	02	n/a	(d)	n/a	n/a	BG415	119 530,31	119 530,31	86 109,92	1
PA 3	IPA	Less developed	063, 064, 066, 067, 073, 103, 104 & 109	01	01/02/03	n/a	(g)	n/a	n/a	BG411, BG413, BG415, MK North-East, East, South-East regions & Skopje	1 763 013,86	1 763 013,86	762 544,44	17
PA 3	IPA	less developed	063	01	01	n/a	(g)	n/a	n/a	BG411, BG413	224 563,12	224 563,12	98 168,94	2
PA 3	IPA	less	063	01	01	n/a	(g)	n/a	n/a	BG411, BG413	224 563,12	224 563,12	98 168,94	2

Priority axis	Characteristics of expenditure		Categorisation dimensions								Financial data			
			1 <i>Intervention field</i>	2 <i>Form of finance</i>	3 <i>Territorial dimension</i>	4 <i>Territorial delivery mechanism</i>	5 <i>Thematic objective dimension ERDF/Cohe sion Fund</i>	6 <i>ESF secon dary theme</i>	7 <i>Economic dimension</i>	8 <i>Location dimension</i>	<i>Total eligible cost of operations selected for support (EUR)</i>	<i>Public eligible cost of operations selected for support (EUR)</i>	<i>The total eligible expenditure declared by beneficiarie s to the MA</i>	<i>Number of operation s selected</i>
		developed												
PA 3	IPA	less developed	064	01	02	n/a	(g)	n/a	n/a	BG413	113 827,22	113 827,22	35 205,25	1
PA 3	IPA	less developed	064	01	02	n/a	(g)	n/a	n/a	BG413	113 827,22	113 827,22	35 205,25	1
PA 3	IPA	less developed	066	01	01/02	n/a	(g)	n/a	n/a	MK East region & Skopje	206 525,67	206 525,67	64 797,75	2
PA 3	IPA	less developed	066	01	01	n/a	(g)	n/a	n/a	MK Skopje	109 101,24	109 101,24	27 742,09	1
PA 3	IPA	less developed	066	01	02	n/a	(g)	n/a	n/a	MK East region	97 424,43	97 424,43	37 055,66	1
PA 3	IPA	less developed	067	01	02	n/a	(g)	n/a	n/a	BG413, MK South-East region	312 281,23	312 281,23	115 247,80	3
PA 3	IPA	less developed	067	01	02	n/a	(g)	n/a	n/a	BG413	312 281,23	312 281,23	115 247,80	3
PA 3	IPA	less developed	073	01	01	n/a	(g)	n/a	n/a	MK North-East region	110 217,35	110 217,35	43 064,07	1
PA 3	IPA	less developed	073	01	01	n/a	(g)	n/a	n/a	MK North-East region	110 217,35	110 217,35	43 064,07	1
PA 3	IPA	less developed	103	01	01	n/a	(g)	n/a	n/a	BG413, MK North-East region	214 523,75	214 523,75	89 793,84	2
PA 3	IPA	less developed	103	01	01	n/a	(g)	n/a	n/a	BG413, MK North-East region	214 523,75	214 523,75	89 793,84	2
PA 3	IPA	less developed	104	01	01/02/03	n/a	(g)	n/a	n/a	BG413, MK North-East & South-East	390 331,68	390 331,68	233 599,49	4

Priority axis	Characteristics of expenditure		Categorisation dimensions								Financial data			
			1 <i>Intervention field</i>	2 <i>Form of finance</i>	3 <i>Territorial dimension</i>	4 <i>Territorial delivery mechanism</i>	5 <i>Thematic objective dimension</i> <i>ERDF/Cohe sion Fund</i>	6 <i>ESF secon dary theme</i>	7 <i>Economic dimension</i>	8 <i>Location dimension</i>	<i>Total eligible cost of operations selected for support (EUR)</i>	<i>Public eligible cost of operations selected for support (EUR)</i>	<i>The total eligible expenditure declared by beneficiarie s to the MA</i>	<i>Number of operation s selected</i>
										<b>regions</b>				
PA 3	IPA	less developed	104	01	01	n/a	(g)	n/a	n/a	MK North-East region	91 297,89	91 297,89	56 110,06	1
PA 3	IPA	less developed	104	01	02	n/a	(g)	n/a	n/a	BG413, MK South-East region	221 138,38	221 138,38	127 094,13	2
PA 3	IPA	less developed	104	01	03	n/a	(g)	n/a	n/a	MK North-East region	77 895,41	77 895,41	50 395,30	1
<b>PA 3</b>	<b>IPA</b>	<b>less developed</b>	<b>109</b>	<b>01</b>	<b>02</b>	<b>n/a</b>	<b>(g)</b>	<b>n/a</b>	<b>n/a</b>	<b>BG415, MK East region</b>	<b>190 743,84</b>	<b>190 743,84</b>	<b>82 667,30</b>	<b>2</b>
PA 3	IPA	less developed	109	01	02	n/a	(g)	n/a	n/a	BG415	190 743,84	190 743,84	82 667,30	2
PA 4	IPA	n/a	121	01	n/a	n/a	n/a	n/a	n/a	n/a	444 452,50	444 452,50	0,00	1*
PA 4	IPA	n/a	122	01	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0,00	0
PA 4	IPA	n/a	123	01	n/a	n/a	n/a	n/a	n/a	n/a	36 350,00	36 350,00	0,00	1

\*The number of operations selected includes the technical assistance project for 2017.

Table 6

**Cumulative cost of all or part of an operation implemented outside the Union part of the programme area**

	The amount of ERDF support <sup>2</sup> envisaged to be used for all or part of an operation implemented outside the Union part of the programme area based on selected operations (EUR)	Share of the total financial allocation to all or part of an operation located outside the Union part of the programme area (%) <i>(column 2/total amount allocated to the support from the ERDF at programme level *100)</i>	Eligible expenditure of ERDF support incurred in all or part of an operation implemented outside the Union part of the programme area declared by the beneficiary to the Managing Authority (EUR)	Share of the total financial allocation to all or part of an operation located outside the Union part of the programme area (%) <i>(column 4/total amount allocated to the support from the ERDF at programme level *100)</i>
1	2	3	4	5
All or part of an operation outside the Union part of the programme area <sup>3</sup>	60 488,04	0,37%	20 805,51	0,13%

<sup>2</sup> ERDF support is fixed in the Commission decision on the respective cooperation programme.

<sup>3</sup> In accordance with and subject to ceilings set out Article 20 of Regulation (EU) No 1299/2013.

#### **4. SYNTHESIS OF THE EVALUATIONS** *(Article 50(2) of Regulation (EU) No 1303/2013)*

According to the Programme Evaluation Plan (approved on 14<sup>th</sup> of April 2016 by the JMC) the first Programme evaluation - mid-term evaluation of the implementation is envisaged to be launched in the second half of 2018. It is planned to assess performance and identify ways for improvement of activities under the Programme, to elaborate findings about the current progress and recommend solutions for improvements which could contribute towards the successful implementation of the Programme, the decision-making process and potentially to provide feedback and important aspects for consideration for the next programming period.

#### **5. ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN**

##### *a) (article 50(2) of Regulation (EU) No 1303/2013)*

Under the First audit of operations for assurance that the certified expenditures are correct and the underlying transactions are legal and regular, performed in 2017 by Executive Agency “Audit of European Union Funds” - Audit Authority (AA) and Audit Body – Audit Authority for audit of Instrument for Pre-Accession Assistance of the former Yugoslav Republic of Macedonia, it has been identified that some provisions of the Implementation Manual - ver. 1.0 for NA for implementation of the Programme, are not in accordance with the requirements of the Regulation (EU) No 1303/2013 and the General conditions to the Financing Agreement. According to the Memorandum on Implementation of the Programme and approved Implementation Manual – ver. 1.0, point 7 „Financial Management and Control” is prescribed that the national co-financing for partners of the former Yugoslav Republic of Macedonia shall be ensured through the national budget of the former Yugoslav Republic of Macedonia and administered by the NA (Ministry for Local Self-Government) through conclusion of contract for national co-financing between NA and respective Macedonian project partner. During the audit, the Audit Body from Macedonia has found that neither the contracts for national co-financing were signed between the Ministry and the Macedonian partners, nor the payments of Macedonian co-financing were made. As a result, the AA submitted a recommendation the amount of the Macedonian national co-financing, which is not paid to the beneficiaries, to be deducted from Annual Account for the Programme submitted to the European Commission.

In order to overcome identified problem the MA and NA have taken prompt measures to ensure compliance with the requirements of the Regulation (EU) No 1303/2013. In this respect official correspondence between MA and NA was performed for transfer the relevant national co-financing to the Macedonian beneficiaries in due time. According to information provided by the NA, till the end of December 2017 the national co-financing contracts have been concluded with all Macedonian project partners.

##### *b) (Article 50(4) of Regulation (EU) No 1303/2013)*

With respect to Programme implementation and Programme performance, as mentioned in point 1 of the Annual Implementation Report the MA prepared an analysis of the expected level of achievement of the Programme OIs, based on the information provided in the financed 48 projects under 1<sup>st</sup> CfP. On the ground of the performed analysis, a forecast can be made that 14 out of 27 OIs are expected to be fully achieved until 2019 as a result of the implemented projects. Still one of the main challenges remain the fulfillment of the targets for the “underachieved” OIs (13) as crucial step for the Programme’s overall performance.



It is also visible, that out of 27 OIs under the Programme, the achievement of nearly half of the OIs (13) by the projects funded under the 1<sup>st</sup> CfP will be below 50%. Since it is planned that the Programme will allocate all of its remaining funding during the 2<sup>nd</sup> CfP, that means that the available funds shall be allocated towards those OIs in need of more contracted projects, whereas projects fulfilling only OIs that have already been achieved shall only be contracted in case some funding still remains available.

Fulfilment of the requirements of Article 50(4) of Regulation (EU) No 1303/2013:

- ✓ Article 5 - The role of partners is demonstrated in their participation in the Programme Joint Monitoring Committee, composed of representatives of Bulgaria and former Yugoslav Republic of Macedonia, nominated by local, regional and national authorities / organisations, including non-governmental organisations, economic and social partners, municipalities, districts administrations, academic and scientific institutions, environmental, educational and business organisations.
- ✓ Article 7 and Article 8 - The principles on promotion of equality between men and women and non-discrimination, and on promotion of sustainable development were included in the Guidelines for Applicants of the 1<sup>st</sup> and 2<sup>nd</sup> CfP. During the quality assessment, maximum points in the section envisaged for assessment of expected contribution of project proposals to these horizontal principles shall be given to projects that clearly demonstrate coherence with all 3 horizontal principles defined under the Programme (sustainable development, equal opportunities and non-discrimination, equality between men and women).
- ✓ Support used for climate change objective - the whole Priority Axis 1 “Environment” is focused on issues related to environmental measures and thus it could be concluded that projects implemented under this PA are contributing to support of climate change objectives. The 2<sup>nd</sup> CfP will give priority to those projects under PA 1 which will contribute to achievement of the set OIs’ targets and thus the number of projects which support climate change objectives will be increased.

**6. CITIZEN'S SUMMARY** (Article 50(9) of Regulation (EU) No 1303/2013)

A citizen's summary of the contents of the annual implementation report is attached here as a separate file in the form of annex. It shall be made public through publication on the Programme website.

**7. REPORT ON THE IMPLEMENTATION OF FINANCIAL INSTRUMENTS** (Article 46 of Regulation (EU) No 1303/2013) - Not applicable

**8. WHERE APPROPRIATE, PROGRESS IN PREPARATION AND IMPLEMENTATION OF MAJOR PROJECTS AND JOINT ACTION PLANS** (Article 101(h) and Article 111(3) of Regulation (EU) No 1303/2013 and Article 14(3)(b) of Regulation (EU) No 1299/2013)

**8.1. Major projects** - Not applicable

**8.2. Joint action plans Progress in the implementation of different stages of joint action plans** - Not applicable