

Bulgaria – the former Yugoslav Republic of Macedonia

IPA Cross-border Cooperation Programme

2014 – 2020

Draft Programme

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INTRODUCTION

This document is the proposal for the Operational Programme of the future IPA Cross-border Programme 2014-2020 between Bulgaria and the former Yugoslav Republic of Macedonia.

It is the status and outcome of a programming process that started in November 2013. This process was guided by the Joint Working Group for preparation of the Bulgaria - the former Yugoslav Republic of Macedonia IPA Cross-border programme 2014 - 2020, supported by an external programming team and coordinated by the Task Force comprising representatives of the Managing Authority, the National Authority and the Joint Technical Secretariat.

The programming process so far consisted of

- the elaboration of a regional analysis of the eligible programme area,
- a survey among regional stakeholders about their views, expectations and concerning on the future cooperation programme,
- a document describing the framework and the various options for thematic concentration for the future IPA CBC Programme,
- a proposal for the core elements of the intervention logic of the Programme,
- the presentation and discussion of the programme proposals on two rounds of Regional Consultative Forums with regional stakeholders,
- two meetings and several written consultations of the Joint Working Group,
- a feedback from the ex-ante evaluators on the intervention logic and the indicator system and
- a series of consultations among the Managing Authority / Task Force and the programming experts.

Programme Architecture

This draft of the Operational Programme is based on the “*Recommended model for cross-border cooperation programmes under the IPA instrument*” as outlined in the *GUIDANCE Recommended model for IPA II cross-border cooperation programmes following the COMMISSION IMPLEMENTING REGULATION (EU) No .../ of XXX on the specific rules for implementing Regulation (EU) XXX/2014 of dd.mm.2014 of the European Parliament and the Council establishing an Instrument for Pre-accession assistance (IPA II)* that was provided by the Managing Authority to the programming team in April 2014.

The model follows the ambition of the European cohesion policy to be more performance and result oriented and introduces the new programming framework focusing more on strategy and results.

The overall objective of the IPA CBC Programme Bulgaria – the former Yugoslav Republic of Macedonia 2014 – 2020 is

“to intensify cross-border cooperation between the people and institutions of the region in order to jointly address common challenges and exploit untapped potentials”

The Programme covers **three Thematic Priorities** according to the IPA II regulation¹:

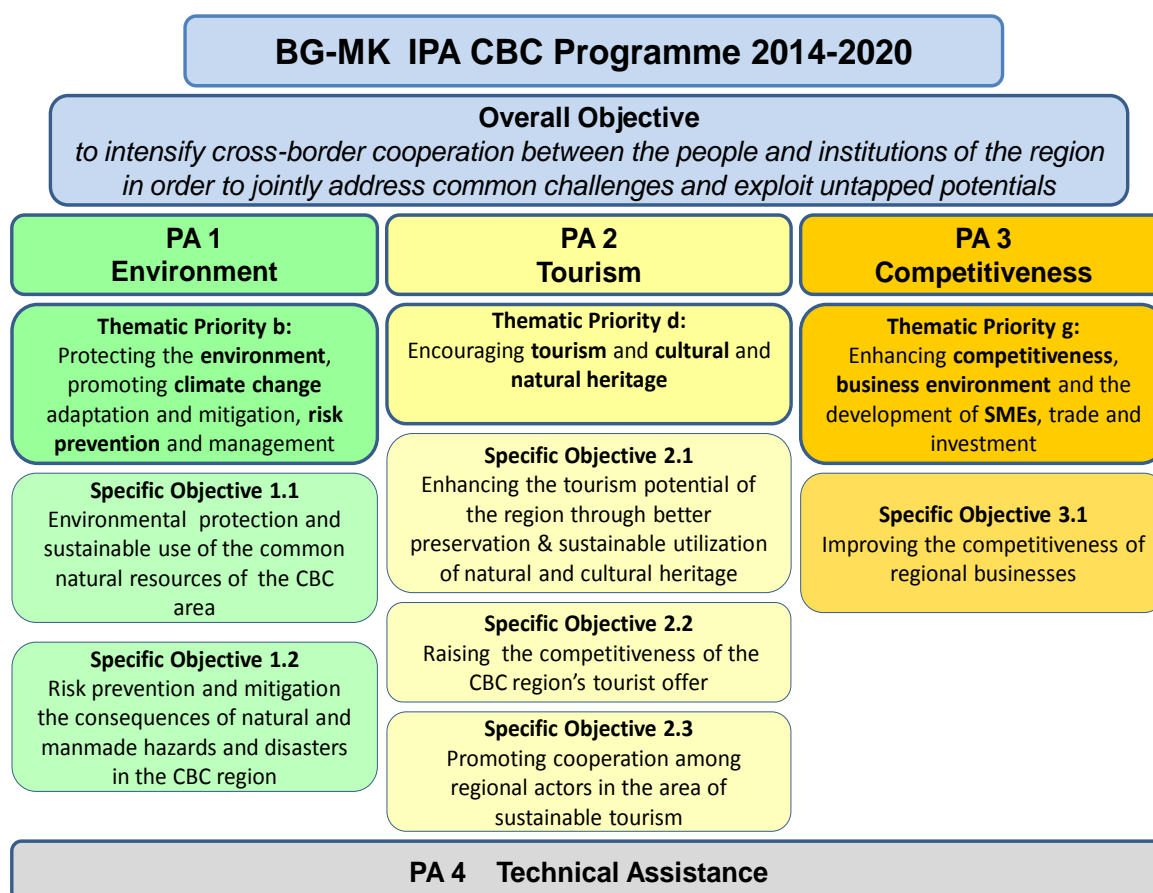
Thematic Priority (b): Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management

Thematic Priority (d): Encouraging tourism and cultural and natural heritage

Thematic Priority (g): Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment

An additional Technical Assistance Priority axis (PA) will support the proper management and the communication of the Programme.

Figure 1: Priority Axes, Thematic Priorities and Specific Objectives of the Programme



¹REGULATION (EU) No 231/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 March 2014, establishing an Instrument for Pre-accession Assistance (IPA II) : ANNEX III: Thematic priorities for assistance for territorial cooperation

A **cross cutting issue** of the Programme is the support for youth, women and vulnerable groups.

These issues can be especially addressed under the thematic priorities (b) Encouraging tourism and cultural and natural heritage, and (g) Enhancing competitiveness, business environment and the development of SMEs, trade and investment, are reflected in the eligible activities and will also be reflected in the selection criteria when assessing project proposals under the Calls for Proposals.

This approach should help improving the framework and the labour and social conditions for young people, women and vulnerable / marginalized groups in the region.

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

[Reference: Article 32, Commission Implementing Regulation (EU) No...../...of XXXX on the specific rules for implementing Regulation (EU) XXXX/2014 of dd.mm.2013 of the European Parliament and of the Council establishing an Instrument for Pre-Accession assistance (IPA II)]

1.1 Strategy for the cooperation programme's contribution to the selected thematic priorities and the relevant Partnership Agreement and Country Strategic Paper(s)

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

The programme area is located in the South-Central part of the Balkan Peninsula. It covers a territory of 18 087 km² and has a population of 980 375 people².

The territory includes on Bulgarian side two NUTS III districts - **Blagoevgrad and Kyustendil** (52,5% of the CBC programme area), comprising of 23 municipalities, 462 settlements and a population of 452 973 people³ (46.2% of the total programme area population, 6,2% of the country population). The municipalities on Bulgarian territory are:

- District of Blagoevgrad: Bansko, Belica, Blagoevgrad, Gotce Delchev, Garmen, Kresna, Petrich, Razlog, Sandanski, Satovcha, Simitli, Strumiani, Hadjidimovo and Yakoruda;
- District of Kyustendil: Bobovdol, Boboshevo, Dupnitsa, Kocherinovo, Kyustendil, Nevestino, Rila, Sapareva Banya and Trekliano.

The territory on side of the former Yugoslav Republic of Macedonia comprises of the **North-East, the East and the South-East** NUTS III statistical regions (47,5% of the programme area, 33,4% of the country area), consisting 27 municipalities, 597 settlements and population of 527 402⁴ people (53,8% of the total programme area population, 25.6 % of the country population):

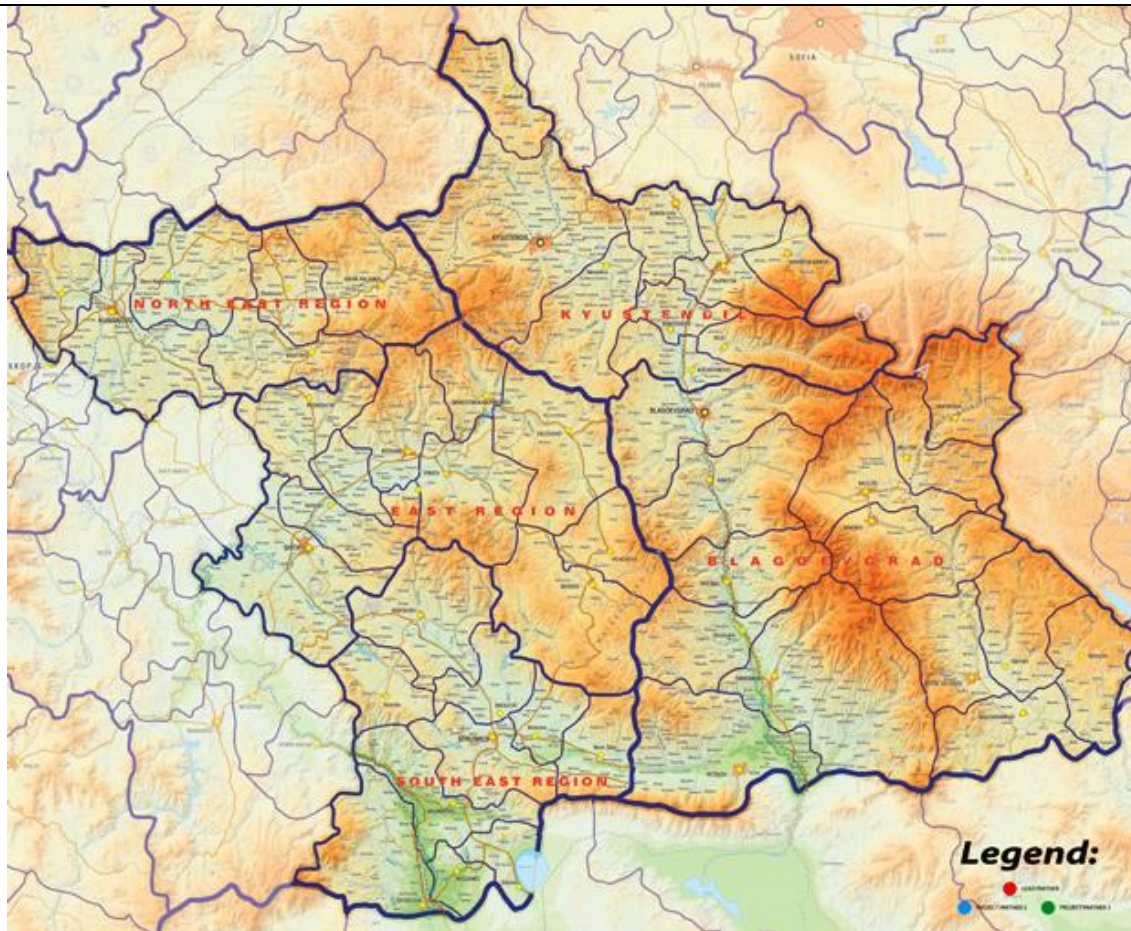
- North-East region: Kratovo, Kriva Palanka, Rankovce, Kumanovo, Lipkovo and Staro Nagorichane;
- South-East region: Valandovo, Gevgelija, Bogdanci, Dojran, Radovish, Konche, Strumica, Bosilovo, Vasilevo and Novo Selo;
- East region: Berovo, Pehchevo, Vinica, Kochani, Cheshinovo - Obleshevo, Zrnovci, Probishtip, Shtip, Karbinci, Delchevo and Makedonska Kamenica.

The administrative structure of the Programme area is provided on the Map 1.

² Data for 2012: Source: Bulgaria-National Statistical Institute; former Yugoslav Republic of Macedonia-State Statistical Office;

³ Data for 2012: Source: National Statistical Institute

⁴ Data for 2012 (estimations), Source: State Statistical Office



Map 1: Eligible programme area

More than half of the Program area is *mountainous* (the entire Rila and Pirin mountains, part of Western Rhodopi, the mountains of Verila, Konyavska, Zemenska, Slavyanka, Plackovica, Belasica, Osogovo, Malesevska, Ograzden and Vlahina), with forests occupying 46.5% of the total area but also numerous valleys with fertile land. The area is rich in water resources: rivers, the biggest of which are Struma, Mesta, Bregalnica, Strumica (Strumeshnica); lakes (part of Dojran Lake, Vodoca, Mantovo; 233 lakes in Rila and 186 in Pirin, of which the most popular are the Seven Rila lakes); *thermal waters*, available across the whole cooperation area.

The climate is diverse, from moderate-continental, transitional-continental and mountainous to Mediterranean along the river valleys.

The settlement structure in the CBC region is characterized by a concentration of population, economic and social activities in several regional centres (Blagoevgrad, Kyustendil, Dupnitsa, Sandanski, Goce Delchev and Petrich on Bulgarian side; Kumanovo, Shtip and Strumica on side of the former Yugoslav Republic of Macedonia – 37% of the region's population) and numerous sparsely populated rural and peripheral areas in the mountains and closer to the border. The orientation of each part of the CBC region is towards its internal centres rather than cross-border which is also due to the fact that important transport corridors run through them thus providing easier access to outside centres and links to the countries' capitals.

Demography, employment and economic development figures of the CBC region are more unfavourable than the EU and in many aspects are also worse than the national average of both countries.

The *demographic* development is characterized by low population density, decreasing birth rates and ageing population. For the period between 2007-2012 the population of the eligible border area has decreased by 2.5%, with figures being more positive for the side of the former Yugoslav Republic of Macedonia (small growth registered for South-East and North-East regions), opposed to a strong

negative tendency for Kyustendil district - Bulgaria (-10.98%), and depopulation extremes registered for the municipalities of Treklyano (-43.74%), Nevestino (-26.80%), Rila (-24.17%), Kocherinovo (-21.10%) and several others⁵.

The *economic structure* of the region is diverse with agriculture being particularly important for the rural areas and manufacturing industry concentrated in a limited number of more urbanized settlements. In 2011 the share of the agricultural sector in the region's GVA accounted for 15% which was much above the national averages⁶. In the South-East region it is as high as 33%. Manufacturing (36% of the regional GVA) is most important in East region (45%) and in Kyustendil district (40%). The main industrial fields of activity are apparel and shoe-making industries, food-processing, pharmaceutical and mining. Tourism, though having big development potential and being well unfolded in certain locations, still has a modest share.

Similar to the EU and national trends, the economic development of the region has experienced a decline during the years of the world economic crisis, however the GDP per capita for the period 2007 – 2011 as a whole has grown by round 35% (with the strongest growth registered for South-East region (former Yugoslav Republic of Macedonia) - 59% and the least one for Kyustendil district (Bulgaria) – 5%. Still it remains below the national average of both countries. Outside investments to the region are rather limited, as well as the innovations and R&D, which hinders the efficient and sustainable development of local companies.

Like in most EU countries, the *labour market* of the border region is suffering higher unemployment rates, compared to the years before the crisis. In 2012 unemployment in the cooperation area reached 20.3% on an average basis, but the situation differs strongly across the region: from 10.4% for Blagoevgrad up to 52.8 % for North-East region. Unemployment rates in both Bulgarian districts have followed the negative trends at national and EU level in the years after 2009⁷, while those in the regions on the side of the former Yugoslav Republic of Macedonia remain comparatively stable (with North East being the region mostly affected by unemployment even illustrating some positive trends, however still remaining much below the national levels and all other CBC regions). Most affected are the rural areas and the remote mountain settlements. In general, the work-force of the border region has narrow specialization and low mobility; it lacks the professional competencies and skills the modern economy would require. About 400.000 people have been employed in the border region in 2012, almost equal number on each side of the border. The average employment rate for the region was 53%, higher than the national averages of both countries, slightly declining compared to previous years⁸.

The employment structure clearly reflects the distinction and the disparities of the regional economic structure and potentials, with South-East region and Blagoevgrad district having a particular positive influence on the employment figures of the whole CBC region, while the North-East region on the side of the former Yugoslav Republic of Macedonia and Kyustendil on Bulgarian side show low

⁵ These and all subsequent figures result from calculations based on data for the number of the population for the years 2007 and 2012, provided by the Bulgarian National Statistical Institute and the State Statistical Office of the former Yugoslav Republic of Macedonia

⁶ The share of GVA of the agricultural sector out of the total GVA for 2011 for each country are: 5.4% for Bulgaria and 10.9% for the former Yugoslav Republic of Macedonia

⁷ Annual Unemployment rate for the Republic of Bulgaria in 2012 was 12.3% compared to 2009 when it was 6.8% and for EU-27 was 10% in 2012, compared to 2008 when it was 7.10%. As at December 2013 the figures are already 13.1% for Bulgaria and 10.7% for EU-27. Source: Bulgaria-National Statistical Institute and EUROSTAT

⁸ Data is based on annual employment rates of the population of 15 years and over for the period 2007 – 2012. Secondary data for programme region is weighted by the number of the population of 15 years and over (working power).

participation in employment, also lower compared to the national levels of both countries.

In terms of gender, the employment structure in both countries (and on CBC regional level) show higher activity rates for male than for female⁹. As to unemployment, the gender structure is not a major issue for the region where unemployment rates are comparatively similar. The problems to be addressed relate to the much higher unemployment rates in the rural areas as opposed to urban centres (due to low economic activity, low educated work force) and the higher youth unemployment rates which is a serious problem also on national level of both countries, with a strong negative trend for the Bulgarian regions¹⁰. Unemployment among young people, especially those with higher educational levels is worrying, as it is a main reason for emigration thus worsening the already unfavourable demographic situation of the region.

Labour mobility is not specific for the region. The main reasons are local (national) mentality and traditions to work where you live, lack of modern skills and competences (e.g. languages, ICT skills, etc.) especially of the elderly population, as well as more objective reasons like insufficient quality of the transport infrastructure, the mountainous relief of the region with a lot of distant settlements, low quality of public transport and inter-city connection systems.

It could be positively noted that the regional labour force can offer to potential employers specific knowledge and skills in traditional sectors (agriculture, fruit-growing, light industry, etc.) as well as more competitive labour costs than those in the country capitals and other larger urban centres. However, there is also a need for additional qualification and requalification for acquiring the key skills required by the more recently developed and emerging industries, like tourism.

Poverty levels are more worrying for the CBC region of the former Yugoslav Republic of Macedonia, though the Bulgarian CBC districts also show some negative trend in recent years. In terms of the average annual poverty threshold both Bulgarian districts show worsening tendency when compared to the levels for Bulgaria, with Blagoevgrad remaining slightly above the national average, while Kyustendil falling below it¹¹.

However, in terms of poverty ratios, Blagoevgrad district is a national leader, with the lowest share of people living below the poverty line (12.4% in 2011, compared to 21.2% for Bulgaria), almost the same for both sexes. Also Kyustendil figures are also more favourable than the national average (19.3% for 2011), but higher for women (21.6%) than for men (16.7%)¹².

The situation in the former Yugoslav Republic of Macedonia is more tense. In 2009, the country's poverty rate was 31.1% which was reflected in the poverty gap index (10.1 in 2009). In 2010, the government of the former Yugoslav Republic of Macedonia adopted a national strategy for poverty alleviation and social inclusion (2010-2020). According to the 2010 National Human Development Report, Macedonian citizens express a feeling of being left out of society (72% of all people surveyed), which indicates a huge gap between citizens and the state. Among those who feel left out, the highest percentages were women (55%), youth (80%) and people with higher levels of education.

⁹ In 2012 gender activity rates for Bulgaria were 58.7% of male versus 47.8% of female (Blagoevgrad: 64.7% male, 54.2% female; Kyustendil 53.3% male, 47.7% female). In the former Yugoslav Republic of Macedonia these figures were 68.7% male and 44.30% female; regional statistic is not available). Source: Bulgaria-National Statistical Institute; former Yugoslav Republic of Macedonia-State Statistical Office

¹⁰ Bulgaria is second in EU in terms of the speed with which youth unemployment is increasing (e.g. youth unemployment was 28.1% in 2012 compared to 12.7% in 2008). In the former Yugoslav Republic of Macedonia the percentage for 2012 is much higher (53.90%) than the country average unemployment rate (31%) but is declining (56.4% in 2008, 57.7% in 2007). Source: Bulgaria-National Statistical Institute; former Yugoslav Republic of Macedonia-State Statistical Office

¹¹ In 2007 the average annual poverty line per person in Bulgaria was 1303 EUR, while in 2011 it was 1716 EUR (the lowest in all EU). For comparison the same indicator for Kyustendil was 1320 EUR in 2007 and 1473 EUR in 2011, and for Blagoevgrad – 1584 EUR in 2007 and 1729 EUR in 2011. Source: Bulgaria-National Statistical Institute.

¹² Source: Bulgaria-National Statistical Institute

Youth unemployment is considerably higher than average unemployment. Out of the total number of unemployed young people, 68% are long-term unemployed (more than a year without a job) and 39.6% have been waiting for more than four years to find a job. The downward trend of the poverty rate continued in 2011, when it reached 30.4% with poverty gap of 9.3%. The most vulnerable groups are multi-member households, bearing in mind the fact that 48.5% of the poor people live in households with 5 and more members. The poverty rate for the unemployed is 40.7%, i.e. 46.0% of all poor people are unemployed. The education of the household head also influences the number of poor people, namely 54.6% of the poor live in households where the head of the household has no, or at most primary education.

The groups most vulnerable to poverty exclusion groups in both neighbouring countries are quite similar: multi-member households (61% of such families in Bulgaria and 47.3% of the former Yugoslav Republic of Macedonia are poor); unemployed (48.5% of such persons in Bulgaria and 41.8% of the former Yugoslav Republic of Macedonia are poor); people living in rural and distant areas, Roma minorities.

The social services in the region are targeted at specific groups vulnerable to social exclusion such as isolated elderly people, neglected children, physically and mentally disabled people, homeless, long-term unemployed, etc.

The region is served mainly by road transport. Three major international routes are passing through it: Sofia-Kulata-Thessaloniki (part of European Corridor No. 4), Sofia-Kyustendil-Gyueshevo-Skopje (part of European corridor No.8) and Kumanovo-Veles-Gevgelija (part of European corridor No.10). Railroads Sofia-Dupnitsa-Kulata-Thessaloniki and Sofia-Kyustendil-Gyueshevo also cross the region. There are currently 3 operating border crossing points¹³ at Gyueshevo - Deve Bair, Stanke Lisichkovo – Delchevo and Zlatarevo - Novo Selo, but opening more border crossings will facilitate and intense cross-border integration of both sides. From a CBC perspective, the cross-border connectivity is inadequate and the transport networks of the two parts of the region are not well integrated. Furthermore, the roads network is unevenly distributed throughout the region thus hampering the access to mountainous and semi-mountainous areas. In the urban parts it is not sufficiently developed (many bottle necks) in order to meet the needs both of the intense local and transit traffic. This limits the social and economic development of these areas. Despite the investments already made, the density of the road network is much below the EU average and the condition of II and III class roads are far from meeting desired standards¹⁴. Non-existence of good quality access roads to many touristic sites is also a problem.

Research and development activities are not among the main strengths of the region. In general, on a national level capacity for innovations and R&D remain very low, compared to EU-27. In 2012 the average R&D expenditure per inhabitant for EU countries has been 529.6 EUR. For Bulgaria this figure is 34.6 EUR and for the former Yugoslav Republic of Macedonia even lower (7.52 EUR.¹⁵) None of the CBC sub-regions is among the national leaders in R&D; they are evidently lagging behind.

In terms of ICT connection and usage the CBC area has a comparatively good position, but again with some regional disparities manifested. The two main statistical indicators: “Internet usage of households” and “Individuals regularly using Internet” place the CBC region a little lower than the

¹³ On a border of 165 km 3 border crossings operate (approx. 55 km between them)

¹⁴ Road density in Blagoevgrad is as low as 103 km/1000 km²; for comparison the average road density for Bulgaria is 175km/1000 km² and for EU in 2008 it has been 418.5km /1000 km². For the whole CBC area North-East region has the highest road density – 444km/1000 km², Source: National Statistical Office, 2012; EUROSTAT and secondary calculations

¹⁵ Source: for EU and Bulgaria: EUROSTAT, for The former Yugoslav Republic of Macedonia: State Statistical Office and secondary calculations

national averages of both countries, all of which still far from the same indicators for EU-27¹⁶. Comparing the same indicators, the CBC sub-regions show differences clearly linked with the indicators for economic development.

Cross-border cooperation programmes between Bulgaria and the former Yugoslav Republic of Macedonia started in 2003 where until 2006 the cross border activities were covered through Phare and CARDS. For the period 2004-2006 Neighbourhood Programme between two countries was in place. IPA CBC Programme Bulgaria - former Yugoslav Republic of Macedonia 2007-2013 is the last one which is still under operation.

Protecting the ENVIRONMENT and promoting CLIMATE CHANGE adaptation and mitigation, RISK PREVENTION and management

Landscape and biodiversity

The CBC region provides unique features in terms of *landscape* and *biodiversity* predetermined by the moderate climate and favourable geological and hydrological conditions of the area. The territory is a puzzle of numerous mountains (with Musala peak – the Balkan Peninsula highest point (2925 m) - located in the region), valleys, river watersheds and lakes. The region benefits from rich forests with diverse flora and fauna, comparatively clean soil (except local spots in the agricultural and industrial/mine areas where soil pollution was identified) and fertile land, as well as thermal waters (with the hottest mineral water geyser on the Balkans located in the region – in Sapareva Banya, 103.5°C).

Most of the *natural resources* of the region are protected and well preserved. The share of the protected areas out of the total territory of the two Bulgarian districts of the region is 13.14% for Blagoevgrad and 11.94% for Kyustendil, compared to 5.2% average for Bulgaria which is one of the countries with richest biodiversity in Europe¹⁷. At the regional scale the biodiversity of the former Yugoslav Republic of Macedonia encompasses 70-90% of the entire Balkan biodiversity. Based upon an analysis of biodiversity richness among the countries of Europe, the country holds the top position on the "European Hotspot" list. The richness of biodiversity is illustrated by the outstanding number of over 16,000 floral, faunal and fungal species, out of which more than 850 are endemic and through the large variety of ecosystems host more than 260 plant communities. Two of the three National parks of Bulgaria are located in the region – the National parks Rila and Pirin of which Pirin has been included in the UNESCO Convention on Protection of Cultural and Natural Heritage. Several nature reserves and numerous protected areas and natural landmarks¹⁸ are among the assets of the region: on the Bulgarian side: Parangalitsa (the oldest nature reserve in the country), Bayuvi Dupki-Djindjirica (the biggest (2873 ha) biosphere reserve in the country), the seven Rila Lakes, the Stob Pyramids; on side of the former Yugoslav Republic of Macedonia the natural monuments: Dojran Lake (in Ramsar from 2008) Smolare and Kolesino Waterfalls on Belasica Mountain and Monospitovo Swamp near Strumica with presence of glacial relicts of fern (*Osmundaregalis*). Osogovo Mountain, Belasica Mountain, Malesevo Mountain, and parts of watersheds of Struma River are also recognized in the Strategy of the World Conservation Union (IUCN) as areas with a high potential for CBC activities.

Though the majority of the protected territories located on the Bulgarian side of the cross-border region have been formally registered and included in the Natura 2000 network, approved

¹⁶ The share of households using Internet in EU-27 for 2012 has been 76%, as opposed to 58% for the Republic of Macedonia, 51% for Bulgaria and 49% for the CBC region. Source: EUROSTAT

¹⁷ Data are from the Regional Development plan of the South-West (NUTSII) region 2014-2020, MRR, 2012

¹⁸ On the side of the Bulgarian Cross-border region Nature 2000 network encompasses the two national parks Rila and Pirin, two natural parks – Belasitsa and Rila Monastery, 14 reserves and dozens of protected areas and natural landmarks see Annex.

management plans currently exist only for the Rila and Pirin national parks, the Rila Monastery natural park and the Kocherinovo protected area¹⁹, thus work in this direction is still forthcoming.

The protected areas²⁰ in the former Yugoslav Republic of Macedonia has increased from 7.4% in 1991 to 9% (of the national territory) in 2013 and covers 229,722.5 ha with 86²¹ locations where in the cross-border region 25 sites are located. The country network of Emerald sites was established in the period 2002-2008 and comprises 35²² sites where 12 are located in the cross-border region. The identification and the setup of the Emerald network is an important enabling mechanism for the Natura 2000 establishment which identification stage will start in mid-2014.

In addition to the measures taken on national and EU level, *preservation* of the region's beautiful nature has also been a theme for joint cross-border actions. During the previous programme 21% of the projects funded under "Area of intervention 2.1 Utilisation of eco resources" have been related to the protection of biodiversity. A continuous policy and further measures in this field are desirable to prevent possible future destruction of eco systems.

Urban environment and air pollution

The decline of the industrial production had a *positive influence on the environment* of the region where no big industrial polluters are currently operating. The biggest polluter, Bobovdol power station in Kyustendil, has drastically reduced the harmful emissions after introducing the sulfur dioxide control installation in 2012. A negative effect on the *air quality* has the intense traffic in the bigger towns and major connection roads as well as the massive use of solid fuel (timber, coal) by the households.

On Bulgarian territory only local spots of polluted soils are in industrial areas and along the main transport infrastructure – the rail line Sofia – Thesaloniki and First class road E-79. Disrupted territories are at the places of raw material extraction (coal, rocks, and inert materials). On side of the former Yugoslav Republic of Macedonia the Buchim copper mine and Damjan iron mine (Radovich), Sala, Zletovo and Toranica zinc and lead-zinc mines represent "hot spots" indicating a high potential for soil and water contamination. The content of heavy metals does not reveal particularly high values. Re-cultivation of land around the mines is among the specific problems of the region.

Pesticides and fertilisers contents can be identified in spots with agricultural intensive production (Kochansko and Strumichko pole-rice and early vegetable production).

A major concern for the *urban environment* of the CBC area (as well as for both neighbouring countries) is the state of the old industrial territories within the towns, largely affected by the transition to market economy during the last decades –with existing crumbled and empty production buildings and brown-field sites requiring significant investments in order to be converted to modern industrial zones.

Resource efficiency, utilization of resources, and environmental protection

The efficient utilization of regional resources is an area where various initiatives (including CBC actions) have already been undertaken, but they are still rather insufficient and require considerable investments.

The area is rich in water resources, but there are still problems with the *supply of drinking water* mainly due to the old supply and distribution systems (leading to up to 55% losses) and to the lack of

¹⁹Source: Register of the Protected territories and protected zones in Bulgaria, Executive Agency for Environment, Bulgaria

²⁰Detail list of protected areas and Emerald sites is in Annex.

²¹Source: European Environment Agency EIONET Nationally designated areas (CDDA-1) Report dated 12.12.2013 <http://cdr.eionet.europa.eu/mk/eea/cdda1/envuqm3yq/sites.xml>

²²Source: Council of Europe, T-PVS/PA(2013)18, Convention on the conservation of European wildlife and natural habitats, List of candidate Emerald sites, last revised in December 2013 <https://wcd.coe.int>

drinking water treatment facilities.

The biggest environmental problems of the border region are the *pollution of the rivers*. There are highly polluted river sections particularly within the catchment area of the Struma and Bregalnica River resulting mainly from the direct flow of waste waters from industry (and mine sites) and households, mine deposits and the use of pesticides and fertilizers in agriculture. Waste water treatment facilities are insufficient (in Bulgaria WWTP were built only for the bigger towns, for the rest this is still to be done in the coming years). Despite the progress made in previous years, there are still many settlements (especially in the rural and mountainous areas) which are not connected to sewerage system.

Much investment is still required in relation to *solid waste collection and treatment*. A long-lasting problem is the existence of illegal dung-hills; the separate collection, separation and recycling of solid waste are activities which presently have limited scope and low coverage within the region.

Energy efficiency of public and private buildings is also an issue that needs continuous improvement. For the Bulgarian part of the region certain investments in this direction have been made due to the EU and national financial resources during the previous programming period. In the former Yugoslav Republic of Macedonia currently few projects and credit lines are supporting energy efficiency measures. However, the needs largely exceed the funding available.

The cross-border region has favourable conditions and strong potential for *power generation from renewable sources* to contribute to the obligation of the EU countries in this particular field. The sources for renewable energy generation in the region include: hydropower, solar, biomass, geothermal waters and wind. In Kyustendil the water energy is traditionally used since the year 1927 when the first hydropower station “Osogovo” has been built. Several more hydropower stations have been subsequently built. In the recent years the EU funding available for Bulgaria has stimulated the construction of solar and windmills. Thus Blagoevgrad district has become second in Bulgaria in terms of the number of RE sites generating electrical energy. The total power generation capacity of the constructed RES in the two Bulgarian regions is almost 200 MW²³. The studies show that the potential of the region is much above the currently available facilities. On side of the former Yugoslav Republic of Macedonia only hydropower plant Kalimanci is functioning covering 3% (13,8 MW) from the total (552 MW) country hydropower installed capacities. RES capacities in this part of the CBC region are represented with 27 plants (from which 10 SHPPs) covering 29% (7,3 MW where 77% is from SHPPs) from the total installed (25 MW) RES capacities in the country. First Wind Park in the country (Bogdanci) will start functioning in June 2014 with installed capacity of 37 MW²⁴.

Energy efficiency and renewable energy are topics where cross-border cooperation and exchange of good practices can further boost developments in the related fields.

Climate change and risk prevention

Climate change is a significant threat for regions, especially for those parts where agriculture, tourism, forestry and hydro energy are well developed like in this border region. Climate changes bear risks of drought, fires, land erosion and floods.

Bulgaria as a whole is among the countries in the EU that are expected to be most severely affected by climate changes. The former Yugoslav Republic of Macedonia as a whole is even higher on the scale for climate change affection than Bulgaria. The border area is part of a region for which 6th degree of vulnerability to climate changes has been established, according to the index that has been applied for the whole of EU. The South-East region of the former Yugoslav Republic of Macedonia is identified as a region which will be seriously affected by the climate changes, drought, floods, temperature extremes, forest fires, increasing the temperatures of waters. Abnormalities are already a fact: Since 1970 heat waves have been observed and snow fall diminished. Data show that lands, exposed to moderate and high risk of erosion are in the districts of Kyustendil and Blagoevgrad. Overflows of rivers are registered each year in both parts of the region (here particularly in the South-

²³ Data are from the Bulgarian Agency for Sustainable Energy Development

²⁴ Data are from the Energy Agency of RM

East Region).

Furthermore, The Bulgarian Climate changes Analyses part of the National Strategy for agriculture, water, urban planning, energy, biodiversity etc. define several sectors which shall be affected by climate changes: management of river basins (where in the case of the Struma-Strimonas basins not even a Cooperation agreement has been prepared), management the risk of floods (preparation of joint maps for the risk of floods; exchange of information; development of joint early warning systems), biodiversity where the major negative effect is on wetlands and shrubs, agriculture, where climate warming will have a negative effect, as the cultivation of some agricultural products under conditions where irrigation is not existent, will be endangered (on the other hand, the increase of temperatures will allow the cultivation of some earlier growing vegetables and fruit). Stock-breeding will also be negatively affected by higher temperature stress and alteration of fodder and pasture resources. The Struma valley is projected to fall within the most vulnerable zone A (according to the programme analyses classification)²⁵. Tourism will also be affected by the climate changes, especially the ski winter tourism and sea summer recreation tourism which have a clear seasonal character. At the same time some alternative forms which are very perspective and underdeveloped (e.g. spa, balneology, cultural, wine, etc.) will not be highly affected.

The Bulgarian National Priority Framework for Action under Natura 2000 (2014 – 2020) envisages four measures relevant for the Programme.²⁶

Though adaptation to climate changes is recognized of highest importance, investments to address specific risks, ensuring disaster resilience and implementing disaster management systems have been scarce in previous cross-border cooperation (only one initiative has been funded, related to fire protection).

Key challenges and needs for cooperation

The area is characterized with a relatively clean environment due to decline of industrial activities and measure to control gas emission. However, air pollution due to transport, and soil and water pollution due to industrial and agriculture activity, remain an environmental challenge to be addressed, along with the problems on solid waste management and recycling, as well as improvements on the sewerage systems. Joint actions to develop integrated policies and concepts of land, improve water and solid waste management are needed.

The unique biodiversity of the region, though comparatively well preserved, still needs structured approaches and coordinated activities for proper management. Additional efforts and financial resources are necessary for the preparation and approval of management operational plans of protected areas. Awareness raising campaigns and implementing measures on biodiversity preservation are also needed.

Efficient utilisation of regional resources, increase energy efficiency measures and proper exploitation of renewable sources of energy remains a challenge towards using the natural potentials

²⁵ Zone A will comprise North-East Bulgaria by 2020 and other parts amongst which is the Struma valley and Pirin sub region – by 2050. It is projected that in zone A the forests will completely disappear.

²⁶ Measures are as following: (1) Support for partnership in the management of protected areas Natura 2000 (Establishment and functioning of joint cross-border commissions and workgroups for the management of the cross-border protected areas and complexes. Implementation of joint projects and initiatives for the management of protected areas within the Natura 2000 network); (2) Exchange of experiences and best practices related to Natura 2000 within projects funded by different programs operating in 2014 – 2020 (Activities done via organization and delivery of study tours in the cross-border region, round tables, discussions, workshops, as well as preparation and production of materials); (3) Training of fire brigades and volunteers (specified trainings, encouraging the creation of voluntary groups-selection their training and organization) and (4) Organizing and holding campaigns to promote the opportunities for financing projects related to Natura 2000 via the CBC Pogrammes.

of the area on the benefit of population and economy. There is a need to undertake joint action and programme that will ensure integrated approach on the use of renewable energy sources and improve energy efficiency. Increase awareness of public institution as well as business operators on the benefit of adopting energy efficiency measures in the buildings is an important way to improve health, protect environment and increase efficient use of energy resources is also needed.

Climate change is a significant threat of the region, providing a great impact on agriculture, tourism, forest and hydro-energy system. Both awareness raising and strong measures are needed to be jointly taken in the area of risk prevention, flood-protection and forest protection from fire and other climate change effects in the regions.

Encouraging TOURISM and CULTURAL and NATURAL HERITAGE

The cross-border region provides over favourable natural resources (mountains, forests, lakes, biodiversity, unique natural forms, caves, geothermal and mineral waters, waterfalls), favourable climate conditions, ecologically clean environment as well as wealth and unique cultural/historical assets (existing cultural manifestations, festivals, carnivals; churches and monasteries; crafts, authentic ethno-ambiences), which provide opportunities for sustainable development of different forms of tourism.

Tourism activities are more intense on the Bulgarian side. The main forms are skiing (Bansko, Semkovo, Dobrinishte), spa (Sandanski²⁷, Sapareva Banya, Kyustendil, Dobrinishte, Kumanovo, Strnovac), cultural tours (Rila Monastery, Rozhen Monastery, Vodoca/Veljusa Monastery, Osogovski Monastery), summer tourism (Dojran), winter/eco-tourism (Berovo, Panichiste), golf tourism (Razlog), wine/rural tourism (Melnik) and festival/carnival tourism (Strumica, Blagoevgrad, Sandanski, Bansko).

The cultural/historical heritage of the cross-border region goes back to the traces left behind by the Thracians, the Romans and the Byzantines, although the historical landmarks from the Middle Ages are the most numerous and preserved (such as the architecture-historical reserves in Melnik, Bansko, Kovachevica, Dolen). Valuable archaeological remains from antiquity could be found in almost all of the municipalities: ruins of castles and sanctuaries across the countryside of Bansko, Belica, Razlog, Satovcha, the ancient town of Nikopolis ad Nestrum, etc. - on the Bulgarian side of the border; the ancient towns of Tiveriopolis (today Strumica), Astibo (nowdays Stip), Bargala (in the area of the river Kozjacka), archaeological sides "Vardarski Rid" near Gevgelija and "Isar" near Valandovo, etc. - in the former Yugoslav Republic of Macedonia. In relation to the monuments of the Christian culture, the eligible cross-border area is characterised by relatively high density of churches and monasteries (the Rozhen monastery, the churches in Rupite and Brestovo etc. - in the Bulgarian side of the border, as well as the church of the Holy Fifteen saints and the Veljusa monastery on the other side of border. The most famous sites are the Rila monastery (included in UNESCO's list of protected sites) and the St. Joakim Osogovski monastery (near Kriva Palanka). The astronomic observatory Kokino is an incredible specificity located in the North-East region dated 1800 years B.C., i.e. from the early Bronze Age. The megalith observatory in Kokino is included among the most valuable ancient observatories in the world. In 2005, the American space agency NASA ranked Kokino at the fourth position in the list of 15 observatories of such kind. The district of Kokino is one of the three future cultural areas in the country according the European Convention of Districts, brought in Firenze in 2000. Additionally, and bearing no less significance, Kokino has got an open possibility to have the values it possesses included in a portfolio of the participation in the provisional list of the world organization UNESCO, said list being open for applications to other localities having their natural and cultural significance confirmed.

The region is rich in diversified culinary traditions and handcrafts. These traditions could play an important role in the promotion and the tourism offer of the region but, so far, are largely underestimated.

There are several internationally recognised cultural events on both sides of the border, including theatre festivals in Blagoevgrad and Strumica, art festivals in Bansko, Melnik, Kriva Palanka and

²⁷ Sandanski is one of the best spa resorts of Bulgaria; the whole region is rich in mineral springs (42% of all springs in Bulgaria are to be found in Pirin)

Strumica, the International Art Colony in Osogovo mountain (near Kriva Palanka), etc.

Main cultural institutions in the border area are 18 museums (BG: 12, MK: 6), 8 theatres (BG: 5, MK: 3), 7 cinemas (BG: 2, MK: 5). There are 2 National centres for conservation of cultural heritage in the former Yugoslav Republic of Macedonia (Strumica and Stip) and Regional Museums of History in Blagoevgrad and Kyustendil in Bulgaria.

On Bulgarian side of the cross-border region tourism is comparatively developed (better in Blagoevgrad, not so much in Kyustendil district). In 2012 there were 20.868 registered beds (6.93% of the country's capacity). The nights spent in the Bulgarian CBC region were 1.111.391 of which by foreigners 454.943

Ski and spa tourism are most developed, both attracting foreign tourists, with Bansko recently becoming the most popular Bulgarian ski resort and Sandanski still a country leader in the balneology and spa sector. All other forms of tourism are not sufficiently developed with great potentials still unutilised.

Tourism on the cross-border area of the former Yugoslav Republic of Macedonia is still in the stage of development. In 2012 there were 8 462 registered beds (12% of the country's capacity). The total number of tourists in the Western part of the cross-border region was 58.087 (19,6 % of country total), of which 6.590 domestic and 48.217 foreign visitors (83% from region total).

Specific for tourism development on Bulgarian side was an increase of tourist nights in the period 2006-2007 (+84%, mainly in the Blagoevgrad district (+99%)). In the period 2007-2012 tourist nights increased 33% in the Bulgarian part of the region, in the part of the former Yugoslav Republic of Macedonia the increase was 47% in the same period (East Region +72%, South-East Region 44%, North-East region +40%), compared with only 7% on national level. Figures also show substantial increase of 89% in nights spent by foreign tourists (South-East Region +93%, Kyustendil +111%).

Key challenges and needs for cooperation

The region is rich in natural and culture heritage resources and has a favorable climate that provides very good conditions for tourism development. Development of tourism activities is more intense on the Bulgarian side. In order for the whole cross border area to develop further regional tourism there is a need to develop a unified strategy for development of regional tourist routes and products, Development of alternative forms of tourism as well as continued improvements in spa, rural/eco, cultural/historical and sport tourism should be supported.

Quality of touristic services and infrastructure is not satisfactory. There is a great need for improving tourism promotion infrastructure (tourist information centers, marking tourist routes) and ensuring adequate touristic services (trainings for human resources for: lake tourism, casino tourism, rural tourism, spa tourism, museum managers and archaeological sites, tourist managers and tourist guides).

Touristic facilities and their management need to be improved substantially. Access to tourist sites need to be extended together with development of the new forms of tourism / new tourism products. There are potentials for exchange of experience and best practices in the sphere of tourism and for promoting joint tourist products.

The region is rich in cultural and natural heritage. However these assets are in many cases not properly managed and valorized. Therefore its (joint) valorization, protection, conservation and further promotion is required. Joint action to discovering, exploring and promotion of archaeological sites; upgrading, promotion and regulation of cultural/historical and natural heritage, promotion and regulation of museums combined with intensified promotion of tourism brands in the region through international tourist exchanges and media advertisements may contribute to further development of tourism and overall social and economic development of the area.

Enhancing COMPETITIVENESS, BUSINESS environment and the development of SMEs, TRADE and INVESTMENT

Economic development and structure

The border region is characterized by diverse economic structure and development as well as with sectoral disparities on different levels: Regions in Bulgaria and the former Yugoslav Republic of

Macedonia compared to each other, border regions and districts compared to national levels, urban centres as opposed to rural areas. There are regions with structural problems which have lost their competitiveness over the years, regions where the traditional agricultural sector is dominating and some more advanced centres relying on industries with growth potential.

The economic leader of the programme area is the South-East region (former Yugoslav Republic of Macedonia) with a clear positive development trend for the period 2007-2011, the highest GDP per capita, compared to the other regions and above (115.6%) the national average for 2011.

Blagoevgrad (Bulgaria) is 2nd in terms of GDP development, but with very moderate growth through the years and a GDP per capita of 65% of the national average for 2011.

The region lagging behind is the North East region (former Yugoslav Republic of Macedonia) with GDP per capita of about 56% of that of the region' leader, followed by Kyustendil (BG). Both regions showing draw backs and fluctuations in their development and remain far below the national levels.

The sectoral structure of the CBC regions shows certain differences between the countries, with agriculture being particularly important the former Yugoslav Republic of Macedonia part.

The **Primary sector** is of key importance to the border area and a main source of income for a large share of the region's population, particularly those living in smaller settlements and rural areas. The reasons are, besides the traditions, also the favourable climate (agriculture), rich and preserved forests (forestry, wood industry), raw materials (coal mining, inert materials from the rivers - sand, gravel, limestone, ballast, marble, etc.).

In the CBC region, the primary sector has the largest share in the economy of the South-East Region (33.17% of the GVA for 2011) which is also higher than the national average. On the other end is Kyustendil district, once called the "orchard of Bulgaria" where now the primary sector accounts only for 5.55% of the GVA.

Agriculture, as the main sub-sector, is better developed in the part of the former Yugoslav Republic of Macedonia, where farming is traditional and intensive on small and fragmented plots and mainly concentrated in the South-East Region in the Strumica micro-region and the Gevgelija region. However, problems exist particularly with uncontrolled use of underground water and polluted surface water as well as uncontrolled use of fertilizers/pesticides. The agricultural area is composed by the cultivated land covering 211 241²⁸ ha (41% from country total) from which 83% is arable land, and pastures on 259 904 ha (34,4% from country total). Vegetables production, especially early growing vegetables, is one of the most significant potentials for agriculture in the south-east region where high shares from total national production of cucumber (86,4%),tomatoes (68,3%) and peppers (56,5%) were produced in 2012. Tobacco, onion, alfalfa and cereals are other crops with more than 40% of total national production. Rice is a specific culture for the area of Kocani where almost the whole national production is realised. The extensive production may be converted into organic type, which may be regarded a great advantage of the region. The organic field production may be supplemented with organic cattle-breed production, as the large participation of the meadows and the pastures make this region suitable for development of pasture based cattle breeding, especially for small cattle (sheep and goats).

In the Bulgarian districts, similar to the national situation of the sector, land is very fragmented, there are numerous but small farms²⁹; equipment and technologies are still old (with tendency to improve due to the EU funding available in the recent years), irrigation systems are ruined and there is no strategy at state level how to restore them (this issue is particularly important as the sector is much vulnerable to climate change). Other problems relate to quality standards, marketing and realisation of the products, presence of extensive sub-sectors (e.g. tobacco-growing) which bring social tension.

²⁸ Data for 2012 Source: State Statistical office

²⁹ Blagoevgrad is a typical example – the number of the farms is the highest in the whole country (38 467 which is 10.4% of all farms in Bulgaria). At the same time this is the district with the smallest farms (1,54 ha – average, compared to 10,13 ha national average). Source: District strategy for regional development of Blagoevgrad region, data is for 2012.

Despite all negative features inherited from the past, due to the EU agricultural policy and the flow of funds to the Bulgarian agriculture in recent years, increase of the investments to the sector are already a fact: orchards and vineyards are being restored, improved varieties and growth technologies are being introduced. The trend is positive but the achievements are still far from the development levels desired.

Organic farming presents another potential for the region, with positive tendency in the number of bio-farms registered (e.g. 30% growth in Blagoevgrad for 2012 compared with 2011), though this sector is still in its early stage of development on both sides of the border.

Forestry is also a sub-sector with considerable potential for the region based on the rich natural resources available. However, its contribution to the regional GDP is modest and far beyond the possible returns. Measures and cooperation for efficient and sustainable economic use of the region forests can boost regional performance.

The **secondary sector** is concentrated in the urban areas, with more dynamic industrial development in the largest regional centres and traditional industries located in the smaller towns. The dominance of the industrial sector is much higher in the Bulgarian part. However, there has been a drop of the main important industry branches over the years of economic restructuring and the tendency has been for liquidation of strategic and higher technologically-oriented production systems and return to traditional industries.

The processing industry has remained comparatively stable over the last 5 years with the following main sub-sectors presented in the region:

- Machinery, and electronics (concentrated in Blagoevgrad, Kyustendil, Dupnitsa, Bobovdol, Yakoruda, Stip)
- Metal processing (Dupnitsa)
- Textile, apparel – mainly work done with materials supplied by clients from Germany, Italy, France, Greece; (Blagoevgrad, Kyustendil, Goce Delchev, Dupnitsa, Stip, Strumica but also in smaller settlements)
- Shoe industry (Kyustendil, Dupnitsa, Stip, Kumanovo)
- Food processing (Blagoevgrad, Kyustendil, Kumanovo, Stip, Strumica, Gevgelija, Radovis)
- Energy generation – TEPP Bobovdol, hydropower stations (Kyustendil, Kalimanci, Zrnovci)
- Pharmacy – Kyustendil

The problems of the sector relate to a loss of competitiveness, resulting from the on-going restructuring processes, loss of traditional markets, lack of modern technologies, old machinery, lack of managerial skills and technical staff and low investments in R&D.

The **tertiary sector** of the region has been expanding faster, compared to the trends on national levels with the exception of the East Region, where a 11.89% decline of the share of the GVA for 2011 compared with 2007 has been registered (mainly due to the higher growth of the manufacturing sector in this region during the same period).

The enterprises operating in the regional trade industry are mostly set up by foreign investors. They not only strongly contribute to economic growth, but also influence positive changes in business approaches, working conditions and income levels.

In addition to trade, tourism is the sub-sector which has shown a steady growth in recent years. However, it is still strongly concentrated in few locations (Bansko, Sandanski, Sapareva Banya, Razlog), better developed on the Bulgarian side and still with significant underutilised potential.

Entrepreneurship, competitiveness and SMEs

The dynamics of the economic development are based on the large and growing number of SMEs. In principle the size of the enterprises on both sides of the border is quite similar and they follow the national trends: micro companies (0 to 9 employees) hold the biggest share (between 90% -93%), while the smallest share have the companies with 250 employees and more (between 0.1% – 0.3%).

In the recent years the economy of the region has maintained its high specialization in sectors and activities which require comparatively low qualification and technologies (e.g. agriculture, extracting industry, apparel and shoe manufacturing). This also defined the character of regional exports which are mainly low added value products. The competitiveness of the region is formed on the basis of low costs for baseline factors – labour and natural resources, rather than on innovations, education and qualification, technology transfer, research and development.

Collaboration on all levels for raising the competitiveness of regional SMEs will be of specific benefit, both within a particular sector or cross-border. EU programmes and policies in this field have already positively influenced such cooperation structures: the SMEs from the Bulgarian CBC area have already experience in participating in joint business clusters³⁰, with the potential for these to be further developed to successful future cooperation's also in other industries and/or across the border.

Key challenges and needs for cooperation

Development of SMEs capacity to grow in regional, national and international markets is highly important as this sector provides a great contribution to economy and labour. Joint actions might be taken to enhance the access of local businesses to international markets (achieving internationally recognized quality standards, cross-border trade fairs, ...) and to stimulate the collaboration between SMEs for growth and increased competitiveness based on cluster approaches. Bringing agricultural producers closer to the markets and the development of agribusiness centers for better flow of information for new technologies are needed.

Joint actions for promoting entrepreneurship and cooperation for exchange of new ideas, skills and technology and fostering the creation of new firms, cooperation and exchange of experience in agriculture, in RES, tourism will contribute towards strengthening economic activities and region competitiveness.

Under the condition of a weak rural economy in the region the promoting of bio-farming as a possibility for diversification of agricultural activities, especially in areas with a danger of depopulation but with clean and unique nature will be required. Joint actions might be combined with a particular focus on the development of ecotourism.

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

The IPA CBC Programme between Bulgaria and the former Yugoslav Republic of Macedonia 2014-2020 covers three Thematic Priorities:

Thematic Priority (b): Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management

Thematic Priority (d): Encouraging tourism and cultural and natural heritage

Thematic Priority (g): Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment

³⁰ "Inter fashion trading "cluster has been organised in the municipalities Sofia, Kyustendil, Dupnitsa, Blagoevgrad, Belica, Kresna, Petrich, Sandanski. A cluster "Furniture and wood-working industry" has been established in Razlog.

An additional Technical Assistance Priority will support the proper management and the communication of the Programme.

The rationale behind selecting the priorities is based on identification of existing potentials of the Programme area, the main needs and challenges that are impacting sustainable and social economic development of the area. In addition, the selected thematic priorities encompass subject matters and types of interventions of common interest, benefiting a broad spectrum of institutions and organisations located on both sides of the border.

The Partnership Agreement between the Republic of Bulgaria and the European Union sets the frames of the assistance to be received from the EU structural and investment funds in the period 2014-2020. In reference to territorial development it recognizes the need to apply an integrated approach which is determined by the identified disparities in comparison with the EU average level and the advanced process of monocentrism covering Sofia city and the other biggest Bulgarian cities, which leads in long-term to serious territorial imbalances, providing objective impossibility for exploitation of the whole territorial potential for development.

In this context, the territorial cooperation programmes are viewed as instruments strongly contributing to the chosen polycentric development model and as being complementary to the national programmes, with the emphasis put on the specifics of bilateral and multilateral cooperation. Bulgaria's experience so far showed that the ETC had the highest impact on the quality of the environment and risk management, the quality of life, building of infrastructure (mainly small scale), improving the capacity for joint planning, provision of services (including cultural) and trainings, tourist promotion and promotion of the comparative advantages of the regions. Based on this experience several priority areas of cooperation have been identified in the PA for the period 2014 – 2020. Furthermore, it is recognized that the territory of each programme is considered as one functional area with unique characteristics, thus the generally formulated priority areas for cooperation should be in compliance with the specific needs of the stakeholders and the relevant regions³¹, including, in compliance with the legal framework and possibly applicable financial instruments, as well as, in line with the strategic documents on European and national level.

The Country Strategy Paper 2014-2020 EU assistance to the former Yugoslav Republic of Macedonia define reforms in the rule of law and fundamental rights sector are crucial for the overall development of the country in providing quality justice to the citizens and a favourable environment for economic growth. As regards competitiveness and growth, concerted efforts are needed to achieve inclusive growth in line with the Europe 2020 priorities, with assistance in the field of competitiveness and innovation targeted notably to improve access to finance to SMEs. Given the country's landlocked position and its dependence on a well-developed transport network for its economic development, assistance will be provided in the field of transport and the development of the main Trans-European Corridors. Assistance will also be provided for reform in education, employment and social policies to increase access to quality education and the labour market, and to agriculture, which is one of the most significant sectors of the country's economy. IPA II assistance will also be granted in the environment sector in order to support a more sustainable growth, an energy efficient economy, and reduce the high levels of pollution in the country. Furthermore, strengthening

³¹ “Regarding the programme between Bulgaria and the former Yugoslav Republic of Macedonia, the PA points out that based on the previous analyses of interim programme evaluation and lessons learned, the preferred priority areas for cooperation are in the field of environmental protection, promotion and development of natural and cultural heritage, tourism and education and social infrastructure.”

of local economic development and local governance is conducive to social cohesion, democratic development and good inter-community relations, and will be addressed throughout all sectors of IPA II assistance. The CBC/territorial cooperation programmes to be developed for the period 2014-2020 will focus on the socio-economic development of the border areas. Continuation of people to people actions, human resource development and information sharing has to remain as an essential part of individual programmes.

Thematic priority (b) will promote joint, integrated and harmonised interventions underpinning the sustainable use of natural resources. Interventions under this thematic priority will improve the environmental and natural framework conditions of the population in the area.

Thematic priority (d) will promote joint initiatives and integrated actions contributing to the sustainable use of natural and cultural heritage resources, and fostering tourism development as one of the most important economic sectors furthering economic growth and better living conditions of the community.

Thematic priority (g) will promote joint cross border initiatives and actions aiming to enhance competitiveness and improve regional economy.

Table 1: Justification for the selection of thematic priorities

| Selected thematic priority | Justification for selection |
|---|--|
| <p>Protecting the ENVIRONMENT and promoting CLIMATE CHANGE adaptation and mitigation, RISK PREVENTION and management</p> | <p>This relates directly to a main priority of EU2020 where CSF defines this area as specific relevant for CBC. For the former Yugoslav Republic of Macedonia improvements in this area are a pre-condition for EU accession. National Strategies for Regional Development in both countries see joint risk management and environmental protection as key topics for CBC and supports joint CBC activities in environment sector. Both countries face similar environmental problems where environmental issues don't stop in front of border and need to be addressed regionally and on CBC level (water, natural protection, fire protection). Climate change is very relevant for both sides and adequate measures are EU and national priorities and there is a need to raise awareness and measures on climate changes as it has impact on economy and life.</p> <p>In CBC context activities under this priority will address issues of the promotion of cleaner and greener economy, more responsible and sustainable use of natural resources, climate resilience small-scale support infrastructure. Environmental issues remain a concern in the programme area, air pollution due to transport and soil and water pollution due to industrial and agriculture activity, along with the problems on solid waste management and recycling, as well as improvements on the sewage systems. Raising awareness and implementing measures on preservation of biodiversity is also needed. Efficient utilization of regional resources, increase energy efficiency measures and proper exploitation of renewable sources of energy remains a challenge towards using the natural potentials of the area on the benefit of population and economy. Climate change is a significant threat of the region, providing a great impact on agriculture, tourism, forest and hydro-energy system. Further improvement of the quality of environment and environmental infrastructure is key for the economic development of the region.</p> |
| <p>Encouraging TOURISM and CULTURAL and NATURAL</p> | <p>Promoting of culture, tourism and people to people contacts is priority area of EUSDR. The Country Strategy Paper of the former Yugoslav Republic of Macedonia recommended tourism as a good area for</p> |

| Selected thematic priority | Justification for selection |
|---|--|
| <p>HERITAGE</p> | <p>people-to-people activities. National Strategies for Regional Development in both countries see development of joint tourism and cultural initiatives as key CBC actions and support joint CBC activities for protection of the natural and cultural heritage. Online survey, and regional consultative forums as well as experience and interest in the past and ongoing CBC Programme show huge interest in the region for activities in tourism and cultural/natural heritage. Activities under this priority have good potential for development and will have positive employment effect and high involvement of young and female population.</p> <p>It builds on identified strategic opportunities related to the increasing importance of tourism as an economic opportunity while fostering cultural exchange and promotion of natural heritage will sustain people-to-people and civil society dialogue between institutions.</p> <p>The area is rich in natural and culture heritage resources, therefore its (joint) valorisation, protection, conservation and further promotion is required. Tourism infrastructure, services, management and human capacities need to be improved. Initiatives for developing common touristic products and offering alternative forms of tourism which could seize new business opportunities and increase the competitiveness of the sector should be supported.</p> |
| <p>Enhancing COMPETITIVENESS, BUSINESS environment and the development of SMEs, TRADE and INVESTMENT</p> | <p>This relates directly to a main priority of EU2020. National Strategies for Regional Development in both countries support joint CBC activities in the economic field. Analysis and regional stakeholders consider very important to strengthen this sector. There is a need to intensify the CBC business contacts. Strengthening businesses has positive effects on employment and also initiatives for youth and professional training could be included.</p> <p>Development of SMEs capacity to grow in regional, national and international markets is highly important as this sector provides a great contribution to economy and labour. Joint actions might be taken to enhance the access of local businesses to international markets and to stimulate the collaboration between SMEs for growth and increased competitiveness based on cluster approaches. Joint actions for promoting entrepreneurship and cooperation for exchange of new ideas, skills and technology and fostering the creation of new firms, cooperation and exchange of experience in agriculture, in RES, tourism will contribute towards strengthening economic activities and region competitiveness. Under the condition of a weak rural economy in the region the promoting of bio-farming as a possibility for diversification of agricultural activities, especially in areas with a danger of depopulation but with clean and unique nature will be required. Joint actions might be combined with a particular focus on the development of ecotourism. There is a discrepancy between the emerging demand for market development and the introduction of new modern technologies and existing labour market skills. Investments on increasing business capacities, innovation and know how transfer, strengthening the capacities of an education system closer oriented to the market demands, will be equally important for the area. Promotion and marketing of cross-border regional branding becomes highly relevant.</p> |

1.2 Justification for the financial allocation

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

The overall programme budget is of EUR 19.461.687 with an EU contribution of EUR 16.542.434, as detailed in section 3 (Financing Plan). The financial allocation to the chosen thematic objectives reflects:

- The inputs provided by the relevant partners in the course of consultations
- The experiences of the programming period 2007-2013 in particular relating to preparatory steps for key projects and the continuation of efforts in promising policy areas but also with a close view on the capacity of core actors in certain thematic fields
- The estimated financial size of the actions foreseen in each priority axis

Priority axis 1 Environment (Thematic Priority (b))

The planned EU support to priority axis 1 is of EUR 5.789.852 corresponding to 35% of the programme budget. This financial allocation reflects the expected size of actions facing the needs to better protect the environment and biodiversity in the cross-border region, to support joint initiatives related to nature protection and sustainable use of common natural resources and to improve the preparedness of the region concerning natural and environmental hazards and the consequences of climate change.

Priority axis 2 Tourism (Thematic Priority (d))

The planned EU support to priority axis 2 is of EUR 6.616.974 corresponding to 40% of the programme budget. This financial allocation reflects the expected size of actions facing the needs to improve the valorization of natural and cultural heritage and the tourism attractiveness in the region and to enhance cooperation and networking for sustainable tourism.

Moreover, the financial allocation to this priority is aligned with the high interest shown by the regional stakeholders in the consultation process. All partner regions expressed their interest in this priority, the potential interest expressed in consultation meetings during programming has been significant.

Stakeholders already have a certain tradition and a growing need of cooperation in the field of natural and cultural heritage development and sustainable tourism development, with around 20 projects approved in this area during the 2007-2013 period. The broad variety of beneficiaries and approaches in the period 2007-2013 clearly documents the interest for cooperation.

Priority axis 3 Competitiveness (Thematic Priority (g))

The planned EU support to priority axis 3 is of EUR 2.481.365 corresponding to 15% of the programme budget. This financial allocation reflects the character of the envisaged measures and the need to improve the conditions for business development and to create a better awareness on the business opportunities offered by the region.

Priority axis 4 Technical Assistance

The planned EU support to priority axis 4 is of EUR 1.654.243 corresponding to 10% of the programme budget. This funds should help to assure a proper functioning of the necessary programme structures and an efficient management and communication of the programme

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

| Priority axis | Union support (in EUR) | Proportion (%) of the total Union support for the cooperation programme | Thematic priorities | Result indicators corresponding to the thematic priority |
|---------------|------------------------|---|---|---|
| PA 1 | 5.789.852 | 35% | TP (b): Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management | RI 1.1.1: Increased supported nature protected sites RI 1.1.2: Increased capacity in using common natural resources RI 1.2.1: Increased interventions in the field of risk prevention and management RI 1.2.2: Increased joint initiatives related to risk prevention and management |
| PA 2 | 6.616.974 | 40% | TP (d): Encouraging tourism and cultural and natural heritage | RI 2.1.1: Increase of tourists to the cross-border region RI 2.2.1: Increased created/supported joint tourism products and services RI 2.3.1: Increased public awareness regarding tourism and sustainable use of natural and cultural heritage and resources |
| PA 3 | 2.481.365 | 15% | TP (g): Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment | RI 3.1.1: Increased cross-border business networks created or extended RI 3.1.2: Increased awareness on the business opportunities offered by the region |
| PA 4 | 1.654.243 | 10% | Technical Assistance | N/A |
| Total | 16.542.434 | 100% | | |

II. PRIORITY AXES

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

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

2.1.1 Priority axis 1

| | |
|-----------------------------------|-------------|
| ID of the priority axis | 1 |
| Title of the priority axis | Environment |

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

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

| | |
|--|----------------------------|
| Fund | Union funds (ERDF and IPA) |
| Calculation basis (total eligible expenditure or public eligible expenditure) | Total eligible expenditure |
| Justification of the calculation basis choice | |

2.1.3 The specific objectives of the thematic priority and expected results

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

| | |
|---------------------------|---|
| Specific objective | <p>The Programme seeks to achieve two specific objectives under this Priority, namely</p> <p>SO 1.1 Environmental protection and sustainable use of the common natural resources of the CBC area</p> <p>SO 1.2 Risk prevention and mitigation the consequences of natural and manmade hazards and disasters in the CBC region</p> |
|---------------------------|---|

| | |
|--|--|
| <p>The results that the partner States seek to achieve with Union support</p> | <p>The CBC region has a large number of protected areas. However, most of these areas do not provide over adequate management plans and they are under increasing environmental pressure of different economic activities. For this reason, negative environmental effects have intensified, and consistently contributed to the deterioration of local environmental pollution levels. These negative effects need to be tackled by implementing a set of planned measures.</p> <p>By improving on the one hand the people's capacity for a sustainable interaction with the environment, including also issues like climate protection and raising people's awareness towards high energy consumption as well as the usage of fossil fuels, etc. The major effect of climate change on economy and life needs to be highlighted. Therefore it's the CBC region's aim to foster its capacity and to increase knowledge transfer across borders aiming at reaching the vision of a low-carbon economy and a high level of environmental protection and management. On the other hand the specific objective targets to improve the condition of natural areas and to improve the partly negative environmental development of the last decades, including amongst others urbanisation, intensified agriculture and transport.</p> <p>Also for this objective a mix of "investment" and "soft" measures could be incorporated and might be established through the guiding principles for selection of operations.</p> <p>In order to reach the envisaged change a set of different measures – including for example investments in the improvement of green infrastructure as well as training and capacity building activities for authorities of different levels – will be implemented.</p> <p>Floodings and fires are classical CBC issues: river basin management and protection of fires are cross-border issues that can hardly be only tackled in the absence of cooperation across borders. There is also the CBC region's especially high vulnerability towards the intensified effects of climate change.</p> <p>Therefore actions should be taken to reduce the risks of flooding and fires through the establishment of real cooperation across borders (with partners establishing joint initiatives and actions).</p> <p>By improving of the river basin management the damage from floodings will be reduced and the river basins in the cross-border region can be sustainably managed (river banks restored, zoning and regional/ local planning adapted to the river basin and the flooding areas). Also, risks will be mitigated by implementing comprehensive fire protecting initiatives.</p> <p>A mix of "investment" measures and "soft" measures could be incorporated and might be established through the guiding principles for selection of operations.</p> <p>A set of different measures, including early warning and disaster management systems, the sanitation and reforestation of river banks or rather soft measures, like training and awareness raising of the civil society, will be set in order to reach the envisaged change.</p> <p>Thus the Programme envisages achieving the following results:</p> <p>R1.1.1 Better protected environment and biodiversity in the cross-border region</p> |
|--|--|

| | |
|--|---|
| | R 1.1.2 Improved capacity for nature protection and sustainable use of common natural resources in the CBC area |
| | R.1.2.1 Improved preparedness of the region concerning natural and manmade hazards and the consequences of climate change |
| | R 1.2.2 Improved capacity for joint interaction in case of fires, floods and other emergency situations |

2.1.4 Elements of other thematic priorities added to the priority axis

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

not applicable

2.1.5 Actions to be supported under the thematic priority (by thematic priority)

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

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

| Thematic Priority | TP (b): Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management |
|---|--|
| <p><u>Types of actions:</u></p> <p>The following two types of actions are envisaged under this Priority Axis to contribute to the Specific Objectives:</p> <ol style="list-style-type: none"> 1) <u>investments</u> projects that have a predominant investment character with only a minor part of accompanying soft activities 2) <u>soft measures</u> projects that are mainly oriented at preparing studies, establishing networks, providing trainings, developing concepts, providing services for certain target groups, raising awareness on specific themes, etc. These projects may only have a minor investment part that is needed for delivering the soft measures in an effective way. Soft measures also include people-to-people type of actions, e.g. small scale initiatives among civil society institutions that aim at increasing direct contacts and cooperation across the border among the people and their associations in the region <p>Under the Calls for Proposals project applicants may address one of the two types of actions (investments or soft measures) and slightly different evaluation criteria may apply.</p> <p><u>Examples of actions:</u></p> <p>The following examples of action are a non-exhaustive list that is illustrating the range of possible actions under this Thematic Priority</p> <p>Actions that are appropriate to contribute to SO 1.1 of this Priority Axis may include:</p> <p>Environmental friendly small-scale investments:</p> <ul style="list-style-type: none"> - Joint environmental friendly initiatives and investments in small infrastructure, equipment and technologies for pollution control and rehabilitation of rivers, contaminated lands, brown fields, etc. - Small scale investments in recycling, waste collection, waste separation, remediation of illegal dumping sites and improving public hygiene - Investments for monitoring and combating of air, water, soil pollution - Small scale investments for improving the management of Natura 2000 and nature protected | |

sites

- Small scale investments in RES and energy efficiency in public infrastructure
- Joint initiatives towards the protection and restoration of ecosystems and endangered / protected species

Joint initiatives and cooperation, exchange of experience know-how, capacity building activities:

- Awareness raising and training initiatives on all levels (individual persons, organizations, businesses, public administration, schools) on issues related to environmental and nature protection
- Joint initiatives, networks and partnerships for promotion of nature protection, energy efficiency and sustainable use of natural resources among local population, including young people, marginalized communities and other vulnerable groups;
- Joint approaches, studies, plans, common databases focused on protecting landscape and biodiversity;
- Cooperation, exchange of experiences and knowledge between institutions in the field of nature protection and pollution prevention;
- Cooperation between public authorities and NGOs in the field of safe and sustainable low-carbon economy across borders;
- Public awareness campaigns on the needs of reducing and recycling waste.

Actions that are appropriate to contribute to SO 1.2 of this Priority Axis may include:

Early warning systems, equipment and assets, small-scale investments:

- Preparation of technical documentation, feasibility studies and detailed designs for consolidation of river beds, construction of dikes, prevention of landslides, etc.
- Development of early warning and disaster management systems
- Small scale investments for risk prevention and response to natural and environmental hazards and the consequences of climate change, such as:
 - supply of specialized fire-fighting equipment,
 - supply of specialized equipment for control of floods and for search and rescue interventions,
 - sanitation and reforestation of river banks, building dikes, canals, etc for prevention of floods.)
 - forestation of vulnerable land and prevention of landslides, cuttings for emergency situations,

Joint initiatives, strategies, awareness raising, exchange of experience:

- Joint approaches for promoting risk prevention awareness, adaptation and mitigation (e.g. risk mapping of accident risk spots, hazard and risk assessment and evaluation exercises, joint databases, joint plans and methodologies)
- Joint activities for improving cooperation and capacity for disaster management
- Exchange of experience and good practices (study visits, round-tables, conferences, trainings) for public authorities and other concerned target groups on management of environmental emergencies
- Awareness-raising campaigns in the field of risk prevention and management for all population groups (including young people and marginalised groups).
- Conducting joint theoretical-tactical exercises and field trainings for emergency situations management with special focus on young people
- Public awareness campaigns on the negative effects of climate change and possible mitigation

measures

Main target groups supported under the priority

The actions supported under this Priority Axis are envisaged to bring benefits to the following target groups:

- Population in the region
- Regional and local authorities

Types of beneficiaries supported under the priority

The following Types of Beneficiaries may apply for the respective types of projects under this Priority Axis:

| Types of Beneficiaries | Investment projects | Soft Measures |
|---|---------------------|---------------|
| Local and regional authorities and organisations established and managed by local and regional authorities (especially those dealing with emergency situations and nature / environment protection) | X | X |
| National authorities and organisations established and managed by national authorities | X | X |
| Administrations of protected areas | X | X |
| Regional and sector development agencies | | X |
| Education and social institutions | X | X |
| Research and academic institutes | X | X |
| Civil Society / Non-governmental organisations | | X |

Specific territories targeted under the priority

No specific focus areas are defined. The entire programme area is eligible.

2.1.5.2 Guiding principles for the selection of operations

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

According to article 39 (1), Selection of operations, of Commission Implementing regulation (EU) No 447/214 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA II), the operations under cross-border cooperation programmes shall be selected by the JMC.

| Thematic Priority | TP (b): Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management |
|--|--|
| <p>The following general principles will guide the selection of operations:</p> <ol style="list-style-type: none"> 1. CBC character <ul style="list-style-type: none"> - Involvement of beneficiaries of the two participating countries - Clear identification of cross-border benefit/impact if operation is implemented in a single country 2. Partnership | |

- The involved project partners are eligible corresponding to the programme's rules
 - The involved project partners have the capacity for the project's management
3. Regional relevance
- The operations are in correspondence to the identified needs and challenges of the CBC area
 - The operations contribute to economic, territorial and social cohesion (following the EU-2020 Strategy)
4. Strategic relevance
- The operations are in line with the priority axis' specific objectives
 - The operations are coherent with strategies and concept at the regional and the national level
5. Operations' quality
- The operations/projects are clear and structured (intervention logic)
 - Expenditures of the operations are effective
 - The projects are based on the concept of sustainability
6. Horizontal principles
- The operations take the equality between men and women into account
 - The operations consider non-discrimination principles
 - The operations follow the concept of sustainable development

In addition to these general section criteria applicable the following specific principles will apply when selecting projects under this Priority Axis:

- projects will be given preference related to involvement of young people

Strategic projects

Under this Priority axis strategic projects could be identified outside calls for proposals for the achievement of the programme and priority objectives. Strategic projects contribute to achievement of a bigger impact through real and strong cross-border impact and long-term results, in respect of the Programme's objectives.

Strategic Projects must be effective and answer the territory's needs as envisaged by the Programme and result in a significant and long-lasting change or improvement on the whole or large parts of programme area.

The basic principles for the eligibility of a strategic project could be the following

- to address key specific objectives that can be achieved only through the involvement of large partnerships and /or of key stakeholders on the two sides of the border
- to produce lasting effects and catalyse further actions

The decision of selecting strategic projects is within the competence of the Joint Monitoring Committee of the Programme.

2.1.5.3 Planned use of financial instruments (where appropriate)

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

not applicable

2.1.6 Common and programme specific indicators

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

2.1.6.1 Priority axis 1 result indicators (programme specific)

Table 3: Programme specific result indicators

| ID | Indicator | Measurement unit | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----------|--|--|-------------------|---------------|---------------------|---|------------------------|
| RI 1.1.1. | Increased supported nature protected sites | Percentage | To be established | 2014 | Increase | Survey / Progress and Annual Implementation Reports | 2018 2023 |
| RI 1.1.2. | Increased capacity in using common natural resource | Scale for measurement of capacity (1-10) | To be established | 2014 | Increase | Survey | 2018 2023 |
| RI 1.2.1. | Increased interventions in the field of risk prevention and management | Percentage | To be established | 2014 | Increase | Survey / Progress and Annual Implementation Reports | 2018 2023 |
| RI 1.2.2. | Increased joint initiatives related to risk prevention and management | Percentage | To be established | 2014 | Increase | Survey / Progress and Annual Implementation Reports | 2018 2023 |

2.1.6.2 Priority axis 1 output indicators (common or programme specific)

Table 4: Common and programme specific output indicators

| ID | Indicator (name of indicator) | Measure-ment unit | Target value (2023) ³² | Source of data | Frequency of reporting |
|----------|--|-------------------|-----------------------------------|----------------|------------------------|
| OI 1.1.1 | Number of supported investments for improving the environmental conditions in the programme region | number | 15 | AIRs | Annually |
| OI 1.1.2 | Number of nature protected areas addressed by supported | number | 5 | AIRs | Annually |

| ID | Indicator (name of indicator) | Measure-ment unit | Target value (2023) ³² | Source of data | Frequency of reporting |
|-----------|---|-------------------|--------------------------------------|----------------|------------------------|
| | interventions | | | | |
| OI 1.2.1 | Number of supported joint mechanisms for environmental protection, promotion of biodiversity and sustainable use of natural resources | Number | 5 | AIRs | Annually |
| OI 1.2.2 | Number of institutions/organizations involved in environmental related activities | Number | 20 | AIRs | Annually |
| OI 1.2.3. | Number of participants in environmental related trainings and campaigns | Number | 300 | AIRs | Annually |
| OI 1.3.1 | Supported investments for improving disaster management and risk prevention | Number | 5 | AIRs | Annually |
| OI 1.3.2 | Supported investments for adaptation and mitigation of climate change consequences | Number | 5 | AIRs | Annually |
| OI 1.4.1 | Supported joint mechanisms for disaster management and risk prevention and for promotion of climate change awareness | Number | 3 | AIRs | Annually |
| OI 1.4.2 | Number of institutions/organizations involved in initiatives related to risk prevention and management | Number | 10 | AIRs | Annually |
| OI 1.4.3 | Number of participants in trainings and campaigns in the field of risk prevention, (including marginalized communities and other vulnerable groups) | Number | 300 | AIRs | Annually |

2.1.7 Categories of intervention

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

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

Table 5: Categories of intervention - Dimension 1 Intervention field

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|---|-------------------------------|
| PA1 | 085 Protection and enhancement of biodiversity, nature protection and green infrastructure | 3.474.000 |
| PA1 | 087 Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures | 2.315.852 |

Table 6: Categories of intervention - Dimension 2 Form of finance

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|--------------------------|-------------------------------|
| PA1 | 01 - Non-repayable grant | 5.789.852 |

Table 7: Categories of intervention - Dimension 3 Territory type

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|--|-------------------------------|
| PA1 | 05 - Cooperation across national or regional programme areas in national context | 5.789.852 |

Table 8: Categories of intervention - Dimension 6 Territorial delivery mechanisms

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|---------------------|-------------------------------|
| PA1 | 07 - Not applicable | |

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

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

not applicable / not envisaged

2.2.1 Priority axis 2

| | |
|-----------------------------------|----------------|
| ID of the priority axis | 2 |
| Title of the priority axis | Tourism |

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

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

| | |
|--|----------------------------|
| Fund | Union funds (ERDF and IPA) |
| Calculation basis (total eligible expenditure or public eligible expenditure) | Total eligible expenditure |
| Justification of the calculation basis choice | |

2.2.3 The specific objectives of the thematic priority and expected results

| | |
|---|--|
| ID | 2 |
| Specific objective | <p>The Programme seeks to achieve three specific objectives under this Priority, namely</p> <p>SO 2.1 Enhancing the tourism potential of the region through better preservation and sustainable utilization of natural and cultural heritage</p> <p>SO 2.2 Raising the competitiveness of the CBC region's tourist offer</p> <p>SO 2.3 Promoting cooperation among regional actors in the area of sustainable tourism</p> |
| The results that the partner States seek to achieve with Union support | <p>The relationship between tourism and the Programme area's natural and cultural heritage is of crucial importance for increasing tourist attractiveness of the border area. The quality of the natural and cultural heritage is, in most areas, fundamentally important to the generation of economic prosperity through tourism, to the quality of life of local communities and to the visitor experience.</p> <p>In order to untap the tourism potential of the cross-border region the programme seeks supporting conservation of natural and cultural heritage, linked where appropriate to tourism, including the restoration of</p> |

| | |
|--|--|
| | <p>heritage buildings and the maintenance of traditional landscapes. It also seeks to improve the accessibility to touristic sites in the region, in line with the overall concept for sustainable tourism development.</p> <p>For sustainable tourism development it is furthermore essential to adopt visitor management plans to ensure that tourism does not damage natural and cultural resources.</p> <p>The improved possibilities for sustainable touristic services in the CBC region are another core result that the partner States seek to achieve with Union support. For this it is necessary to have a proper knowledge about the market trends, develop new tourism products and services and to support the upgrading of skills and knowledge of the workforce.</p> <p>Sustainable tourism also provides an optimal contribution to local/regional economy in interaction with other activities through fostering a multi-sectoral and participative approach to development. Sustainable tourism, interaction with complementary activities, is seen as direct contribution to the rise in employment and growth of the border economy, seriously affected by depopulation and economic crises.</p> <p>The tourism sector may offer many job opportunities to people of all ages and skills. Particularly for young people, a job in tourism often represents the first contact with working life, supplying them with interpersonal and social competencies highly needed in a customer-minded service industry. Increasingly, there is scope for tourism to add value to cross-border employment in other sectors, through multiple occupations, and to provide new opportunities for employment in fields related to the environment and heritage.</p> <p>Tourist product quality and innovation are important factors to avoid the decline of destinations. But since a tourist usually takes a decision in favour of the destination that offers to meet a bundle of wishes (accommodation, events, activities) the competitiveness of CBC destinations can only be maintained or improved when the respective stakeholders in the border region are working together.</p> <p>Thus the Programme envisages achieving the following results:</p> <p>R 2.1.1 Increased tourism attractiveness of the CBC region</p> <p>R 2.2.1 Improved visibility, variety and quality of the tourist offer in the CBC region</p> <p>R 2.3.1 Enhanced cooperation and networking for sustainable tourism development potential</p> |
|--|--|

2.2.4 Elements of other thematic priorities added to the priority axis

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

not applicable

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

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

| | |
|---------------------------------|--|
| Thematic Priority | TP (d): Encouraging tourism and cultural and natural heritage |
| <u>Types of actions:</u> | |

The following two types of actions are envisaged under this Priority Axis to contribute to the Specific Objectives:

- 1) investments
projects that have a predominant investment character with only a minor part of accompanying soft activities
- 2) soft measures
projects that are mainly oriented at preparing studies, establishing networks, providing trainings, developing concepts, providing services for certain target groups, raising awareness on specific themes, etc. These projects may only have a minor investment part that is needed for delivering the soft measures in an effective way. Soft measures also include people-to-people type of actions, e.g. small scale initiatives among civil society institutions that aim at increasing direct contacts and cooperation across the border among the people and their associations in the region

Under the Calls for Proposals project applicants may address one of the two types of actions (investments or soft measures) and slightly different evaluation criteria may apply.

Examples of actions:

The following examples of action are a non-exhaustive list that is illustrating the range of possible actions under this Thematic Priority

Actions that are appropriate to contribute to SO 2.1 of this Priority Axis may include:

Small-scale investments, ICT and GIS platforms, info-centres, touristic transport schemes:

- Restoration and maintenance of touristic sites of historical and cultural importance
- Conservation and protection of tangible and intangible natural, historical and cultural heritage
- Rehabilitation of access roads to natural, cultural and historical touristic sites
- Building of new and/or reconstructing or upgrading of existing cycling routes and walking paths (including the accompanying elaborating a common standard for road signs and information tables, as well as a joint travel guides etc.).
- Building of new and/or rehabilitation and upgrading of tourist attractions
- Public utilities upgrade (electricity, water-supply, sewerage, etc.) related to touristic sites
- Development of cross-border transport schemes to touristic sites
- Establishment and reconstruction of info-centres and/or kiosks to guide potential visitors
- Development of facilities for access to or in the tourist sites for disabled people

Actions that are appropriate to contribute to SO 2.2 of this Priority Axis may include:

Joint researches, joint tourism products and services development and promotion, training and consultancy:

- Elaboration and implementation of joint thematic routes and thematic tourism clusters (that are based on the region's unique natural and cultural heritage)
- Development of new / alternative / sustainable tourism products and services
- Joint actions, tools and initiatives for the promotion of the cross-border tourist products (e.g. joint participation in tourism trade fairs, exhibitions and other promotional events, joint advertising campaigns, etc.)
- Promotion and branding initiatives on themes and in areas related to joint cross-border tourism products
- Joint elaboration and implementation of plans for development of tourism activities, new tourist destinations and experience
- Joint initiatives to improve the service quality in tourism (exchange of experience and good practices, trainings, study tours, etc.)

- Support to start-up initiatives for exploiting local assets to create new tourism products and services (incl. for women and marginalized groups)

Actions that are appropriate to contribute to SO 2.3 of this Priority Axis may include:

Joint promotional events, awareness raising and networking:

- Awareness raising campaigns on all levels (individual persons, organizations, businesses, public administration, schools) on issues related to sustainable utilization and promotion of the region's intangible cultural and natural heritage
- Creating / developing /strengthening of joint networks for exchange of good practices in sustainable tourism management
- Developing/implementing joint policies, strategies, training and capacity building events for the valorization of the cultural and natural heritage through its restoration and promotion for sustainable economic uses
- Organization of various joint cultural events for the promotion of the region's cultural identity
- Creating networks for addressing youth initiatives in the border area, incl. the participation of young people in cultural initiatives
- Support for kids and youth initiatives in the area of cultural, social, science and physical activities (music, philosophy, sports, regional exploration)

Main target groups supported under the priority

The actions supported under this Priority Axis are envisaged to bring benefits to the following target groups:

- Population in the region
- Public and private cultural institutions
- Education and training institutions
- Regional and local authorities
- Small and medium enterprises (SMEs) in tourism
- Tourist operators
- Tourist information centres (points)

Types of beneficiaries supported under the priority

The following Types of Beneficiaries may apply for the respective types of projects under this Priority Axis:

| Types of Beneficiaries | Investment projects | Soft Measures |
|--|----------------------------|----------------------|
| Local and regional authorities and organisations established and managed by local and regional authorities | X | X |
| National authorities and organisations established and managed by national authorities | X | X |
| Regional and sector development agencies | | X |
| Civil Society / Non-governmental organisations | | X |
| Regional touristic associations / NGOs in the field of tourism | | X |

| | | |
|---|---|---|
| Business support structures - chamber of commerce, business association, business cluster | | X |
| Education institutions / Training Centres | | X |
| Cultural institutes (museum, library, art gallery, community centres, etc.) | X | X |

Specific territories targeted under the priority

No specific focus areas are defined. The entire programme area is eligible.

2.2.5.2 Guiding principles for the selection of operations

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

According to article 39 (1), Selection of operations, of Commission Implementing regulation (EU) No 447/214 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA II), the operations under cross-border cooperation programmes shall be selected by the JMC.

| Thematic Priority | TP (d): Encouraging tourism and cultural and natural heritage |
|--|---|
| <p>The following general principles will guide the selection of operations:</p> <ol style="list-style-type: none"> 1. CBC character <ul style="list-style-type: none"> - Involvement of beneficiaries of the two participating countries - Clear identification of cross-border benefit/impact if operation is implemented in a single country 2. Partnership <ul style="list-style-type: none"> - The involved project partners are eligible corresponding to the programme's rules - The involved project partners have the capacity for the project's management 3. Regional relevance <ul style="list-style-type: none"> - The operations are in correspondence to the identified needs and challenges of the CBC area - The operations contribute to economic, territorial and social cohesion (following the EU-2020 Strategy) 4. Strategic relevance <ul style="list-style-type: none"> - The operations are in line with the priority axis' specific objectives - The operations are coherent with strategies and concept at the regional and the national level 5. Operations' quality <ul style="list-style-type: none"> - The operations/projects are clear and structured (intervention logic) - Expenditures of the operations are effective - The projects are based on the concept of sustainability 6. Horizontal principles <ul style="list-style-type: none"> - The operations take the equality between men and women into account - The operations consider non-discrimination principles - The operations follow the concept of sustainable development <p>In addition to these general section criteria applicable the following specific principles will apply when selecting projects under this Priority Axis:</p> <ul style="list-style-type: none"> - projects will be given preference that support the involvement of young people <p>Strategic projects</p> <p>Under this Priority axis strategic projects could be identified outside calls for proposals for the</p> | |

achievement of the programme and priority objectives. Strategic projects contribute to achievement of a bigger impact through real and strong cross-border impact and long-term results, in respect of the Programme's objectives.

Strategic Projects must be effective and answer the territory's needs as envisaged by the Programme and result in a significant and long-lasting change or improvement on the whole or large parts of programme area.

The basic principles for the eligibility of a strategic project could be the following

- to address key specific objectives that can be achieved only through the involvement of large partnerships and /or of key stakeholders on the two sides of the border
- to produce lasting effects and catalyse further actions

The decision of selecting strategic projects is within the competence of the Joint Monitoring Committee of the Programme.

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

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

not applicable

2.2.6 Common and programme specific indicators

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

2.2.6.1 Priority axis 2 result indicators (programme specific)

Table 9: Programme specific result indicators

| ID | Indicator | Measurement unit | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|----------|---|------------------|-------------------|---------------|---------------------|---|------------------------|
| RI 2.1.1 | Increase of tourists to the cross-border region | Percentage | To be established | 2014 | Increase | Statistics Survey | 2018 2023 |
| RI 2.2.1 | Increased created/supported joint tourism products and services | Percentage | To be established | 2014 | Increase | Survey and Progress and Annual Implementation Reports | 2018 2023 |
| RI 2.3.1 | Increased public awareness regarding sustainable use of natural and cultural heritage and resources | Percentage | To be established | 2014 | Increase | Survey and Progress and Annual Implementation Reports | 2018 2023 |

2.2.6.2 Priority axis 2 output indicators (common or programme specific)

Table 10: Common and programme specific output indicators

| ID | Indicator (name of indicator) | Measurement unit | Target value (2023) | Source of data | Frequency of reporting |
|----------|--|------------------|---------------------|----------------|------------------------|
| OI 2.1.1 | Number of cultural and historical touristic sites reconstructed / restored / covered | number | 25 | AIRs | Annually |

| ID | Indicator (name of indicator) | Measurement unit | Target value (2023) | Source of data | Frequency of reporting |
|----------|--|---------------------|------------------------|-------------------|---------------------------|
| | by conservation and protection actions | | | | |
| OI 2.1.2 | Length of new or reconstructed or upgraded access roads to natural, cultural and historic tourism sites, cycling routes and walking paths | km | 5 | AIRs | Annually |
| OI 2.1.3 | Number of newly built or reconstructed or upgraded tourist related facilities and attractions | number | 10 | AIRs | Annually |
| OI 2.1.4 | Number of created/reconstructed facilities for disabled people for access to or in the supported touristic sites | number | 5 | AIRs | Annually |
| OI 2.2.1 | Number of joint touristic products, services, brands, thematic routes | number | 10 | AIRs | Annually |
| OI 2.2.2 | Number of actions, tools and initiatives developed and/or implemented for promotion of sustainable tourism potential of the eligible border area | number | 10 | AIRs | Annually |
| OI 2.2.3 | Number of participants in joint training and qualification initiatives in the field of sustainable tourism | number | 50 | AIRs | Annually |
| OI 2.3.1 | Number of cross-border networks established or strengthened in the field of sustainable tourism | Number | 5 | AIRs | Annually |
| OI 2.3.2 | Number of cultural events held for promoting the region's cultural identity | Number | 15 | AIRs | Annually |
| OI 2.3.3 | Number of participants in youth initiatives | Number | 150 | AIRs | Annually |

2.2.7 Categories of intervention

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

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

Table 11: Categories of intervention - Dimension 1 Intervention field

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|--|-------------------------------|
| PA 2 | 075 Development and promotion of tourism services in or for SMEs | 926.000 |
| | 079 Access to public sector information (including open data e-Tourism) | 728.000 |
| | 090 Cycle tracks and footpaths | 1.323.000 |
| | 092 Protection, development and promotion of public tourism assets | 1.323.000 |
| | 094 Protection, development and promotion of public cultural and heritage assets | 1.191.000 |
| | 095 Development and promotion of public cultural and heritage services | 795.000 |
| | 103 Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee | 330.974 |

Table 2: Categories of intervention - Dimension 2 Form of finance

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|--------------------------|-------------------------------|
| PA2 | 01 - Non-repayable grant | 6.616.974 |

Table 3: Categories of intervention - Dimension 3 Territory type

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|--|-------------------------------|
| PA2 | 05 - Cooperation across national or regional programme areas in national context | 6.616.974 |

Table 4: Categories of intervention - Dimension 6 Territorial delivery mechanisms

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|---------------------|-------------------------------|
| PA2 | 07 - Not applicable | |

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

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

not applicable / not envisaged

2.3.1 Priority axis 3

| | |
|-----------------------------------|------------------------|
| ID of the priority axis | 3 |
| Title of the priority axis | Competitiveness |

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

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

| | |
|--|----------------------------|
| Fund | Union funds (ERDF and IPA) |
| Calculation basis (total eligible expenditure or public eligible expenditure) | Total eligible expenditure |
| Justification of the calculation basis choice | |

2.3.3 The specific objectives of the thematic priority and expected results

| | |
|--|---|
| ID | 3 |
| Specific objective | SO 3 Improving the competitiveness of regional businesses |
| The results that the partner States seek to | A competitive local economy that is based on regional assets and that |

| | |
|--|---|
| <p>achieve with Union support</p> | <p>has also strong links to international markets can generate the wealth in the region and provide jobs for the people. For local businesses and especially SMEs it is important to strengthen business links on a cross-border and on international level. Cooperations of businesses should be intensified in order to overcome the limitations of isolated operating units to enhance the access to new and innovative technologies and processes and thus to untap growth potentials.</p> <p>It is also necessary to create conditions and an atmosphere in the region so that more people are qualified and also motivated to successfully set-up their own businesses. Joint actions should be supported for promoting entrepreneurship and cooperation for exchange of new ideas, skills and technology and fostering the creation of new firms, cooperation and exchange of experience in agriculture, in RES, tourism will contribute towards strengthening economic activities and region competitiveness.</p> <p>Under the condition of a weak rural economy in the region the promoting of bio-farming as a possibility for diversification of agricultural activities, especially in areas with a danger of depopulation but with clean and unique nature will be required. Joint actions might be combined with a particular focus on the development of ecotourism. There is a discrepancy between the emerging demand for market development and the introduction of new modern technologies and existing labour market skills. Investments on increasing business capacities, innovation and know how transfer, strengthening the capacities of an education system closer oriented to the market demands, will be equally important for the area.</p> <p>When strengthening a competitive and innovative regional economy a special focus should also be on providing adequate opportunities for young people and people that are facing more difficulties for finding jobs due to their social status or other obstacles that limit their access to the labour market.</p> <p>Thus in the end the Programme envisages achieving the result of:</p> <p>R 3.1.1 Improved conditions for business development</p> <p>R 3.1.2 Enhanced capacity of public and private sector for business development</p> |
|--|---|

2.3.4 Elements of other thematic priorities added to the priority axis

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

not applicable

2.3.5 Actions to be supported under the thematic priority (by thematic priority)

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

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

| | |
|--|--|
| Thematic Priority | TP (g): Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment |
| <p><u>Types of actions:</u></p> <p>The following two types of actions are envisaged under this Priority Axis to contribute to the Specific Objective:</p> <ol style="list-style-type: none">1) <u>soft measures</u> projects that are mainly oriented at preparing studies, establishing networks, providing trainings, developing concepts, providing services for certain target groups, raising awareness on specific themes, , etc.. These projects may only have a minor investment part for that is needed for delivering the soft measures in an effective way. Soft measures also include people-to-people type of actions, e.g. small scale initiatives among civil society institutions that aim at increasing direct contacts and cooperation across the border among the people and their associations in the region.2) <u>investment measures</u> <u>projects that have a predominant investment character with only a minor part of accompanying soft activities</u> <p><u>Examples of actions:</u></p> <p>The following examples of action are a non-exhaustive list that is illustrating the range of possible actions to contribute to SO 3.1 of this Priority Axis:</p> <p>Examples of actions for enhancing the competitiveness of companies</p> <ul style="list-style-type: none">- Support to joint start-up and self-employment initiatives (especially for young people, women)- Support to (creation of) social enterprises and social entrepreneurship- Joint initiatives and exchange of experience for stimulating the growth of innovative/higher added-value industries (e.g. bio-farming, environmental technologies, ICTs, energy saving, pharmaceutical, electronic, etc.)- Joint approaches for promoting innovations in businesses <p>Examples of actions for intensifying the cooperation among businesses</p> <ul style="list-style-type: none">- Support for the development of cross-border business clusters- Promoting and implementing of joint business development training and capacity building schemes- Introduction of programmes for cooperation and exchange of experience in modern managerial practices- Joint initiatives for export promotion; organization and participation of cross-border fairs, exhibitions, trade missions; joint participation in fairs in third countries- Joint initiatives for investment promotion- Exchange of experience and good practices for boosting the economic development of the region- Cooperation between business and the educational institutions in the field of technology transfer and the promotion of knowledge-based economy- Creating networks for enhancing the employment potential of young people, women and vulnerable/marginalized groups- Reconstruction and construction of business, innovation, crafts and vocational training facilities <p><u>Main target groups supported under the priority</u></p> <p>The actions supported under this Priority Axis are envisaged to bring benefits to the following target groups:</p> | |

- SMEs and other businesses in the region
- local and regional workforce
- Education and training institutions
- Regional and local authorities

Types of beneficiaries supported under the priority

The following Types of Beneficiaries may apply for the respective types of projects under this Priority Axis:

- Local and regional authorities and organisations established and managed by local and regional authorities
- National authorities and organisations established and managed by national authorities
- Business support structures - chamber of commerce, business association, business cluster
- Regional and sector development agencies
- Education and training centres

Specific territories targeted under the priority

No specific focus areas are defined. The entire programme area is eligible.

2.3.5.2 Guiding principles for the selection of operations

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

According to article 39 (1), Selection of operations, of Commission Implementing regulation (EU) No 447/214 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA II), the operations under cross-border cooperation programmes shall be selected by the JMC.

| Thematic Priority | TP (g): Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment |
|--|---|
| <p>The following general principles will guide the selection of operations:</p> <ol style="list-style-type: none"> 1. CBC character <ul style="list-style-type: none"> - Involvement of beneficiaries of the two participating countries - Clear identification of cross-border benefit/impact if operation is implemented in a single country 2. Partnership <ul style="list-style-type: none"> - The involved project partners are eligible corresponding to the programme's rules - The involved project partners have the capacity for the project's management 3. Regional relevance <ul style="list-style-type: none"> - The operations are in correspondence to the identified needs and challenges of the CBC area - The operations contribute to economic, territorial and social cohesion (following the EU-2020 Strategy) 4. Strategic relevance <ul style="list-style-type: none"> - The operations are in line with the priority axis' specific objectives - The operations are coherent with strategies and concept at the regional and the national level 5. Operations' quality <ul style="list-style-type: none"> - The operations/projects are clear and structured (intervention logic) - Expenditures of the operations are effective - The projects are based on the concept of sustainability | |

6. Horizontal principles

- The operations take the equality between men and women into account
- The operations consider non-discrimination principles
- The operations follow the concept of sustainable development

In addition to these general section criteria applicable the following specific principles will apply when selecting projects under this Priority Axis:

- projects will be given preference that support the involvement of young people

Strategic projects

Under this Priority axis strategic projects could be identified outside calls for proposals for the achievement of the programme and priority objectives. Strategic projects contribute to achievement of a bigger impact through real and strong cross-border impact and long-term results, in respect of the Programme's objectives.

Strategic Projects must be effective and answer the territory's needs as envisaged by the Programme and result in a significant and long-lasting change or improvement on the whole or large parts of programme area.

The basic principles for the eligibility of a strategic project could be the following

- to address key specific objectives that can be achieved only through the involvement of large partnerships and /or of key stakeholders on the two sides of the border
- to produce lasting effects and catalyse further actions;

The decision of selecting strategic projects is within the competence of the Joint Monitoring Committee of the Programme.

2.3.5.3 Planned use of financial instruments (where appropriate)

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

not applicable

2.3.6 Common and programme specific indicators

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

2.3.6.1 Priority axis 3 result indicators (programme specific)

Table 5: Programme specific result indicators

| ID | Indicator | Measurement unit | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----------|---|------------------|-------------------|---------------|---------------------|--|------------------------|
| RI 3.1.1 | Increased cross-border business networks created or extended | Percentage | To be established | 2014 | Increase | Survey / Progress and Annual Implementation Report | 2018 2023 |
| RI 3.1.2. | Increased awareness on the business opportunities offered by the region | Percentage | To be established | 2014 | Increase | Survey among target groups | 2018 2023 |

2.3.6.2 Priority axis 3 output indicators (common or programme specific)

Table 6: Common and programme specific output indicators

| ID | Indicator (name of indicator) | Measurement unit | Target value (2023) | Source of data | Frequency of reporting |
|----------|---|------------------|---------------------|----------------|------------------------|
| OI 3.1.1 | Supported investments for improving the competitiveness of businesses in the programme region | number | 5 | AIRs | Annually |
| OI 3.1.2 | Supported joint start-up and self-employment initiatives | number | 5 | AIRs | Annually |
| OI 3.1.3 | Number of participants (split into men and women) in supported training and qualification initiatives | number | 150 | AIRs | Annually |
| OI 3.2.1 | Supported initiatives for economic development and investment promotion | number | 10 | AIRs | Annually |

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| | | | | | |
|----------|--------------------------------|--------|----|------|----------|
| OI 3.2.2 | Number of cooperation networks | number | 10 | AIRs | Annually |
|----------|--------------------------------|--------|----|------|----------|

2.3.7 Categories of intervention

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

Table 7: Categories of intervention - Dimension 1 Intervention field

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|--|-------------------------------|
| PA3 | 063 Cluster support and business networks primarily benefiting SMEs | 300.000 |
| | 064 Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation) | 300.000 |
| | 066 Advanced support services for SMEs and groups of SMEs (including management, marketing and design services) | 370.000 |
| | 067 SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs) | 370.000 |
| | 073 Support to social enterprises (SMEs) | 200.000 |
| | 103 Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee | 220.000 |
| | 104 Self-employment, entrepreneurship and business creation including innovative micro, small and medium sized enterprises | 370.000 |
| | 105 Equality between men and women in all areas, including in access to employment, career progression, reconciliation of work and private life and promotion of equal pay for equal work | 200.000 |
| | 109 Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability | 151.365 |

Table 8: Categories of intervention - Dimension 2 Form of finance

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|---------------------------------|-------------------------------|
| PA3 | 01 - Non-repayable grant | 2.481.365 |

Table 9: Categories of intervention - Dimension 3 Territory type

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|---|-------------------------------|
| PA3 | 05 - Cooperation across national or regional programme areas in national context | 2.481.365 |

Table20: Categories of intervention - Dimension 6 Territorial delivery mechanisms

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|---------------------|-------------------------------|
| PA3 | 07 - Not applicable | |

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

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

not applicable / not envisaged

2.4 Description of the priority axes for technical assistance

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

2.4.1 Priority axis 4

| | |
|-----------------------------------|-----------------------------|
| ID of the priority axis | 4 |
| Title of the priority axis | Technical Assistance |

2.4.2 Fund, calculation basis for Union support

| | |
|--|----------------------------|
| Fund | Union funds (ERDF and IPA) |
| Calculation basis (total eligible expenditure or public eligible expenditure) | Total eligible expenditure |
| Justification of the calculation basis choice | |

2.4.3 The specific objectives of the thematic priority and expected results

| | |
|--|--|
| ID | 4.1 |
| Specific objective | PROGRAMME'S ADMINISTRATION To maximise the effectiveness and efficiency of the management and implementation of the IPA CBC Programme Bulgaria-the former Yugoslav Republic of Macedonia (2014-2020) |
| The results that the partner States seek to achieve with Union support³² | Not applicable |

2.4.4 Actions to be supported and their expected contribution to the programme implementation

| Priority axis | Technical Assistance |
|----------------------|---|
| | <p>The Technical assistance will support on one hand actions that enhance the capacity of applicants and beneficiaries to apply for and to use the programme funds and on the other hand, actions to support the Programme management and implementation.</p> <p>The technical assistance costs will mainly be composed of preparatory, management, monitoring, evaluation, information and control activities.</p> <p>In accordance with Article 35 of COMMISSION IMPLEMENTING REGULATION (EU) No 447/2014 of 2 May 2014, the limit for Technical Assistance is set at 10% of the total amount allocated to the cross-</p> |

³² Required where the Union support to technical assistance in the cooperation programme exceeds EUR 15 million.

border cooperation programme.

Moreover, Technical Assistance funds will be used to support the programme management (implementation, monitoring, evaluation, communication etc.) and to improve the administrative capacity of programme bodies and stakeholders.

Indicative actions supported under this Priority Axis 3 are listed below:

Management and implementation

- Supporting the Programme bodies for the implementation of the Programme; supporting the Monitoring Committee activities; functioning of the JS, etc. (meetings organisation, travel expenditures, publicity and communication costs, remuneration costs, etc.)
- Elaboration of studies, reports and surveys on strategic matters concerning the programme implementation. These documents will contribute to the proper estimation of the Programme progress and sustainability.
- Performing quality assessments of applications for projects.
- Organisation of seminars, trainings and information events on national and cross border level (details will be set out in the communication strategy) to support projects' development and implementation.

Monitoring, control and audit

- Implementing proper procedures for the quality and risk assessment, monitoring and control of operations carried out under the Programme, as well as actions contributing to the reduction of administrative burden for beneficiaries.
- Ensuring proper functioning of the First level control system (remuneration of first level of controllers; travel and accommodation's costs for site visits, etc.)
- Developing and maintenance of the Monitoring system for programme management, monitoring, audit and control.

Communication and information

- Development and maintenance of the programme website.
- Implementing widespread information activities about the programme and the projects, as well as supporting activities related to communication and publicity.
- Support for identifying and strengthening the co-ordination networks and contacts among representatives of other relevant EU co- funded programmes by MA, NA, and JS (neighbouring ETC programmes, national programmes, etc.)

Evaluation

- Evaluation of the programme implementation in achieving its objectives. For this purpose, an evaluation plan may be drafted according to the provision of the regulations and making use of external experts may be necessary.

2.4.5 Programme specific indicators

2.4.5.1 Programme specific output indicators expected to contribute to results

Table21: Programme specific output indicators

| ID | Indicator (name of indicator) | Measurement unit | Target value (2023) | Source of data | Frequency of reporting |
|----|-------------------------------|------------------|---------------------|----------------|------------------------|
| | Not applicable | | | | |

2.4.6 Categories of intervention

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

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

Table 2: Categories of intervention - Dimension 1 Intervention field

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|--|-------------------------------|
| PA4 | 121 - Preparation, implementation, monitoring and inspection | 1.244.243 |
| PA4 | 122 - Evaluation and studies | 205.000 |
| PA4 | 123 - Information and communication | 205.000 |

Table 3: Categories of intervention - Dimension 2 Form of finance

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|--------------------------|-------------------------------|
| PA4 | 01 - Non-repayable grant | 1.654.243 |

Table 4: Categories of intervention - Dimension 3 Territory type

| Priority axis | Code | Amount (EUR) EU (ERDF+IPA) |
|---------------|--|-------------------------------|
| PA4 | 05 - Cooperation across national or regional programme areas in national context | 1.654.243 |

2.5 Overview table of indicators per priority axis and thematic priority

Table 5: Table of common and programme specific output and result indicators

The below indicators are indicative and are subject to clarification between partnering countries and EC

| Priority axis | Thematic priority | Specific objective(s) | results indicators | Selected output indicators |
|---------------|-------------------|---|--|--|
| PA 1 | TP b) | SO 1.1 Environmental protection and sustainable use of the common natural resources of the CBC area | RI 1.1.1: Increased supported nature protected sites | OI 1.1.1 Number of supported investments for improving the environmental conditions in the programme region OI 1.1.2 Number of nature protected areas addressed by supported interventions |
| | | | RI 1.1.2: Increased capacity in using common natural resources | OI 1.2.1 Number of supported joint mechanisms for environmental protection, promotion of biodiversity and sustainable use of natural resources OI 1.2.2 Number of institutions/organizations involved in environmental related activities OI 1.2.3 Number of participants in environmental related trainings and campaigns |
| | | SO 1.2 Risk prevention and mitigation the consequences of natural and manmade hazards and disasters in the CBC region | RI 1.2.1: Increased interventions in the field of risk prevention and management | OI 1.3.1 Supported investments for improving disaster management and risk prevention OI 1.3.2 Supported investments for adaptation and mitigation of climate change consequences |
| | | | RI 1.2.2: Increased joint initiatives related to risk prevention and management | OI 1.4.1 Supported joint mechanisms for disaster management and risk prevention and for promotion of climate change awareness OI 1.4.2 Number of institutions/organizations involved in initiatives related to risk prevention and management OI 1.4.3 Number of participants in trainings and campaigns in the field of risk prevention, (including marginalized communities and other vulnerable groups) |

| Priority axis | Thematic priority | Specific objective(s) | results indicators | Selected output indicators |
|---------------|-------------------|--|---|--|
| PA 2 | TP d | SO 2.1: Enhancing the tourism potential of the region through better preservation and sustainable utilization of natural and cultural heritage | RI 2.1.1: Increase of tourists to the cross-border region | <p>OI 2.1.1 Number of cultural and historical touristic sites reconstructed / restored / covered by conservation and protection actions</p> <p>OI 2.1.2 Length of new or reconstructed or upgraded access roads to natural, cultural and historic tourism sites, cycling routes and walking paths</p> <p>OI 2.1.3 Number of newly built or reconstructed or upgraded tourist related facilities and attractions</p> <p>OI 2.1.4 Number of created/reconstructed facilities for disabled people for access to or in the supported touristic sites</p> |
| | | SO 2.2: Raising the competitiveness of the CBC region's tourist offer | RI 2.2.1: Increased created / supported joint tourism products and services | <p>OI 2.2.1 Number of joint touristic products, services, brands, thematic routes</p> <p>OI 2.2.2 Number of actions, tools and initiatives developed and/or implemented for promotion of sustainable tourism potential of the eligible border area</p> <p>OI 2.2.3 Number of participants in joint training and qualification initiatives in the field of sustainable tourism</p> |
| | | SO 2.3: Promoting cooperation among regional actors in the area of sustainable tourism | RI 2.3.1: Increased public awareness regarding tourism and sustainable use of natural and cultural heritage and resources | <p>OI 2.3.1 Number of cross-border networks established or strengthened in the field of sustainable tourism</p> <p>OI 2.3.2 Number of cultural events held for promoting the region's cultural identity</p> <p>OI 2.3.3 Number of participants in youth initiatives</p> |
| PA 3 | TP g | SO 3.1: Improving the competitiveness of regional businesses | RI 3.1.1: Increased cross-border business networks created or extended | <p>OI 3.1.1 Supported investments for improving the competitiveness of businesses in the programme region</p> <p>OI 3.1.2 Supported joint start-up and self-employment initiatives</p> <p>OI 3.1.3 Number of participants (split into men and women) in supported training and qualification initiatives</p> |

| Priority axis | Thematic priority | Specific objective(s) | results indicators | Selected output indicators |
|---------------|----------------------|-----------------------|---|---|
| | | | RI 3.1.2: Increased awareness on the business opportunities offered by the region | OI 3.2.1 Supported initiatives for economic development and investment promotion OI 3.2.2 Number of cooperation networks |
| PA 4 | Technical Assistance | N/A | N/A | N/A |

III. FINANCING PLAN

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

3.1 Financial appropriation from the IPA (in EUR)

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

Table 6: Financial appropriation

| Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|
| IPA | 825.889 | 1.195.690 | 1.713.412 | 3.106.328 | 3.167.962 | 3.229.596 | 3.303.556 | 16.542.434 |
| | 5,0% | 7,2% | 10,4% | 18,8% | 19,2% | 19,5% | 20,0% | 100% |

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

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

Table 7: Financial Plan

| Priority axis | Basis for calculation of Union support (Total eligible cost or public eligible cost) | Union support (a) | National counterpart (b) = (c) + (d) | Indicative breakdown of the national counterpart | | Total funding (e) = (a) + (b) | Co-financing rate (f) = (a)/(e) (2) | For information | |
|-----------------|--|-------------------|--------------------------------------|--|----------------------------------|-------------------------------|-------------------------------------|------------------------------------|-------------------|
| | | | | National Public funding (c) | National private funding (d) (1) | | | Contributions from third countries | EIB contributions |
| Priority axis 1 | | 5.789.852 | 1.021.739 | 1.021.739 | 0 | 6.811.590 | 85% | 0 | 0 |
| Priority axis 2 | | 6.616.974 | 1.167.701 | 1.167.701 | 0 | 7.784.675 | 85% | 0 | 0 |
| Priority axis 3 | | 2.481.365 | 437.888 | 437.888 | 0 | 2.919.253 | 85% | 0 | 0 |
| Priority axis 4 | | 1.654.243 | 291.925 | 291.925 | 0 | 1.946.169 | 85% | 0 | 0 |
| Total | | 16.542.434 | 2.919.253 | 2.919.253 | 0 | 19.461.687 | 85% | 0 | 0 |

(1) To be completed only when priority axes are expressed in total costs.

(2) This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).

3.2 Breakdown by priority axis and thematic priority

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

Table 8: Breakdown by priority axis

| Priority axis | Thematic priority | Union support | National counterpart | Total funding |
|---------------|---|----------------------|----------------------|----------------------|
| PA 1 | TP (b): Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management | 5.789.851,90 | 1.021.738,57 | 6.811.590,47 |
| PA 2 | TP (d): Encouraging tourism and cultural and natural heritage | 6.616.973,60 | 1.167.701,22 | 7.784.674,82 |
| PA 3 | TP (g): Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment | 2.481.365,10 | 437.887,96 | 2.919.253,06 |
| PA 4 | Technical Assistance | 1.654.243,40 | 291.925,31 | 1.946.168,71 |
| Total | | 16.542.434,00 | 2.919.253,06 | 19.461.687,06 |

IV. INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT (WHERE APPROPRIATE)

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

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

not applicable

4.1 Community-led local development (where appropriate)

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

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

not applicable

4.2 Integrated Territorial Investment (ITI) (where appropriate)

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

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

not applicable

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

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

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

not applicable

V. IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME

5.1 Relevant authorities and bodies

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

Table 9: Programme authorities

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

| Authority/body | Name of authority/body and department or unit | Head of authority/body (position or post) |
|-----------------------------|--|--|
| Managing authority | Ministry of Regional Development of the Republic of Bulgaria, Directorate General "Territorial Cooperation Management" | Director General of Directorate General "Territorial Cooperation Management" |
| Certifying authority | Ministry of Finance of the Republic of Bulgaria, "National Fund" Directorate | Director of the "National Fund" Directorate |
| Audit authority | Ministry of Finance of the Republic of Bulgaria Audit of European Union Funds Executive Agency | Executive Director of Audit of European Union Funds Executive Agency |

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

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

| | |
|---|--|
| <input type="checkbox"/> The Managing Authority | DG "Territorial Cooperation Management" Ministry of Regional Development of the Republic of Bulgaria |
| <input checked="" type="checkbox"/> The Certifying Authority | National Fund Directorate at the Ministry of Finance of the Republic of Bulgaria |

Table30: Body or bodies carrying out control and audit tasks

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

| Authority/body | Name of authority/body and department or unit | Head of authority/body (position or post) |
|---|---|--|
| Body or bodies designated to carry out control tasks | Ministry of Regional Development of the Republic of Bulgaria | Minister of Regional Development of the Republic of Bulgaria |
| Body or bodies designated to be responsible for carrying out audit tasks | Ministry of Finance of the Republic of Bulgaria Audit of European Union Funds Executive Agency | Executive Director of Audit of European Union Funds Executive Agency |

5.2 Joint Monitoring Committee

In accordance with Article 38 of Commission Implementing Regulation (EU) No 447/214 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA II), the Member States shall set up a Joint Monitoring Committee (JMC) within 3 months of the notification of the approval by the EU Commission of the Programme.

The JMC shall be composed of representatives of MA, NA, and the Commission and the NIPAC, as well as other relevant national authorities and stakeholders, including civil society and private sector organisations. The composition of the JMC will respect the principles of partnership and multi-level governance.

The Commission, Certifying Authority (CA) and the Audit Authority (AA) shall participate in the work of the JMC in an advisory capacity.

The JMC shall carry out its functions in accordance with the provisions of Article 38 of IPA II Regulation and Articles 49 and 110 of Regulation (EU) No 1303/2013. The main competencies and responsibilities of the JMC are as follow:

- Review the overall effectiveness, quality and coherence of the implementation of all actions towards meeting the objectives set out in the cross-border programme, the financing agreements and the relevant strategy paper(s). It may make recommendations for corrective actions whenever needed.
- Monitoring by reference to indicators laid down in the cross-border cooperation programme, in accordance with Article 16 of Regulation (EU) No 1299/2013.

The JMC shall examine and approve:

- a) any issues that affect the performance of the operational programme;
- b) the methodology and criteria used for selection of operations;
- c) the annual and final implementation reports;
- a) the evaluation plan for the operational programme and any amendment of the evaluation plan, including where either is part of a common evaluation plan pursuant to Article 114(1). The JMC will examine the progress made in implementation of the evaluation plan and the follow-up given to findings of evaluations;
- d) the communication strategy/plan for the operational programme and any amendment of the strategy/plan;
- e) any proposal by the MA for any amendment to the operational programme.

The JMC shall adopt its rules of procedures on the first JMC meeting. The rules of procedures shall encompass, as one of the other themes, a detail list of the JMC's tasks.

The JMC will be headed by a Chair and a co-Chair. The Chairmanship will be annually alternated between the MA and the NA. Decisions shall be taken by consensus.

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

Table31: Indicative list of Joint Monitoring Committee members

| Name of authority/body and department or unit | Role in the programme | Contact details of the authority/body |
|---|-----------------------|---|
| EU Commission | Advisory | European Commission, Directorate Regional and Urban Policy |
| NIPAC | Decision | |
| Managing Authority | Decision | Ministry of Regional Development of the Republic of Bulgaria |
| National Authority | Decision | Ministry of Local Self Government of the former Yugoslav Republic of Macedonia |
| Macro-regional strategy representative (where the programme is overlapping a macro-region covered by an EU Strategy) | Consultative | |
| EIB | Consultative | |
| Audit Authority | Advisory | Ministry of Finance of the Republic of Bulgaria, Audit of European Union Funds Executive Agency |
| Certifying Authority | Advisory | Ministry of Finance of the Republic of Bulgaria, National Fund Directorate |
| Regional authorities | Decision | |
| Local authorities | Decision | |
| Competent public authorities (environment, risk prevention, economy, tourism, culture, youth, other as agreed by the partner countries) | Decision | |
| Social and economic partners | | |
| Civil society organisations (environmental, equal opportunities, non-discrimination) | | |
| Academic and scientific society | | |

5.3 Procedure for setting up the joint secretariat

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

In accordance with Article 23 (2) of Regulation (EU) No 1299/2013, the Managing Authority in cooperation with National Authority establishes a Joint Secretariat. The JS main office is placed in Kyustendil, Republic of Bulgaria. JS has a branch office in Strumica, the former Yugoslav Republic of Macedonia. The JS (including its branch office as part of the same body) consists of a balanced number number of experts from Bulgaria and the former Yugoslav Republic of Macedonia contracted by the MA or NA.

The JS shall assist the MA, NA and the JMC in carrying out their respective functions. The JS shall also provide information to potential beneficiaries about funding opportunities under cooperation programmes and shall assist beneficiaries in the implementation of operations.

The JS shall be responsible for the following main tasks:

- Participation in planning and organisation of programme information campaigns and other activities related to raising public awareness on the programme;
- Establishing and managing a projects and project partners data base;
- Supporting projects generation and development,
- Supporting MA and NA for the preparation of all standardised forms for the implementation of Programme such as application package, evaluation, contracting, implementation, monitoring and reporting forms,
- Preparing the full application package for Calls for Proposals and submitting it to MA and NA for approval,
- Advising beneficiaries on the implementation of operations and financial administration;
- Receiving and registering of applications submitted;
- Assisting in the administrative compliance and eligibility check of project applications;
- Presenting a work plan via the Managing Authority to the Joint Monitoring Committee once a year for approval;
- Organising meetings and events, drafting the minutes from meetings, preparing, ensuring the administrative management of tasks and services;
- Providing secretariat services for Evaluation Committees;
- Monitoring of project implementation, collecting of information from the lead beneficiaries and updating data in the Management Information System;
- Supporting the work of the controllers;
- Collecting, checking and approving project progress reports from the lead partners;
- Assisting in preparation of the programme implementation reports;
- Consulting and supporting the lead beneficiaries on any requests for contract modifications;
- Reviewing and approving requests for contract modifications, which do not affect the objectives, outputs and results of the projects;
- Cooperating with the programme implementing authorities in Bulgaria and the former Yugoslav Republic of Macedonia, and with other territorial cooperation programmes;
- Collaborating with central, regional and local stakeholders involved in the CBC Programme.

Detailed list of the JS responsibilities will be laid down in the Programme Implementation

Manual.

5.4 Summary description of the management and control arrangements

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

Institutional arrangements

Managing Authority

According to Article 21 of Regulation (EU) No 1299/2013 Bulgaria and the former Yugoslav Republic of Macedonia have agreed the responsibility of a single Managing Authority (MA) to be given to the Directorate General “Territorial Cooperation Management” at the Ministry of Regional Development of the Republic of Bulgaria.

The Managing Authority is responsible for managing and implementing the IPA CBC Programme in accordance with the principles of sound financial management and the provisions of Article 125 of Regulation (EU) No 1303/2013 and in particular for:

- supporting the work of the Joint Monitoring Committee referred to in Article 47 of the CPR and provide it with the information it requires to carry out its tasks (data relating to the progress of the operational programme in achieving its objectives, financial data and data relating to indicators and milestones);
- drawing up and, after approval by the monitoring committee, submitting to the Commission annual and final implementation reports;
- providing to intermediate bodies and beneficiaries information that is relevant to the execution of their tasks and the implementation of operations respectively;
- establishing a system to record and store in computerised form data on each operation necessary for monitoring, evaluation, financial management, verification and audit, including data on individual participants in operations, where applicable;
- ensuring that the data referred to in above point is collected, entered and stored in the Monitoring Information System (MIS).

As regards the selection of operations, the managing authority is:

- drawing up and, once approved, applying appropriate selection procedures and criteria that:
 - ensure the contribution of operations to the achievement of the specific objectives and results of the relevant priority axis;
 - are non-discriminatory and transparent;
- ensuring that operations are selected for funding in accordance with the criteria applicable to the cross-border programme and that they comply with applicable Community and national rules for the whole of their implementation period;
- ensuring that the beneficiary is provided with a document setting out the conditions for support for each operation including the specific requirements concerning the products or services to be delivered under the operation, the financing plan, and the time-limit

for execution;

- satisfying itself that the beneficiary has the administrative, financial and operational capacity to fulfil the conditions referred to the above point before approval of the operation;
- satisfying itself that, where the operation has started before the submission of an application for funding to the managing authority, applicable law relevant for the operation has been complied with;
- ensuring that operations selected for support from the Funds do not include activities which were part of an operation which has been or should have been subject to a procedure of recovery in accordance with Article 71 following the relocation of a productive activity outside the programme area;
- determining the categories of intervention the measures to which the expenditure of an operation shall be attributed.

As regards the financial management and control of the operational programme, the managing authority is:

- verifying that the co-financed products and services have been delivered and that expenditure declared by the beneficiaries has been paid and that it complies with applicable law, the operational programme and the conditions for support of the operation;
- ensuring that beneficiaries involved in the implementation of operations reimbursed on the basis of eligible costs actually incurred maintain either a separate accounting system or an adequate accounting code for all transactions relating to an operation;
- putting in place effective and proportionate anti-fraud measures taking into account the risks identified;
- setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of point (g) of Article 72;
- drawing up the management declaration and annual summary referred to in points (a) and (b) of Article 59(5) of the Financial Regulation.

National Authority

The counterpart of the Managing Authority in charge of the coordination role in the former Yugoslav Republic of Macedonia is the Ministry of Local Self-Government acting as National Authority (NA).

The NA cooperates in joint programming, management and implementation of the programme and will take necessary measures to provide assistance to the MA, CA and AA in their respective duties, mainly through:

- participating in joint programming and generation of operations in accordance with the programme objectives and programme priorities;
- ensuring the national co-financing in a timely and proper manner;
- nominating representatives of the former Yugoslav Republic of Macedonia in the Joint Monitoring Committee ;
- participating in preparation of job descriptions and in selecting the experts in the JS Branch

office;

- establishing a first level control system for verification of expenditures of beneficiaries from the former Yugoslav Republic of Macedonia including development of first level control guidelines;
- organizing a selection procedure and appointing controllers and assessors from the former Yugoslav Republic of Macedonia.
- nominating representative(s) in the group of auditors.
- providing regular information ensuring access to information of Managing Authority, Certifying Authority and Audit Authority in order to fulfil their respective tasks;
- Supporting dissemination of information about the programme;

Certifying Authority

“National Fund” Directorate at the Ministry of Finance of Republic of Bulgaria has been designated as a Certifying Authority. The Certifying Authority shall receive the payments made by the Commission and shall make payments to the lead beneficiary in accordance with Article 132 of Regulation (EU) No 1303/2013. In compliance with Article 126 of the same Regulation, the Certifying Authority is also responsible for:

- drawing up and submitting payment applications to the Commission, and certifying that they result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verifications by the managing authority;
- drawing up the accounts referred to in point (a) of Article 59(5) of the Financial Regulation;
- certifying the completeness, accuracy and veracity of the accounts and that the expenditure entered in the accounts complies with applicable law and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the operational programme and complying with applicable law;
- ensuring that there is a system which records and stores, in computerised form, accounting records for each operation, and which supports all the data required for drawing up payment applications and accounts, including records of amounts recoverable, amounts recovered and amounts withdrawn following cancellation of all or part of the contribution for an operation or the Programme;
- ensuring, for the purposes of drawing up and submitting payment applications, that it has received adequate information from the managing authority on the procedures and verifications carried out in relation to expenditure;
- taking account when drawing up and submitting payment applications of the results of all audits carried out by, or under the responsibility of, the Audit Authority;
- maintaining, in a computerised form, accounting records of expenditure declared to the Commission and of the corresponding public contribution paid to beneficiaries;
- keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the budget of the Union prior to the closure of the Programme by deducting them from the subsequent statement of expenditure.

Audit authority

Executive Agency “Audit of European Union Funds” to the Minister of Finance of the Republic of Bulgaria has been designated as an Audit Authority.

According to the Article 127 of the CPR, the AA shall ensure that audits are carried out on the proper functioning of the management and control system of the Programme and on an appropriate sample of operations on the basis of the declared expenditure. The declared expenditure shall be audited based on a representative sample and, as a general rule, on statistical sampling methods.

The Audit Authority is also responsible for:

- ensuring that audit work takes account of internationally accepted audit standards;
- preparation of an audit strategy for performance of audits within eight months of adoption of the operational programme. The audit strategy shall set out the audit methodology, the sampling method for audits on operations and the planning of audits in relation to the current accounting year and the two subsequent accounting years. The audit strategy shall be updated annually from 2016 until and including 2024.

In addition, the Audit Authority shall draw up:

- an audit opinion in accordance with the second subparagraph of Article 59(5) of the Financial Regulation No 966/2012;
- draw up an annual control report setting out the main findings of the audits carried out in accordance with Article 127(1) of Regulation (EU) No 1303/2013, including findings with regard to deficiencies found in the management and control systems, and the proposed and implemented corrective actions.

At the end of the implementation of the Programme, the Audit Authority shall prepare a final audit activity report and provide an audit opinion on the final statement of expenditure.

In compliance with Article 52 (d) of Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 the Audit Authority shall be assisted by a **Group of Auditors**, comprising representatives of Bulgaria and the former Yugoslav Republic of Macedonia. The Group of Auditors will assist the AA in setting up and implementing the audit strategy. The audit strategy will also indicate which measures have been put in place by the AA and the Group of Auditors, in order to ensure that the same audit methodology, in accordance with internationally accepted audit standards, has been applied by all members of the Group of Auditors.

Programme management, implementation and control arrangements

Selection of operations

The Bulgaria- the former Yugoslav Republic of Macedonia IPA CBC Programme 2014 – 2020 shall support operations, which have direct cross-border impact, understood in terms of respecting at least two of the following conditions: joint development, joint staffing, joint implementation and joint financing.

The financing under the current Programme shall be made available to potential beneficiaries through a competitive process. The selection of the operations shall be made through open Call for proposals and/or decision of the JMC.

Geographical eligibility

In accordance with Article 39 (2) of Commission Implementing regulation (EU) No 447/214 of 2 May 2014, the selected operations shall involve beneficiaries from both partnering countries, at least one of which shall be from Bulgaria as a Member State. The beneficiaries and operations should be located in at least one of the NUTS level III regions (or equivalent regions in the non-MS) covered by the cross-border programme and specified above.

Beneficiaries

In accordance with Article 40 (1) of Commission Implementing regulation (EU) No 447/214 of 2 May 2014, one of the potential beneficiaries shall be designated by all the beneficiaries as the lead beneficiary. The lead beneficiary shall carry out the tasks specified in Article 40, namely:

- a) lay down the arrangements with other beneficiaries in an agreement comprising provisions that, inter alia, guarantee the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;
- b) assume responsibility for ensuring implementation of the entire operation;
- c) ensure that expenditure presented by all beneficiaries has been incurred in implementing the operation and corresponds to the activities agreed between all the beneficiaries, and in accordance with the document provided by the MA;
- d) ensure that the expenditure presented by other beneficiaries has been verified by a controller(s).

The lead beneficiary and its partners have to be legally established organizations (legal persons) on the eligible programme territory and must be non-profit making organization. Profit generating organizations and political parties are not eligible beneficiaries under Bulgaria - the former Yugoslav Republic of Macedonia IPA CBC Programme.

Project generation/preparation

Potential beneficiaries will be adequately informed on the programme objectives and priorities for support, the prerequisites for obtaining funds and the individual procedures. Support will be provided by JS for project generation and preparation, including a partner search facility.

Eligibility and selection criteria

The operations will be assessed according to the criteria previously approved by JMC.

Eligibility criteria will be formulated in order to ensure the administrative and formal compliance of projects to be submitted. These will include: submission before a deadline, completeness of submitted documentation, cross-border character of the composition of the partnership, no double financing from EU financial source of the same operation, etc.

Selection criteria will be applied to those projects that have first fulfilled the eligibility criteria and will assess their compliance with the strategic and operational principles guiding the project selection.

Assessment

The assessment of the operations (projects proposals) shall be carried out by the following three steps:

- Opening session - shall be carried out by the JS.
- Administrative compliance and eligibility check - shall be carried out by the JTS, and
- Technical/quality assessment - shall be carried out by independent assessors from both Bulgaria and the former Yugoslav Republic of Macedonia appointed by the MA.

Standard rules and procedures for assignment and scope of the tasks of the external assessors shall be defined in rules of procedures/manual for external assessors and other relevant documents.

The criteria for appointment of the external assessors will be formulated in order to ensure the fair competition, equal opportunities and qualitative selection of the candidates. The selected external assessors shall possess the minimum required knowledge and experience on the issues covered by the Programme.

For each call for proposals, the certain number of assessors will be assign for the technical evaluation of the received projects proposals. Equal number of assessors from the two countries will be appointed to carry out the technical evaluation for each call for proposals.

The assessment process will be organized and secretarially supported by JS and the relevant information will be recorded in the Management Information System. The results of all assessment steps will be summarized in a report and presented to the JMC for decision.

Projects selection and approval

The JMC will decide on the approval of projects and the amount of programme's financial contribution to each operation. Detailed rules on decision making will be included in the rules of procedure of the Monitoring Committee.

Operations shall not be selected for IPA II assistance where they have been physically completed or fully implemented before the application for funding under the cross-border cooperation programme is submitted by the beneficiary to the MA, irrespective of whether all related payments have been made by the beneficiary.

Contracting

Based on mandate given by the JMC, the MA shall proceed with conducting the procedure for concluding subsidy contracts with the lead beneficiaries. The MA shall carried out the pre-contracting visits on the investment sites proposed for financing and shall organize budget negotiations to all projects proposals approved for financing.

Contracts with the lead beneficiaries will be prepared in an approved standard subsidy contract template form and annexes. Implementation of the projects activities may start only after the contracts are signed by both - the MA and the lead beneficiary.

Management and control system

The management and control systems for the programme shall be set up in accordance with Articles 47 of Commission Implementing regulation (EU) No 447/214 of 2 May 2014 and respectively Articles 72, 73 and 74, 122(1) and (3), 128 and 148 of Regulation (EU) No 1303/2013.

MA shall ensure that the management and control system for the programme are set up in accordance with the IPA specific rules and that those systems function effectively.

First Level Control system

According to Article 23 (4) of Regulation (EU) No 1299/2013 and Article 125 (4) (a) of Regulation (EU) No 1303/2013 each participating country designates the body or persons responsible for carrying out verification of expenditures in relation to beneficiaries on its territory ('controller(s)').

The controller(s) shall provide control and verification of:

- delivery of the products and services;
- soundness of the expenditure declared for operations implemented by the respective beneficiary;
- compliance of such expenditure, related operations, as well as tendering procedures with Community rules and when relevant with its national rules; and
- compliance of such expenditure, related operations and part of operations to the eligible costs given in the application.

The cost for FLC verification shall be covered by the programme budget under PA "Technical assistance".

For the Republic of Bulgaria

For Bulgaria, a decentralised FLC system will be established. The Minister of Regional Development or authorised person by him/her will assign the FLC tasks to the controller(s) in accordance with applicable public procurement legislation or under existing labour law.

Standard rules and procedures for carrying out the control activities are defined in FLC Manual and other relevant documents.

For the former Yugoslav Republic of Macedonia

Based on an approved internal methodology, the first level control on the territory of the former Yugoslav Republic of Macedonia will be performed under a decentralized system - by external independent controllers, selected from a central list established at national level.

Financial management

The MA shall be responsible for managing the operational programme in accordance with the principle of sound financial management.

The MA shall make payments to the Lead Beneficiaries and/or final beneficiaries (in the case of Priority axis "Technical assistance") of the IPA and the corresponding Bulgarian national co-financing. The lead beneficiaries are responsible for transferring the corresponding funds to the project partners.

The MA shall set up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of point (g) of Article 72;

MA ensures the aggregation of information on expenditures and submits to the CA on a regular basis a report on certification and statement of expenditures.

Monitoring

The MA and the JMC will ensure the quality of the implementation of the programme in accordance with the principle of sound financial management. The JMC will observe the monitoring of the Programme implementation and ensure the achievement of the Programme objectives through a rational use of the allocated resources. Monitoring will be carried out by reference to the indicators herewith specified.

The tools used for the monitoring of the programme are the annual reports (and final report) on implementation, as set up in Article 14 of Regulation (EU) No 1299/2013. The annual (final) report(s) will be drafted by the JS, verified by the MA and approved by the JMC before submitting them to the Commission. The reporting, information and communication tasks will be carried out in accordance with Article 42 of Regulation (EC) No447/2014.

The monitoring of the Programme will be done through the management information system that will provide project-specific technical and financial information. The reporting will be provided by the lead beneficiary on behalf of the entire partnership through periodical or final reporting and presented to the JS. The JS will check the compliance of the reports with the project application. The data of the reports will be stored in the management system that in turn will generate, based on it, the reports submitted to the European Commission.

Programme Evaluation

The Programme is subject to an ex-ante, interim and ex-post evaluation of independent evaluators with the aim to improve Programme quality and to optimise the allocation of the financial resources. Evaluations shall be carried out by internal or external experts that are functionally independent of the authorities responsible for programme implementation. All evaluations shall be made public. Provisions of Article 41 of Regulation (EC) No447/2014 are fully applied.

The participating countries jointly carried out an *ex-ante* evaluation in accordance with Article 55 of Regulation (EU) No 1303/2013. The ex-ante has been carried out by external experts that are functionally independent of the authorities responsible for programme preparation. The recommendations of the ex-ante evaluation team are taken into account during the elaboration process of the Programme.

During the programming period, the MA shall ensure evaluation(s) for assessment of the effectiveness, efficiency and impact of the programme implementation on the basis of the evaluation plan and consequently the follow-up actions. At least once during the programming period, an evaluation shall assess how support from the programme funds has contributed to the objectives for each priority axis. All evaluations shall be examined by the JMC and sent to the Commission.

5.5 Apportionment of liabilities among partner States in case of financial corrections imposed by the managing authority or the Commission

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

Each partnering country shall be responsible for investigating irregularities committed by the beneficiaries located on its territory. In the case of a systematic irregularity, the partnering country shall extend its investigation to cover all operations potentially affected. The partnering country shall make the financial corrections in connection with individual or systemic irregularities detected in operations or operational programme. Financial correction shall consist of cancelling all or part of the public contribution to an operation or to the operational programme. Financial corrections shall be recorded in the annual accounts by the managing authority for the accounting year in which the cancellation is decided.

The Managing Authority shall ensure that any amount paid as a result of an irregularity is recovered from the lead beneficiary. Beneficiaries shall repay the lead beneficiary any amounts unduly paid. Special provisions regarding the repayment of amounts subject to an irregularity shall be included both in the contract to be signed with the lead beneficiary and in the partnership agreement to be signed between the partners. The Programme shall provide the beneficiaries a template of the Partnership Agreement.

If the lead beneficiary does not succeed in securing repayment from other beneficiaries or if the managing authority does not succeed in securing repayment from the lead beneficiary, the partnering country on whose territory the beneficiary concerned is located shall reimburse the managing authority the amount unduly paid to that beneficiary. The Managing Authority shall be responsible for reimbursing the amounts concerned to the general budget of the Union, in accordance with the apportionment of liabilities among the participating countries as laid down in the cooperation programme.

In accordance with article 85 of Regulation no.1303/2013 (CPR) the Commission has the right of making financial corrections by cancelling all or part of the Union contribution to the programme and effecting recovery from the partnering country in order to exclude from Union financing expenditure which is in breach of applicable Union and national law, including in relation to deficiencies in the management and control systems which have been detected by the Commission or the European Court of Auditors.

In case of financial corrections by the Commission, due to systemic irregularities, the two partnering countries commit to dividing the amount between the partnering countries proportionally with the approved project budgets and performed activities by the beneficiaries on their territory, affected by the financial correction. In case of financial corrections by the Commission, due to random or anomalous irregularities, the two partnering countries commit to investigate on a case by case basis. The financial correction by the Commission shall not prejudice the partnering countries' obligation to pursue recoveries under the provisions of the applicable European Regulations.

5.6 Use of the Euro (where applicable)

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

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

In accordance with the ETC Regulation, Article 28, expenditure incurred by project partners located in countries, which are outside of the Euro zone, shall be converted into euro. The conversion is to be made by the beneficiaries using the accounting exchange rate of the EC applied during the month of the incurring of the expenditure.

5.7 Involvement of partners

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

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

Maintaining a broad partnership was a guiding principle during the entire programming process. A Joint Working Group for the preparation of Bulgaria - the former Yugoslav Republic of Macedonia IPA cross-border programme 2014 – 2020 was officially set up on 14.11.2013 at its first meeting in Sofia. JWG was a partnership structure with a strategic decision making role for the period of Programme preparation to periodically review the progress made in the preparation of the Programme and make proposals and comments concerning the respective parts of the Programme. The JWG had the responsibility of approving the main stages of the programme preparation and the Programme as a whole.

JWG members were nominated in accordance with the institutional and legal framework in the partnering countries – the members from the former Yugoslav Republic of Macedonia were nominated by letter No. 10-2823/1 of 09.10.2012 and reaffirmed by letter No. 10-3059/1 of 06.11.2013, while Bulgarian members were nominated by an administrative order of the Minister of Regional Development No. RD-02-14-914 of 23.09.2013. The JWG was composed of a balanced number of representatives of the public authorities (national, regional and local), economic and social partners, relevant bodies representing civil society, including environmental partners, non-governmental organisations, and bodies responsible for promoting social inclusion, gender equality and non-discrimination.

Within the framework of the service contract Preparation of Bulgaria – the former Yugoslav Republic of Macedonia IPA Cross-border Programme 2014 – 2020, with identification number EuropeAid/133413/D/SER/Multi – Lot 2, starting date 28.11.2013 and duration of 9 months, a Task Force was established comprising representatives of the Managing Authority, the National Authority and the Joint Technical Secretariat to support the programming process. The Task Force coordinated the work of the JWG and the Consultant; followed and reported on the implementation of the decisions made by the JWG; supported, supervised and coordinated the work of the Consultant; stimulated and coordinated the dialogue among relevant stakeholders and channelled their opinion on local development needs and initiatives to the programme preparation process. The Team leader of the consultancy team attended already the first JWG meeting in Sofia and the external experts' team as a whole continuously provided support and established good working relations with the programming bodies.

Partners' involvement was organized in several stages and the OP was developed in an iterative process:

- An on-line survey among national and regional stakeholders was conducted in the period between 03.02.2014 and 14.02.2014 with 142 respondents as a first step in the programming process to gather the stakeholders' expectations related to the scope and content as well as other important aspects of the future programme. The survey aimed also at gathering the respondents' preferences for thematic priorities for cooperation for

the 2014-2020 period. The wide public consultations contributed to the programming with experience and know-how. Furthermore, it helped to identify specific demands and expectations towards the new programme among potential target groups.

- Two rounds of regional consultations were carried out. The first round of regional consultations was held in the period 26.02.2014 – 07.03.2014 in the towns of Strumica, Stip, Kumanovo, Kyustendil and Blagoevgrad with 182 participants. Findings of the SWOT and the territorial analysis were presented and discussed, and the expectations related to the future programme were explored. A joint regional consultative forum on the draft Programme strategy with 52 participants was held on 04.06.2014 in Strumica. The draft investment strategy of the programme within the selected by the JWG thematic priorities was presented. The stakeholders gave their input in terms of specific objectives, results, examples of activities as well as the prospective types of beneficiaries. Reports from the on-line survey and the two rounds of regional consultations were published on the Programme website and also communicated to the JWG members.
- Regular publication of information and documents on the Programme's website. Results from the on-line survey concerning the new programming period 2014-2020 were published on 10.03.2014. Apart from the regular announcements and information about the regional consultative fora a summary of results was published after each round of consultations – on 12.03.2014 for the first round and on 04.07.2014 – for the second. As stipulated in Article 10 (2) of the JWG Rules of Procedure all the information for the JWG meetings and all relevant documentation for the elaboration of the programme has been published on the programme's website.
- Meetings of the JWG and regular distribution of documents amongst the JWG and TF members. As mentioned before, the first JWG meeting was held in Sofia on 14.11.2014 when an overview of IPA II legal framework was presented, JWG Rules of Procedure and eligibility of operations according to their location were approved, and the timeline of programme preparation was presented. The situation analysis and mapping of strengths, weaknesses, opportunities and threats as well as needs and challenges were circulated to the JWG members on 11.03.2014 and approved in a written procedure according to the JWG Rules of Procedure. A proposal for thematic concentration was developed on the basis of the regional analysis, SWOT analysis as well as development needs and challenges, analysis of regional and national strategic documents from both countries, on-line survey among regional stakeholders, the first round of regional consultations, experiences gained with the IPA Cross-border Programme 2007 – 2013, and was sent to the JWG members on 08.04.2014. The thematic priorities of the Programme were approved on 23.04.2014 at the second JWG meeting in Skopje. The first draft of the new IPA CBC programme was distributed amongst the JWG members for comments and was published on the Programme's website for public consultations on 20.06.2014. The given feedback during this process was taken into consideration in preparing the revised draft programme that was submitted to both Managing and National authorities on 07.07.2014 so to be further proceeded for consultations with EC services.
- Internet based public consultations on the draft programme. The draft programme was available for public consultations on the Programme website since 20.06.2014 and a considerable feedback was received and integrated into the OP where appropriate.

The draft Programme was formed according to inputs received from the Joint Working Group and from regional and local stakeholders, thus ensuring the ownership of planned interventions by stakeholders and building on the experience and know-how of relevant actors. During Programme implementation, the Programme bodies will foster the active participation of stakeholders through both on-line instruments and periodic events aimed at sharing progresses gradually made.

VI. HORIZONTAL PRINCIPLES

6.1 Sustainable development

Bulgaria – the former Republic of Macedonia IPA CBC Programme Authorities must ensure that environmental protection requirements, climate change mitigation and adaptation, biodiversity and ecosystem protection, disaster resilience and risk prevention and management are promoted in the preparation and implementation of the programmes. In the case of the Bulgaria – the former Republic of Macedonia IPA CBC Programme the biggest challenges are related to environmental and biodiversity protection and sustainable use of natural resources and the addressing of climate change, environmental risks management and emergency preparedness. These challenges relate to the protection of the environment as a sustainable value of the region and as a prerequisite for sustainable tourism.

Generally, all three dimensions of sustainability, including the ecological, the economic as well as the social one, will be taken into consideration within the Programme; therefore the programme contributes directly to the Europe 2020 Strategy's components of smart, sustainable and inclusive growth.

Within all axes of the programme strategy, sustainable development is seen as a cross-cutting issue with all three pillars (economic, social and environmental) equally represented in the two Programme priority axes. Especially the Programme's Priority Axis 1, which targets cooperation on natural and cultural resources for sustainable growth, takes into account environmental protection, resource efficiency, climate change (include both mitigation and adaptation) as well as natural hazards, disaster and risk resilience, prevention and management. In these fields, the Programme mainly contributes to the generation and dissemination of knowledge and capacities on the protection and sustainable use of natural resources and addresses issues of resource management. Priority Axis 2, which deals with sustainable tourism, targets cooperation on the creation of sustainable tourist services and tourism attractiveness will capitalise on the existing natural and cultural resources, which shall be managed and preserved in a sustainable way.

Besides actions within the Programme priorities, which may foster sustainable development, a number of activities have been identified which may be implemented in projects submitted under any chosen priority axis.

All projects and interventions of the Programme can integrate measures to ease the burden of emissions of their actions, e.g. by:

- actively tackle wider environmental concerns
- actively tackle environmental issues of specific concern, including climate change as well as the maintaining of biodiversity and ecosystems
- carrying out environmental management (structured experience sharing, capacity development, etc.)
- actively tackle sustainability issues, including ecological, economic and social concerns
- adopting measures for the organisation and implementation of conferences and events in a sustainable way

Additionally, all projects funded by the Programme should:

- contribute to the implementation of the reviewed European Union Strategy for Sustainable Development (2009), which shall be proved by each project applicant in a conclusive and transparent way which shall be assessed as project selection criterion.
- consider the principles of the Community Policy regarding the protection and improvement of natural heritage and biodiversity as well as related amendments, such as the Flora-Fauna-Habitat

directive and the Birds directive being the “cornerstone of Europe’s nature conservation policy” (European Commission, 2013: online³³).

- consider greater use of renewable energy

Appropriate management arrangements of the Bulgaria – the former Yugoslav Republic of Macedonia IPA CBC Programme shall support environmentally sustainable development of the cross-border cooperation area. Besides respecting the legally required standards, the programme seeks to avoid all effects that are unsustainable or unfavourable to the environment at all levels of the programme implementation cycle. Negative impacts shall be avoided to the highest degree possible.

The positive effects and potentials for synergies of the Bulgaria – the former Yugoslav Republic of Macedonia IPA BG-MK CBC Programme for the purpose of optimising its contribution to an environmentally sustainable development shall be exploited at best and, wherever possible, be strengthened. Wherever achievable, preference will be given to the planning and realisation of environmentally friendly solutions and projects.

The Programme is implemented via a number of projects. The assessment of the quality of the eligible project proposals should be based on a set of quality criteria which are common to all Priority Axes and Investment Priorities. The contribution of each project to these principles will be addressed in a qualitative manner in the frame of project selection and programme monitoring and evaluation. The policy aimed at sustainable development will be screened throughout all stages of the programme implementation – both at programme and project level.

6.2 Equal opportunities and non-discrimination

In general, it’s the aim of the European Union to combat “discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation” (EU COM, common provisions). With the Green Paper on non-discrimination and equal opportunities for all, the European Commission published a joint strategy for “the positive and active promotion of non-discrimination and equal opportunities for all” (European Union, 2014: online³⁴). This goes in line with the UN’s universal declaration of Human Rights.

It’s the Bulgaria – the former Yugoslav Republic of Macedonia IPA BG-MK CBC Programme strategy’s objective to ensure protection against discrimination through the transposition by the Member States, to contribute to an inclusive cross-border development and to making the border regions better places to live and work. Non-discrimination transcends gender issues and adopts a wider focus. While anti-discrimination legislation is an acquired aspect of EU legal systems, the practical implementation of non-discrimination practices is lagging behind. Equal access to information, and controls on whether equality and non-discrimination requirements are being met, is also an issue. In the course of Programme preparation, the Programme has observed non-discrimination and addressed relevant issues related to the ethnic and religious composition of the area, the age structure and the ensuing socio-demographic developments in the programme area (mainly related to migration and ageing) in the SWOT analysis. The strategy of the programme puts emphasis in the availability of programme benefits to everyone.

The baseline need is manifested in a number of challenges, being based on the diverse developments in the two Programme countries in the last years, ranging from disparities in the field of accessibility, to diverse economic development and social fields. A clear core-periphery pattern is obvious. The economic development took different paths in recent decades, major economic differences exist between urban, rural, more central and more peripheral regions. Disparities are visible in the social field too: especially rural areas are confronted with negative demographic trends and brain-drain

³³ Cf. EU COM (2013): The Habitats Directive. URL: <http://ec.europa.eu/environment/nature/legislation/habitatsdirective/>(June, 2014)

³⁴ Cf. EU COM (2014): A framework strategy for non-discrimination and equal opportunities for all. URL: http://europa.eu/legislation_summaries/human_rights/fundamental_rights_within_european_union/c103_13_en.htm (June, 2014).

occurrences, being based in the out-migration of well-educated employees.

The principles of equal opportunities and non-discrimination are ensured by supporting actions in the fields of e.g. awareness raising, sharing of experience, training, dissemination of information, etc., which have also been mentioned by the EU's Green Paper on equality and non-discrimination (cf. COM(2004)379 final).

For the programming period 2014-2020, the main focus of the Programme has been aligned to improve the living conditions within the border regions. Priority Axis 2 targets cooperation on natural and cultural resources for sustainable growth and aims at an increased life quality in functional urban areas and reduced disparities within the programming area through strengthened capacities and the development and implementation of integrated strategies and tools. It is one main objective of Priority Axis 3 to increase the competitiveness of businesses in the cross-border region and thus creating new employment opportunities for all groups of the population. Special focus will also be on generating job opportunities for young people and people in rural areas.

Besides actions within the priorities, which explicitly address the reduction of disparities, a number of activities have been identified which may be implemented in projects submitted under any chosen priority axis.

All interventions, being implemented through the Bulgaria – the former Yugoslav Republic of Macedonia IPA BG-MK CBC Programme can integrate measures to consider the principle of equal opportunities and non-discrimination, e.g. by:

- actively tackle concerns of demographic change
- actively tackle concerns of peripheral location

Additionally, all projects funded by the Programme should ensure that the activities implemented do not generate discrimination of any kind.

The consideration of the principle of equal opportunities and non-discrimination will be ensured throughout all stages of the programme implementation. Additionally it will be guaranteed during the realisation of the financial support and its impact evaluation. In the elaboration of this programme non-discrimination will be dealt with as a cross cutting issue.

6.3 Equality between men and women

Same as for sustainable development, the promotion of equality between men and women is one of the general principles of the CSF Funds (cf. EU COM, common provisions) and one of the EU's founding principles. In the Union treaty it has been mentioned, that the Union "*shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child*" (EU COM: Lisbon Treaty, Art. 3).

The Union therefore follows the "*Strategy for equality between women and men*" for the period 2010-2015, following thematic priorities, including equal economic independencies, equal pay for work of equal value, equality in decision-making, dignity, integrity and ending gender-based violence, promoting gender equality beyond the Union and horizontal issues (gender roles, legislation, etc.) (cf. European Union, 2010: 4-10³⁵).

Still the programming area faces challenges in the field of brain-drain, especially in rural, mostly peripheral areas. Due to missing job opportunities, mainly well-educated young women and men leave their rural home and migrate to more urban areas. Additionally, the risk of poverty for different groups, such as women, has been identified as a main weakness of the central Europe area; all these challenges are related to gender inequalities in the programming area.

³⁵Cf. EU COM (2010): Flexible working time arrangements and gender equality – A comparative review of 30 European countries. URL: <http://ec.europa.eu/social/home.jsp?langId=en> (June, 2014)

The Bulgaria – the former Yugoslav Republic of Macedonia IPA CBC Programme contributes to the Europe 2020 goals of an inclusive economy and therefore to a higher level of equality between men and women. The Programme therefore contributes to the identified weaknesses in border regions, such as high numbers of out-migration, brain-drain occurrences and the risk of poverty for different groups (e.g. women, migrants). For the programming period 2014-2020, the main focus of the Programme has been aligned to improve living conditions in the area.

For the period 2014-2020, the main focus of the Programme has been set up to improve the living conditions within border regions. Especially the Programme's Priority Axis 2 targets the field of sustainable tourism and socio-economic development. Through economic development opportunities for equality between men and women will arise, as sustainable tourism activities foster equal employment chances for men and women.

Besides specific actions within the Programme priority a number of activities have been identified which may be implemented in projects submitted under any chosen priority axis.

All projects and interventions of the Programme can integrate measures such as:

- Actively tackle wider equality concerns
- Integrate equal participation of women and men
- Contribute to a better and more diversified labour market for women

Additionally, all projects funded by the Programme should contribute to the principles of the *“Strategy for equality between women and men”*

Also the implementation of the measures according to the specific needs of women and men will be based on the national regulations aiming at equal opportunities as well. In the framework of the CBC Programme an equal status of men and women will be observed and persons regarding to sex, race and origin will not be discriminated. The observance of the principle of equality between men and women will be ensured during all stages of the programme implementation as well as the realization of the financial support from the funds. The principle will be also observed in the phase of defining the selection criteria of projects. The policy aimed at promotion of gender equality and prevention of discrimination will be screened throughout all stages of the programme implementation – both at programme and project level.

VII.ANNEXES

- 7.1 Draft report of the ex-ante evaluation (including an executive summary of the report)**
- 7.2 Confirmation of agreement in writing to the contents of the cooperation programme (Reference: Article 8(9) of Regulation (EU) No 1299/2013)**
- 7.3 A map of the area covered by the cooperation programme**
- 7.4 A "citizens summary" of the cooperation programme**
- 7.5 Strategic Environmental Assessment**