

Annex 7.8 Thematic Concentration

Background

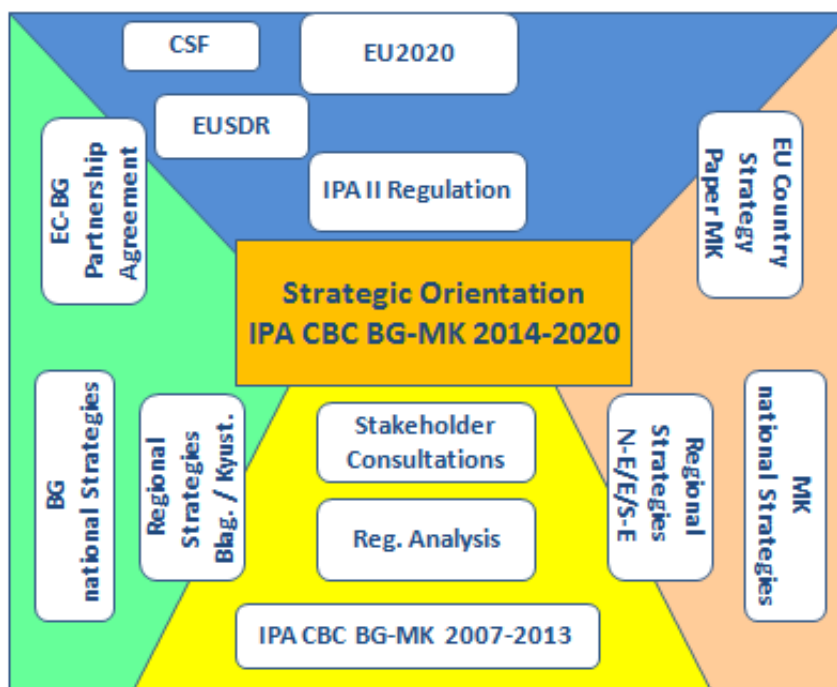
The strategic orientation of the future IPA Cross-border Programme 2014-2020 between Bulgaria and the former Yugoslav Republic of Macedonia, including the selection of Thematic Priorities and potential Areas of Intervention, needs to consider both EU policies and regulatory framework as well as the specific situation and needs of the Programme area. The strategic orientation further needs to reflect budgetary restrictions of the Programme and the CBC relevance of potential interventions.

Regarding EU strategic and regulatory documents the most relevant are:

- the Union strategy for smart, sustainable and inclusive growth (Europe2020 Strategy),
- the Common Strategic Framework regulation,
- the (draft) IPA II regulation¹,
- the (draft) EC Partnership Agreement of the Republic of Bulgaria² and
- the (draft) EC Country Strategy Paper 2014-2020 for EU assistance to the former Yugoslav Republic of Macedonia³,

In the context of programming the new IPA CBC Programme 2014-2020 between Bulgaria and the former Yugoslav Republic of Macedonia several analysis and reflections with regional stakeholders have been undertaken:

- regional analysis,
- analysis of regional strengths, weaknesses, opportunities and threats (SWOT) as well as development needs and challenges,
- analysis of regional and national strategic documents from both countries,
- on-line survey among regional stakeholders,
- 5 Regional Consultative Forums,
- experiences gained with the actual CBC Programme 2007-2013.



¹ Proposal for a Regulation of the European Parliament and of the Council on the Instrument for Pre-accession Assistance (IPA II), draft 17.December 2013

² Draft Partnership Agreement of the Republic of Bulgaria outlining the Support from the European Structural and Investment Funds for the 2014-2020 Period, January 2014

³ Draft Country Strategy Paper 2014-2020 EU assistance to the former Yugoslav Republic of Macedonia, EUROPEAN COMMISSION, December 2013 (Ares(2013)3786995 - 20/12/2013)

Strategic directions

Strategic orientations according to the various strategic documents and analyses are as follows:

Europe2020 Strategy

All 2014-2020 programmes need to be formulated in direct response to the EU2020 Strategy of smart, sustainable and inclusive growth to directly deliver to the goals of this strategy. Smart growth means improving the EU's performance in education, research/innovation and digital society. Sustainable growth means building a more competitive low-carbon economy that makes efficient, sustainable use of resources. Inclusive growth means raising Europe's employment rate – more and better jobs, especially for women, young people and older workers, helping people of all ages to raise the employment rate. In order to boost growth and jobs seven flagship initiatives were identified. Within each initiative, both the EU and national authorities have to coordinate their efforts so that they are mutually reinforcing:

- Smart growth: Digital agenda for Europe, Innovation Union & Youth on the move,
- Sustainable growth: Resource efficient Europe & An industrial policy for the globalisation era,
- Inclusive growth: An agenda for new skills and jobs & European platform against poverty.

Common Strategic Framework

The Common Strategic Framework (CSF) is especially relevant for EU Member States like Bulgaria. The CSF addresses employment, demographic change and education as issues of cross-border relevance. Additionally, sustainable development, climate change mitigation and natural disasters (developing integrated cross-border natural risk management⁴) as well as biodiversity are outlined as relevant issues. It is mentioned, that *“Member States shall seek to ensure that cross-border and transnational areas that share major geographical features (islands, lakes, rivers, sea basins or mountain ranges) support the joint management and promotion of their natural resources, protect biodiversity and ecosystem services, develop integrated cross border natural risk management, address pollution of these areas and implement joint climate change adaptation and risk prevention and management measures, in particular in relation to flood protection and coastal defense”⁵.*

Moreover, the common use of infrastructure and the shared use of public services are pointed out; besides transport infrastructure – here lies the focus on missing cross-border links that act as bottlenecks to transport flows – is particularly identified as a relevant field of intervention.

In addition to these issues of employment, environment and transport, a specific focus is on research and development, where innovative clusters, centres of excellence and business incubators as well as smart connections between the business sector and the research and higher education centres are identified as relevant fields of cooperation.

IPA II Regulation

The IPA II regulation sets out for the specific objective of cross-border cooperation and good neighbourly relations that *“assistance shall support cross-border cooperation (...), with a view to promoting good neighbourly relations, fostering Union integration and promoting socio-economic development”*. The thematic priorities for assistance for territorial cooperation as set out in Annex III of that regulation are:

- a) Promoting Employment, labour mobility and social and cultural inclusion
- b) Protecting the Environment, promoting climate change adaptation and mitigation, risk prevention and management
- c) Promoting sustainable transport and improving public infrastructures
- d) Encouraging tourism and cultural and natural heritage.
- e) Investing in youth, education and skills
- f) Promoting local and regional governance

⁴ „Implement joint climate change adaptation and risk prevention and management measures, in particular in relation to flood protection and coastal defense” (EU COM/Cyprus Presidency, 2012: 17).

⁵ Source: EU COM, 2012e: 18f.

- g) Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment
- h) Strengthening research, technological development, innovation and information and communication technologies

EU Strategy for the Danube Region

The EU Strategy for the Danube Region (EUSDR) is a macroregional strategy aiming at addressing the common challenges of the region by creating synergies and coordination between existing policies and initiatives taking place across the Danube region. Geographically only the Bulgarian part of the Programme region is part of the EUSDR region, thus the IPA CBC Programme can only co-finance EUSDR relevant activities on part of its programme area. However, synergies between this IPA CBC Programme and the EUSDR are desired.



The EUSDR consists of 4 pillars and 11 Priority Areas and for each Priority Areas several actions have been envisaged. The 11 Priority Areas are:

- PA 1A Mobility, Waterways "To improve mobility and intermodality of inland waterways"
- PA 1B Mobility, Rail-Road-Air "To improve mobility and intermodality - rail, road and air"
- PA 02 Energy "To encourage more sustainable energy"
- PA 03 Culture & Tourism "To promote culture and tourism, people to people contacts"
- PA 04 Water Quality: "To restore and maintain the quality of waters"
- PA 05 Environmental Risks: "To manage environmental risks".
- PA 06 Biodiversity, landscapes, quality of air and soils: "To preserve biodiversity, landscapes and the quality of air and soils"
- PA 07 Knowledge Society "To develop the Knowledge Society (research, education and ICT)"
- PA 08 Competitiveness "To support the competitiveness of enterprises"
- PA 09 People & Skills "To invest in people and skills"
- PA 10 Institutional capacity and cooperation "To step up institutional capacity and cooperation"
- PA 11 Security of the EUSDR "To work together to tackle security and organised crime"

Draft Partnership Agreement of the Republic of Bulgaria

The Partnership Agreement between Bulgaria and the European Commission defines as main priority areas for cooperation⁶:

"Regarding the programme between Bulgaria and Macedonia 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."

EC Country Strategy Paper 2014-2020 for EU assistance to the former Yugoslav Republic of Macedonia⁷

The EC Country Strategy Paper 2014-2020 for the former Yugoslav Republic of Macedonia is not very specific on the future focus of the country's cross-border cooperation programmes. It generally states that *"Continuation of people to people actions, human resource development and information sharing has to remain as an essential part of individual programmes"*.

National and regional strategies of Bulgaria

When formulating the vision and the strategic goals for regional development, the *National Strategy for Regional Development of the Republic of Bulgaria for the period 2012 – 2022* has

⁶ Draft Partnership Agreement of the Republic of Bulgaria outlining the Support from the European Structural and Investment Funds for the 2014-2020 Period, January 2014, page 121

⁷ Draft Country Strategy Paper 2014-2020 EU assistance to the former Yugoslav Republic of Macedonia, EUROPEAN COMMISSION, December 2013 (Ares(2013)3786995 - 20/12/2013), page 20

taken into consideration the potential of cross-border, transnational and interregional cooperation as an important factor for tackling a wide range of problems on local and regional level – from day-to-day travelling to environmental protection.

Strategic goal No 3 of this strategy *“Territorial cohesion and development of cross-border, inter-regional and trans-national cooperation”* focuses “on territorial cooperation as a key element of the EU cohesion policy. This tool will continue to be used for building present-day models of integrated territorial cohesion and development for all regions of Bulgaria, both in the context of cross-border cooperation and within the scope of programmes supporting inter-regional and trans-national cooperation.”

Within strategic goal No 3 Priority 3.1. “Developing cross-border cooperation and mobilizing the potential of peripheral border areas” is formulated that envisages the following: “Cross-border cooperation has genuine potential to help eliminate specific problems and minimize the impact of factors causing slowdown and decline in peripheral areas. As a means for promoting investments, developing business and tourism, environmental conservation and cooperation between border areas, cross-border cooperation contributes to making them more attractive for people to live and work in, while provoking the interest of strategic investors in those regions.

Objective No. 1: Promoting cross-border contacts and broadening cooperation for integrated economic, social and territorial development of neighboring border regions: The fields of impact and the measures envisioned may involve developing and implementing joint projects and initiatives between peripheral border regions, aimed at improving the quality of life and the working environment, access to basic public services, creating new opportunities for higher regional competitiveness and sustainable development. In addition, more significant investment undertakings may focus the improvement of key infrastructural connections, development of joint tourism and cultural initiatives, joint risk management and environmental protection. The effective implementation of such measures presupposes the development of integrated strategic planning documents for the governance and development of border areas, as well as effective mechanisms of regional coordination.”

The *Regional Development Strategy of Blagoevgrad district for the period 2014 – 2020* also defines cross-border cooperation as an important factor for achieving the strategic development goals for the district. In this sense, within Strategic goal 4 “International and European cooperation as a factor for achieving integrated and qualitative growth, best practice transfer and improving the administrative-economic interrelations in a regional scope” Priority 4 “European and international cooperation” has been formulated. CBC has been noted as an instrument for mobilizing the potential of the peripheral border territories; the planned effect for social, economic and territorial cohesion is seen as a result of activities such as improving the cross-border infrastructure links, joint development of social, economic and cultural initiatives, joint risk management and environmental protection, drafting of integrated plans for management and development of the border territories.

The *Regional Development Strategy of Kyustendil district for the period 2014 – 2020* finds the opportunities for cross-border cooperation as an accelerator for the development of the district, based on the unique natural, cultural and historic resources and the strategic location of the district on the European Transport Corridors No 4 and 8. Strategic goal 2 “Socio-economic development based on sustainable economic growth, knowledge-based economy and the development of the human potential. Applying of modern social policies.”, Priority II “Encouraging the regional economy and cross-border cooperation” encompasses measures and actions for CB cooperation like improving the infrastructures, promoting CBC and partnerships for attracting investments, promoting cross-border public-private partnerships, promoting cross-border cooperation between SMEs, development of crossborder transfer and business centres, development of CB cultural tourism routes. For crossborder cooperation with the former Yugoslav Republic of Macedonia in particular, it is envisaged the construction of a new border crossing point at Vetren, Nevestino municipality.

National and regional strategies of the former Yugoslav Republic of Macedonia

The Strategy for Regional Development of the former Yugoslav Republic of Macedonia 2009-2019 defines the development of cross-border cooperation as one of the goals for the regional development policy and also as priority in the process of the country accession towards EU integration. This strategy foresees the cross border cooperation in its second strategic goal “Larger demographic, economic, social and spatial cohesion between and within the planning regions” through two priorities. Priority 2.5. “Support for the areas with specific development needs” propose measure for encouraging cross-border cooperation between the bordering settlements in the economic, cultural, social and other fields. Priority 2.6. “Development of cross-border cooperation as well as cooperation between the planning regions” propose the following basic measures: planning regions awareness raising for the opportunities and available funds for the cross-border cooperation; provision of stakeholders trainings on the conditions and way of the EU IPA cbc funds use and other; provision of the institutional support to the stakeholders for the preparation and implementation of cross-border projects; encourage the mutual regions cooperation for the preparation / implementation of joint projects in the field of infrastructure, environment, protection of natural and cultural heritage and other areas of common interest; promotion of the cross-border cooperation with regions of other countries/networking and exchange of experiences with the EU regions.

The Programme for Development of the South-East Planning Region 2009-2013 defines cross-border cooperation as one of the main possibilities for development in the field of environment and renewable energy and tourism and cultural heritage. Also this programme foresees cross-border projects to support increase of employment by increase of the number of SMEs, competitiveness development and active measures for human resources development mainly through the SMEs increase of competitiveness on domestic and foreign markets (export stimulation, fairs, cooperation with companies from the neighbouring countries)

The Programme for Development of the East Planning Region 2009-2013 foresees cross-border cooperation in border regions for economic, cultural and social purposes as a basic measure for stimulating development of regions with specific development needs. Organisation of cross-border trade fairs is recommended as support for the economic development through SMEs.

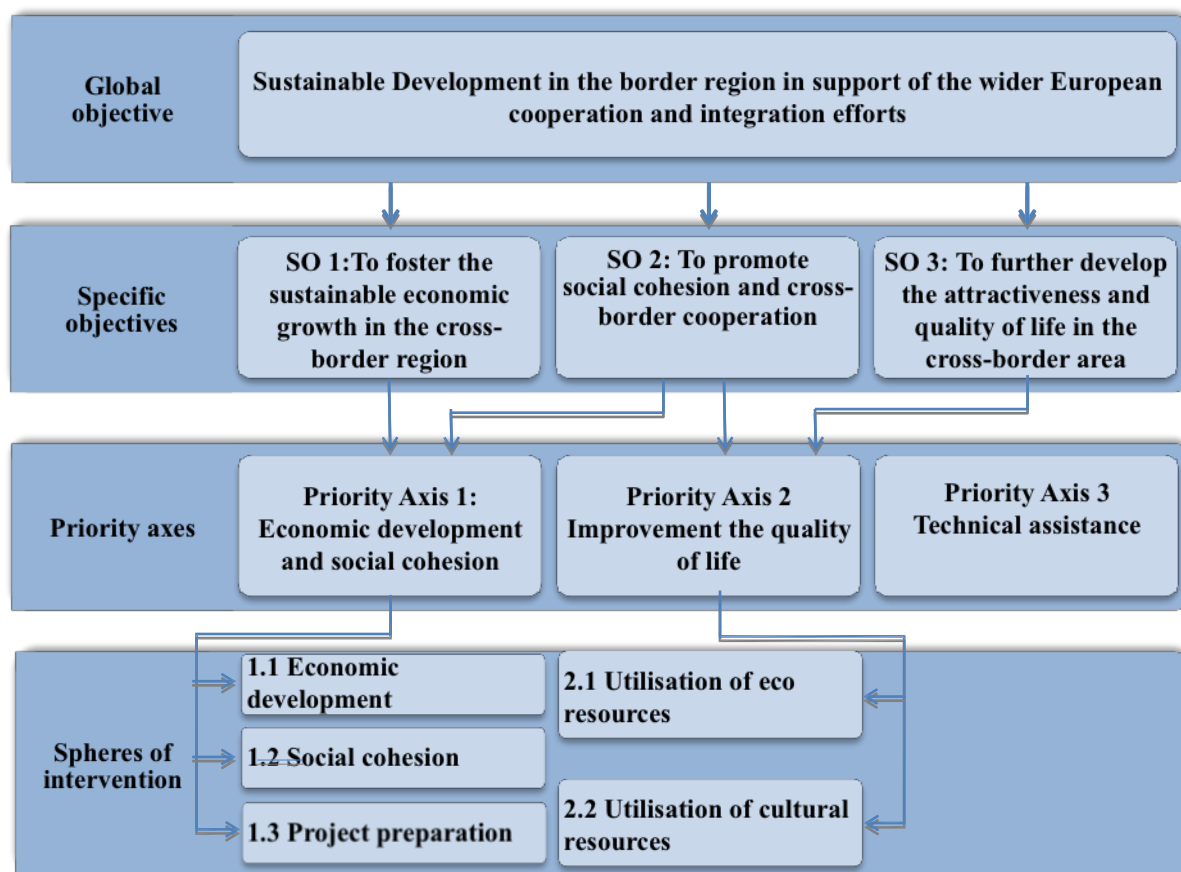
The Programme for Development of the North-eastern Planning Region 2009-2014 includes the increase and further development of the cross-border cooperation as an opportunity for economic growth. The improvement of the quality of life in the region should be fostered through the development of social infrastructure and services and the construction of modern infrastructure of international importance.

Conclusions from the on-going Bulgaria– former Yugoslav Republic of Macedonia IPA Cross-Border Cooperation Programme 2007–2013

The Programme is structured along two main Priority axes - Economic development and social cohesion (Priority axis 1) and Improvement of the quality of life” (Priority axis 2), with a third Priority axis dedicated to the Programme’s management (Technical assistance).

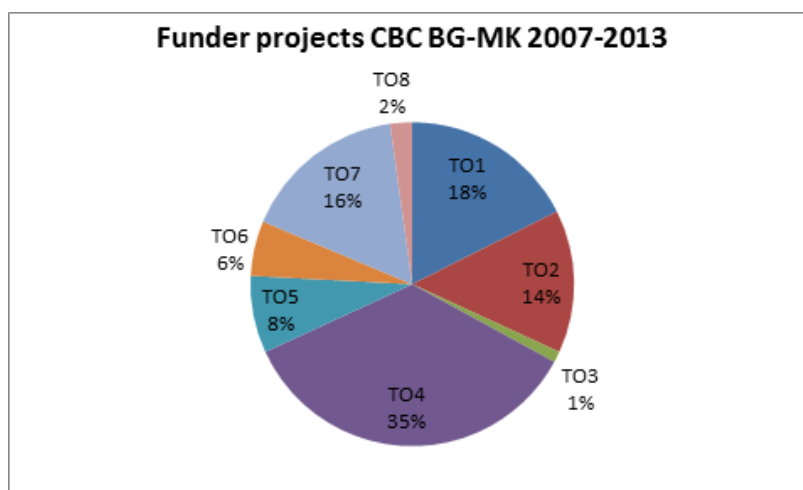
The global objective of the Programme is sustainable development of the border region of Bulgaria and the former Yugoslav Republic of Macedonia in support of the wider European cooperation and integration efforts.

Figure 1: Programme objectives, priority axes and areas of intervention



Experiences

Altogether 91 projects have funded within this Programme. These projects could be related to the eight IPA II Thematic Priorities (TO) as follows⁸:



Most of the selected projects were within TO4 – *tourism and cultural and natural heritage*. This was followed by projects under TO1 - *Employment, labour mobility and social and cultural inclusion*. Within these employment has a big share but the majority of the projects here are in the social sphere. Under TO7 – *Competitiveness and SMEs* have been selected quite some interesting projects, including 2 business incubators, bio framing and B2B events. Under TO2 - *Protecting the Environment, promoting climate change adaptation and mitigation, risk prevention and management* were quite many RES projects and only 2 projects in risk management (one on fire and one on floods). Only two projects could be subsumed under TO8 - *Strengthening research, technological*

⁸ internal calculation on the basis of projects selected under the 3 Calls for Proposals

development, innovation and information and communication technologies (one innovation centre for stimulating young people to generate innovative business ideas and one cluster for creative industries). However, ICTs were used in quite some projects but as an instrument for achieving other goals.

This overview may show that most interest in the region was in the areas of Tourism & Culture, Employment (but more social), Environment and Business/SMEs.

The conclusions need to be drawn carefully. One argument may be to (partly) continue with the exiting focus of the Programme (as manifested in the projects selected). However, these topics might have already been sufficiently explored and some additional new focus could be beneficial for the region.

On-going Evaluation

The On-going Evaluation of the Bulgaria – the former Yugoslav Republic of Macedonia IPA Cross-Border Cooperation Programme 2007–2013 is not specific about recommendation for thematic priorities for a future programme. It only states among others that in 2012 the situation of the Programme region has not changed and the Cross-border Cooperation Programme is still relevant to the needs of the region.

It also recommends that “A border-regions tourism strategy to be elaborated, which to outline destinations and services with highest potential for tourism development, to identify priorities and to integrate tourism projects that will be supported in the future”.

Regional Analysis and Analysis of SWOT / Needs & Challenges

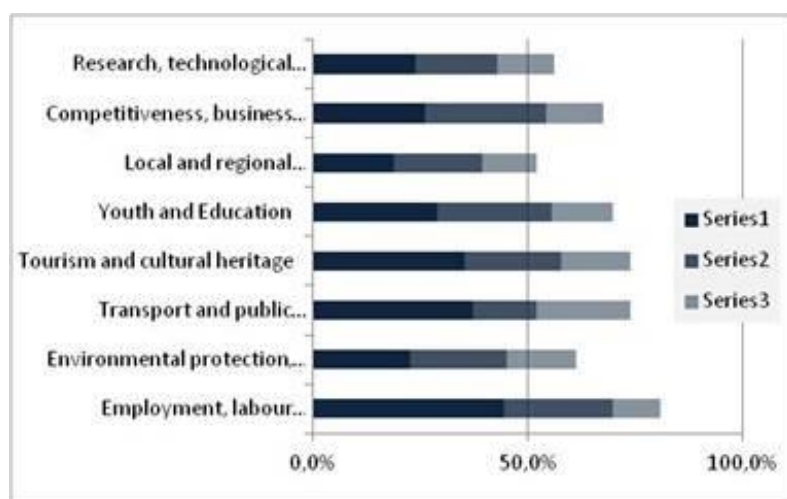
The Regional Analysis and the Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT) and Needs / Challenges define for all Thematic Priority areas important development needs. Specific direct recommendations for selection of specific Thematic Priorities can not be drawn, but remain subject to political prioritization.

Stakeholder consultations

on-line survey

The on-line survey among regional stakeholders (142 respondents from both countries) concludes, that the respondents perceive the added value of cross-border cooperation for the various Thematic Priorities as follows:

Priority area in CBC 2014-2020 bringing community value added								
	Employment, labour mobility and social inclusion	Environmental protection, climate change and risk prevention	Transport and public infrastructures	Tourism and cultural heritage	Youth and Education	Local and regional governance, planning and administration capacity building	Competitiveness, business and SME development, trade and investment	Research, technological development and innovation and ICT
1	44,4%	22,5%	37,3%	35,2%	28,9%	19,0%	26,1%	23,9%
2	25,4%	22,5%	14,8%	22,5%	26,8%	20,4%	28,2%	19,0%
3	11,3%	16,2%	21,8%	16,2%	14,1%	12,7%	13,4%	13,4%
4	4,9%	10,6%	5,6%	10,6%	9,2%	19,7%	8,5%	10,6%
5	5,6%	6,3%	7,0%	4,9%	7,0%	8,5%	10,6%	9,2%
6	3,5%	7,0%	5,6%	6,3%	4,2%	7,0%	4,9%	9,9%
7	4,2%	7,0%	2,1%	2,1%	4,2%	10,6%	4,9%	7,0%
8	0,7%	7,7%	5,6%	2,1%	5,6%	2,1%	3,5%	7,0%
1...most important; 8...least important								

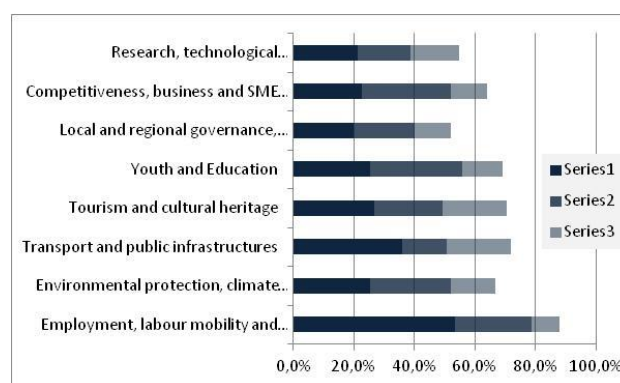
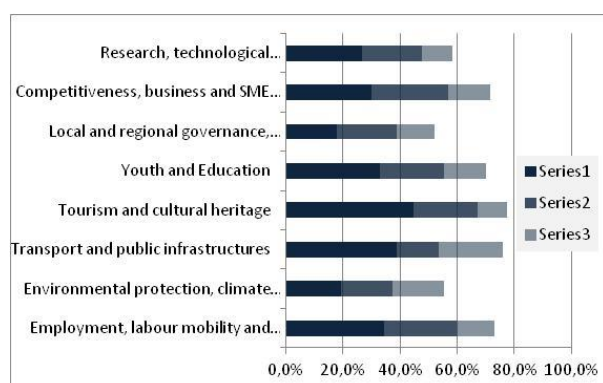


Bulgaria

Table: Priority area in CBC 2014-2020 bringing community value added

Respondents from both countries consider priority areas of greatest significance for the community are employment, labor mobility and social inclusion (as per more than 80%), transport and public infrastructure as well as tourism and culture heritage (both 74%) and youth and education (70%) (counting marks 1, 2 and 3).

the former Yugoslav Republic of Macedonia



Legend: only showing marks 1, 2 and 3; Series 1: most important, Series 2: 2nd important, Series 3: 3rd important

Comparing the respondents from both countries show that respondents from former Yugoslav Republic of Macedonia consider Employment, labour mobility and social inclusion by far as most important (88%) for community value added, whereas Bulgarian rank tourism and cultural heritage first (78%) followed by Transport and public infrastructures (76%) and Employment, labour mobility and social inclusion (73%).

Regional Consultations

The participants in the consultations with regional stakeholders in both countries (5 Regional Consultative Forums) manifested their main interest in the various Thematic Priorities as follows:

former Yugoslav Republic of Macedonia side:

TP 2 - Protecting the ENVIRONMENT and promoting CLIMATE CHANGE adaptation and RISK PREVENTION

TP 4 - Encouraging TOURISM and CULTURAL HERITAGE

TP 5 - Investing in YOUTH and EDUCATION

TP 1 - Promoting EMPLOYMENT, labour mobility and SOCIAL INCLUSION and TP 7- Enhancing COMPETITIVENESS, business and SME development, trade and investment

Bulgarian side:

Kyustendil: TP4, TP2, TP1, TP7

Blagoevgrad: TP4, TP2, TP7, TP8 (Strengthening RESEARCH, technological development, INNOVATION and ICT)

Justification for selection / non-selection of Thematic Priorities

The following table provides an overview of arguments for proposing the selection respectively non-selection of Thematic Priorities.

Thematic Priorities	Arguments ⁹ supporting / against a selection	proposal
a) Promoting Employment, labour mobility and social and cultural inclusion	<ul style="list-style-type: none"> + relates directly to a main priority of EU2020 + CSF defines this area as specific relevant for CBC + MK National Strategy for Regional Development supports joint CBC activities in social sector + very important priority for regional stakeholders from both sides + on-going Program supported many and interesting projects for employment and social inclusion of vulnerable groups + possible to achieve long term impact 	Not proposed for selection
	<ul style="list-style-type: none"> - reasonable impact mainly possible by projects on national level - CBC labor mobility is not relevant for the region - coordination of employment agencies could be covered under governance - it might be better to support business and competitive initiatives that will generate employment as a consequence rather than investing in labor market initiatives – especially in a CBC context - some of the potential activities might be also financed under TP 5 (youth and education) or TP 7 (competitiveness and SMEs) 	
b) Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management	<ul style="list-style-type: none"> + relates directly to a main priority of EU2020 + CSF defines this area as specific relevant for CBC + Several priority areas of EUSDR fall under this TP: <ul style="list-style-type: none"> - to encourage more sustainable energy - to restore and maintain the quality of waters - to manage environmental risks - to preserve biodiversity, landscapes and the quality of air and soils + For MK improvements in this area are a pre-condition for EU accession + The Bulgarian National Strategy for Regional Development 2012 -2022 sees joint risk management and environmental protection as key topics for CBC + MK National Strategy for Regional Development supports joint CBC activities in environment sector + similar environmental problems in both countries + environmental issues don't stop in front of border, need to 	Proposed for selection

⁹ Arguments always covering:

a) EU2020 Strategy; b) EUSDR; c) BG Partnership Agreement / MK Country Strategy Paper; d) National / regional strategies; e) Regional consultations (on-line survey, RCF); f) Regional needs / potentials; g) CBC character of potential interventions

Thematic Priorities	Arguments ⁹ supporting / against a selection	proposal
	<p>be addressed regionally and on cbc level (water, natural protection, fire protection)</p> <p>+ climate change is very relevant for both sides and adequate measures are EU and national priorities</p> <p>+ need to raise awareness and measures on climate changes as it has impact on economy and life</p> <p>+ national parks and natural protection to address things jointly to raise tourism development and region image</p> <p>- climate change is not so much regional priority</p> <p>- environment is not so high on regional priority lists</p> <p>- larger interventions require bigger budgets and long preparatory time because of the need for environmental assessment</p>	
c) Promoting sustainable transport and improving public infrastructures	<p>+ CSF defines for CBC specifically to focus on bottlenecks and missing transport links</p> <p>+ The Bulgarian National Strategy for Regional Development 2012-2022 sees CB investments to focus on improving key infrastructural connections</p> <p>+ BG stakeholders see importance of improving class IV roads</p> <p>+ huge regional need to develop transport networks</p> <p>+ transport priorities on national level are limited to the important transregional networks, but in region smaller links are needed</p> <p>+ huge need to improve cbc accessibility</p> <p>+ transport network is precondition for more intensified cooperation between people</p> <p>- neither for BG nor for MK national strategies a priority for CBC</p> <p>- huge investments needed</p> <p>- large transport projects need long preparatory time</p> <p>- no joint approach to border crossings in BG and MK</p> <p>- many transport projects would have effect only locally or regionally but lacking cb dimension</p>	<i>Not proposed for selection</i>
d) Encouraging tourism and cultural and natural heritage.	<p>+ promoting culture and tourism and people to people contacts is priority area of EUSDR</p> <p>+ a good area for people-to-people activities as recommended in the MK Country Strategy Paper</p> <p>+ BG National Strategy for Regional Development 2012 -2022 sees development of joint tourism and cultural initiatives as key CBC actions</p> <p>+ MK National Strategy for Regional Development supports joint CBC activities for protection of the natural and cultural heritage</p> <p>+ huge interest in the region</p> <p>+ good potential for development (culture, nature, ..)</p>	<i>Proposed for selection</i>

Thematic Priorities	Arguments ⁹ supporting / against a selection	proposal
	<ul style="list-style-type: none"> + big interest and good experiences in ongoing CBC Programme + joint topics to address (Tracian, monasteries, ...) + still deficits for exploitation + part of regional strategies + positive employment effect + high involvement of young and female population <hr/> <ul style="list-style-type: none"> - imbalances in tourism development BG-MK - tourism has not the same relevance for all sub-regions 	
e) Investing in youth, education and skills	<ul style="list-style-type: none"> + This TP directly relates to a main priority of EU2020 + CSF defines education as specific relevant for CBC + EUSDR defines investing in people and skills and knowledge society as priority areas + common need for youth employment in both sides of the border + youth is organised in CSOs and are willing to participate in projects <hr/> <ul style="list-style-type: none"> - education is usually solved on national level (national competence) - projects for youth, education and training initiatives could be done under TP 4 (tourism) or TP 7 (competitiveness) - support to youth are very important, but not as stand-alone projects (always need to be connected with specific themes like culture, nature protection, ...) - specific projects with impact are difficult under this priority but activities treating youth and education could be integrated in other priorities 	<i>To be discussed</i>
f) Promoting local and regional governance	<ul style="list-style-type: none"> + EUSDR defines stepping up of institutional capacity and cooperation as priority area + perspectives for joint cooperation in exchanging experience for EU related issues, joint planning, coordination of relevant administrations from both sides of border + cross cutting issue for all topics + cooperation for joint capacity building in local administration + strengthening CSOs and their participation in regional/local planning and decision making <hr/> <ul style="list-style-type: none"> - in BG is a national Program that covers this area - in MK do other donor programs cover this area (GIZ since 2008) - projects do not so strongly have people-to-people character (more for administrations) - projects in this TP tend not to generate very tangible outputs and results - regional stakeholders clearly refuse this TP 	<i>Not proposed for selection</i>

Thematic Priorities	Arguments ⁹ supporting / against a selection	proposal
g) Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment	<ul style="list-style-type: none"> + relates directly to a main priority of EU2020 + EUSDR defines supporting the competitiveness of enterprises as priority area + MK National Strategy for Regional Development supports joint CBC activities in the economic field + Analysis and regional stakeholders consider it very important to strengthen this sector + strengthening businesses has positive effects on employment + there is a need to intensify the CBC business contacts + initiatives for youth, employment and professional training could be included here <hr/> <ul style="list-style-type: none"> - difficult to bring money directly to companies (administration) - CBC administration is too demanding for SMEs - support structures and their initiatives could also be financed under TP 6 (Governance) 	<i>To be discussed</i>
h) Strengthening research, technological development, innovation and information and communication technologies	<ul style="list-style-type: none"> + relates directly to a main priority of EU2020 + CSF defines research, innovation and clusters as specific relevant for CBC + one priority area of EUSDR is to develop the Knowledge Society (research, education and ICT) + national priorities in both countries + Blagoevgrad has selected this as a priority area + strong needs to introduce innovations for more competitive regional economy <hr/> <ul style="list-style-type: none"> - not so much regional priority (and potential) - limited scope for CB cooperation (research and innovation centres are located in capitals) - cooperations in research are much easier on national or global level 	<i>Not proposed for selection</i>

Conclusion:

The programming experts distinguish 3 options for Thematic Concentration of the IPA Cross-border Programme 2014-2020 between Bulgaria and the former Yugoslav Republic of Macedonia:

Option 1: very focused - two Thematic Priorities

TP #2 Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management

TP #4 Encouraging tourism and cultural and natural heritage.

Considering the very limited funds of this CBC Programme it would be justified to concentrate on the 2 most relevant topics for this border region. TP #2 would allow tackling really common challenges (climate change, environment) that have a strong CBC character and TP #4 would open the Programme for many bottom-up initiatives and people-to-people activities in an area that has a lot of development potential. It would also be possible to integrate certain competitiveness, employment, youth and education activities under TP #4 which would made multiplier effects on

other TPs. Selection of these most important TPs will have impact on improving the living conditions of the population as well as on interaction, relations and collaboration of the institutions from the CB area.

Option 2: pretty broad – four Thematic Priorities

TP #2 Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management

TP #4 Encouraging tourism and cultural and natural heritage.

TP #5 Investing in youth, education and skills

TP #7 Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment

This option would seek to open the Programm as wide as possible, seeking to support a little bit everywhere. On the first sight it may please the widest range of stakeholders, offering funding opportunities for many stakeholders and many project applications can be expected. However, it also bears the risk that due to the limited funds many applicants will need to be rejected and the impact of the Programme in each of the thematic areas is not so strong.

Option 3: a compromise – three Thematic Priorities

TP #2 Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management

TP #4 Encouraging tourism and cultural and natural heritage.

TP #7 Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment

This option would add to the two main Thematic Priorities #2 and #4 a third TP #7. TP #7 may directly address one of the burning issues of the region: strengthen the economy and thus creating jobs and income and generating opportunities for young people. It would also be possible to integrate under TP #7 some activities that are focusing on employment, youth and education. This might seem to open the Programme sufficiently wide to address many important needs of the region. However, a 3rd Thematic Priority weakens the clear focus of the Programme and it might also be difficult under a CBC Programme to bring money and benefits directly to businesses.

Appendix 1: Draft IPA II Regulation, Annex III¹⁰

Thematic priorities for assistance for territorial cooperation

Assistance for cross-border cooperation may, as appropriate, address the following thematic priorities:

- a) Promoting Employment, labour mobility and social and cultural inclusion** across the border through, inter alia: integrating cross-border labour markets, including cross-border mobility; joint local employment initiatives; information and advisory services and joint training; gender equality; equal opportunities; integration of immigrants' communities and vulnerable groups; investments for public employment services; support investments in public health and social services;
- b) Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management** through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, resource efficiency, renewable energy sources and the shift towards a safe and sustainable low-carbon economy; promoting investments to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness;
- c) Promoting sustainable transport and improving public infrastructures** by way of, inter alia: reducing isolation through improved access to transport, information and communication networks and services; investing in cross-border water, waste and energy systems and facilities;
- d) Encouraging tourism and cultural and natural heritage.**
- e) Investing in youth, education and skills** through, inter alia: developing and implementing joint education, vocational training, training schemes and infrastructure supporting joint youth activities;
- f) Promoting local and regional governance** and enhancing the planning and administrative capacity of local and regional authorities;
- g) Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment** through, inter alia: promotion and support to entrepreneurship, in particular small and medium-sized enterprises; development of local cross-border markets and internationalisation;
- h) Strengthening research, technological development, innovation and information and communication technologies** through, inter alia: promoting the sharing of human resources and facilities for research and technology development.

IPA funding may also finance, as appropriate, the participation of beneficiaries listed in Annex I in transnational and interregional cooperation programmes under the Structural Funds' European Territorial Cooperation goal and in cross-border cooperation programmes under the European Neighbourhood Instrument. In these cases, the scope of the assistance is established in accordance with the regulatory framework of the relevant instrument (European Structural and Investment Funds or the European Neighbourhood Instrument).

¹⁰ Annex III (pages 39-40), Proposal for a Regulation of the European Parliament and of the Council on the Instrument for Pre-accession Assistance (IPA II), European Commission, draft 17.December 2013

Appendix 2: Draft Partnership Agreement of the Republic of Bulgaria

Main priority areas for cooperation¹¹

Bulgaria will continue actively to develop the territorial cooperation under the three components of European territorial cooperation, namely: the bilateral cross-border cooperation (5 programs with all neighbouring countries - 2 on ERDF and 3 on IPA) transnational cooperation programme - River (as Bulgaria has applied for participation in the SEE Program 2014 - 2020), the interregional cooperation and joint border cooperation program „Chernomorski basein“ under IED. All these programmes will be of complementary character to national programmes, with emphasis on the specifics of bilateral and multilateral cooperation. For the period 2014 - 2020 Bulgaria will continue to be involved in achieving the objectives of the EU Strategy for the Danube Region and the EU Strategy for "Blue growth".

Territorial Cooperation

So far the experience of Bulgaria shows that ETC has the strongest impact on the quality of the environment and risk management, quality of life, infrastructure construction (mainly small scale), increasing the capacity for joint planning, provision of services (including cultural) and training, tourism promotion and promotion of the comparative advantages of regions. On the basis of experience the following priority areas for cooperation have identified for the period 2014-2020:

- **Promoting of employment and supporting the labour mobility** - in addition to interventions within national programmes, the activities under territorial cooperation can address additional specific challenges in specific areas or unused features such as integration of cross-border labour markets, including mobility across borders, joint initiatives for local employment and joint training.
- **Support for joint activities in education, skills and lifelong learning** through joint training of young people and their career success, sharing of best practices for reducing the share of early school leaving; successful implementation of new forms and technologies for training, networking between institutions, businesses and educational institutions, exchange of educational and training practices and internships, including development and implementation of joint educational and training programmes.
- **Promoting the entrepreneurship, overcoming the structural problems and improving competitiveness** by promoting entrepreneurship - new technologies and business models to stimulate innovation, networking between research and technology centres in the business sector, cooperation in support of SMEs and human capital.
- **Promoting of social inclusion across borders and combating poverty**, including the promotion of gender equality and equal opportunities in border areas.
- **Conservation of natural and cultural heritage** - investment in biodiversity, "green" growth economy and tourism.
- **Investments in infrastructure** (transport, ICT) - Support for the supporting infrastructure improvements of the physical connection of the territories, including the opening of new border crossings, bridges, intermodal terminals, logistics centres, etc. New forms of communication, including improving public access to information and communication technologies, including cross-border information and communication will be invested in.
- Development of joint plans, coordinated investments, operations and systems aimed at **resource efficiency, promoting adaptation to climate change and prevention and risk management**.
- **Enhancing institutional capacity and an efficient public administration** by promoting legal and administrative-technical cooperation between citizens, businesses and institutions, and other interested partners.

¹¹ Draft Partnership Agreement of the Republic of Bulgaria outlining the Support from the European Structural and Investment Funds for the 2014-2020 Period, January 2014, pages 120ff

- **Modernization of customs infrastructure**, equipment and systems in the EU external borders and border crossings (air, sea and land borders) establishment of administrative capacity to ensure favourable conditions for trade and combating cross-border crime.
- **International expertise exchange**, identification and dissemination of good practices, including in the field of sustainable urban and regional development, good governance of territorial cooperation programmes, analysis of development trends in Europe and others.
- Areas of intervention in relation to **coastal and marine economic activities** identified in the EU Strategy for the Blue growth, including blue energy, marine, coastal and cruise tourism, blue biotechnology, etc.; activities for prevention, reduction and control of pollution of the Black Sea.

On the basis of the currently available analysis of an interim evaluation of the current programmes and the lessons learned from this period the following features in different trans-border areas stand out:

- Regarding the programme between Bulgaria and the former Yugoslav Republic of Macedonia 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.
- Similar are the preferred priority areas for cooperation Programme Bulgaria - Serbia. Priorities such as employment promotion, labour mobility and fighting poverty are caused by the fact that in the eligible border region are located the least developed areas in Europe.
- With regard to the CBC between Bulgaria and Turkey, the analysis of the current programming period shows that the preferred priority areas for cooperation are in the field of education, accessibility, risk prevention and improving good neighbourly relations. In addition the objectives of the EU Strategy for Blue growth and Bucharest Convention will be considered.
- Based on a preliminary analysis of the implementation in this period the following possible priority areas for cooperation on CBC Romania-Bulgaria were identified: environmental protection and risk prevention, accessibility, investments to promote socio-economic development of the region. Given that in the eligible area of the programme involved two Black Sea regions, the program will include measures relating to the Integrated Maritime Policy and the EU Strategy for Blue growth.
- Specific needs of the cross-border region under CBC program between Greece and Bulgaria, identified in the analysis of the implementation of the programme during this period, determine priority areas for cooperation such as environmental protection and risk prevention, resource efficiency, including the development of natural and cultural heritage tourism and accessibility.

The priorities of the EU Strategy for the Danube Region and the main strategic documents of the regions will be considered in preparation of the measures.

Interventions under the "Investment for growth and jobs" and "European territorial cooperation" will be programmed and executed in a manner ensuring synergy and complementarity between them. Coordination with national programmes will be provided through coordination mechanisms referred to in Section 2.1.

Macro-regional and sea basin strategies

Bulgaria actively participates in the implementation of macro-regional EU strategy for the Danube region, as well as in the implementation of the Black Sea Convention.

Projects in support to the Danube Strategy will be part of the implementation of the relevant financial instruments and programmes, including mechanisms for connectivity to Europe and CBC Romania-Bulgaria, CBC Bulgaria-Serbia and transnational programme "Danube". In this regard,

within the national programmes co-financed by ESIF the projects that meet the objectives of the Strategy will be included.

National coordination mechanism for the participation of Bulgaria and the Bulgarian-Romanian inter-ministerial committee for sustainable development of inland waterway transport in the general section of the Danube are set up for the implementation of the Danube Strategy. Joint expert working groups on specific goals of the Strategy aiming to improve the navigation conditions in the common Bulgarian-Romanian section of the Danube, connectivity, bilateral legal framework, EGTC, infrastructure and maintenance are set up.

Priority areas for cooperation in the programmes will take into account the objectives of the EU Strategy for the Danube Region as it provides support for activities regarding:

- connections with TEN-T network, including the improvement of navigation on the Danube, cross border connections, etc.;
- preserving the environment, addressing the key environmental challenges and risks, including the development of a green infrastructure and water quality, flood prevention, etc.;
- exchange of experience in promoting of social inclusion and combating poverty;
- improving the access to ICT and transfer of technologies;
- energy efficiency and a low carbon emissions economy.

8. Cross-border cooperation

8.1. Description of the needs and capacities in the sector

Cross-border cooperation (CBC) aims at fostering good relations between regions and countries and familiarising future Member States with rules and procedures governing the European Territorial Cooperation objective under EU Structural Funds. National borders pose administrative, legal and physical obstacles – whether differences in political institutions, administrative systems and procedures, legal structures or technical and environmental standards, which make CBC a difficult and rarely spontaneous process. Cross-border cooperation aims to overcome these obstacles by promoting sustainable local development.

Each country's specifics are taken into account, as well as the indivisible nature and culture in around border regions. Achievements to date have required open and strong cooperation by the respective authorities of the relevant countries, which needs to continue.

Under IPA I, CBC has benefitted from around EUR 30 million (5% of the total envelope), which will be maintained under IPA II. Based on the high interest, experience gained and existing joint programme structures, continuation of CBC with Member States (Greece and Bulgaria) is foreseen under IPA II, as well as intra Western Balkans (with Albania and Kosovo*). The possibility of starting CBC with Serbia will be explored, as well as participation in new transnational cooperation programmes under the ERDF European territorial cooperation goal where possible.

8.2. Objectives results, and actions

The CBC/territorial cooperation programmes to be developed for the period 2014-2020 will focus on the socio-economic development of the border areas. The scope, objectives and thematic priorities of each CBC/territorial cooperation programme are laid down in a dedicated 7-year programming document, which is being drafted on the basis of extensive consultation of local stakeholders. The multi-annual programming document will foresee indicative annual budget allocations; the eligible areas and a set of indicators to measure the impact of the programme.

Continuation of people to people actions, human resource development and information sharing has to remain as an essential part of individual programmes. A maximum of four priority areas per programme should be chosen by the partner countries, from those proposed by the Commission¹⁴, focusing on socio-economic development of bordering areas, with a limited number of specific objectives, results and indicators per thematic priority

¹² Draft Country Strategy Paper 2014-2020 EU assistance to the former Yugoslav Republic of Macedonia, EUROPEAN COMMISSION, December 2013 (Ares(2013)3786995 - 20/12/2013), pages 20-21

Appendix 4: Report on “Ongoing evaluation of Bulgaria – the former Yugoslav Republic of Macedonia IPA Cross-Border Cooperation Programme 2007 – 2013”

extract from Executive Summary (pages 6-11)

Executive Summary

1. Introduction

(...)

The Bulgaria– former Yugoslav Republic of Macedonia IPA Cross-Border Cooperation Programme 2007–2013 is implemented under the EU Instrument for Pre-accession Assistance (IPA). The global objective of the Programme is sustainable development of the border region of Bulgaria and the former Yugoslav Republic of Macedonia in support of the wider European cooperation and integration efforts. The Programme has three strategic objectives:

1) To foster sustainable economic growth in the cross-border region; 2) To promote social cohesion and cross-border cooperation; 3) To further develop the attractiveness and quality of life in the cross-border area.

The Programme is structured along two main Priority axes - *Economic development and social cohesion* (Priority axis 1) and *Improvement of the quality of life* (Priority axis 2), with a third Priority axis dedicated to the Programme's management (*Technical assistance*). The total budget of the Programme for the period 2007-2013 is EUR 20 490 793.00 million, with Community assistance, amounting to EUR 17 417 174 million.

(...)

3. Findings of the evaluation related to Programme interim results

Relevance, consistency and complementarity of the Programme objectives

The changes in the contexts since the adoption of the Programme have no significant effect on the strength, weaknesses opportunities and threats of the border region. The Programme remains relevant to the needs of the target region. The recessionary environment increase the relevance of Programme objectives and priorities, focused on economic growth and labour market interventions, especially of the ones related to labour market integration of vulnerable groups.

Towards the end of 2012, there were no changes in the Programme that have had an influence on the Programme internal and external consistency. The Programme amendments were small and had not affected its strategy.

The external coherence of the Programme with EU and national strategic documents, existing at the time of the elaboration of the Programme, was confirmed as high by the ex-ante evaluation and remains strong. The programme is coherent and complimentary with the new strategic documents - Europe 2020 Strategy and the EU Strategy for the Danube Region.

Progress in contracting and payment of funds

At the end of 2012, the total contracted amount was EUR 13,279,095 (10,703,633.38 IPA funding) or 61.45% of the Programme budget for the period 2007-2013. The contracting rate is satisfactory and the Programme is expected to contract the allocated budget by the end of 2013.

At the end of 2012, the certified amount was EUR 2.76 million or 13.11% of the Programme budget for the period 2007-2013. The payment rate is low due to the late contracting of the First call projects, delays in the execution of some of the contracts and in the verification of expenditure because of the late setting of the FLC system in the former Yugoslav Republic of Macedonia. Due to the low payment rate, EUR 464,180 of IPA Funds were decommitted.

The projects under the thematic priorities of the Programme are selected by open calls for proposals, to which public bodies and non-profit organisations from the border region can apply. Towards the end of 2012, three calls for proposals were launched.

The First call for proposals was launched late (at the end of the third quarter of 2009) and the evaluation and contracting process was quite lengthy due to the delayed setting up of the management and control systems. Under the First call for proposals, 35 contracts were signed in mid 2011. The Second call was launched in 2011; 33 projects were approved for funding and 21 contracts were signed in 2012 and the remaining 12 contracts were pending signature of the EU-former Yugoslav Republic of Macedonia Financing Agreement for 2012. The Third call for proposals was launched at the end of 2012 with a submission deadline after the cut-off date of that evaluation (March 2013).

The first two calls for proposals attracted sufficient number of good quality applications. The total number of applications amounted to 220, of which 160 meeting the minimum quality standards. The number of the applications in the Second call rose with 34%, indicating an increasing interest to the Programme. About 250 different organisations from the border region have cooperated in the preparation of proposals for the Programme First and Second call for proposals, of which 140 Bulgarian and 110 Macedonian.

By the end of 2012, 56 contracts were signed. Currently, 3 were terminated, 25 completed and 28 ongoing.

The 53 contracts under implementation are almost equally distributed between the two main Priority axes. The investment projects supported under both calls for proposals comprise about half of all financed projects, and to these projects was allocated about 80% of the Programme funding. This reflects the demand for support and the priority given to investment projects by JMC.

The distribution of the support by partner country is quite equitable. Out of the total value of the contracted projects by the end of 2012, EUR 5.86 million is allocated to Bulgarian partners and EUR 5.78 million to Macedonian. In total, 82 organisations are partners (lead partners or partners) in the contracts under the first two calls for proposals, 44 Bulgarian organisations and 38 Macedonian organisations.

The supported projects have quite wide regional scope. Out of 50 eligible municipalities, projects are implemented on the territory of 39. The total population of the municipalities, which benefit from the Programme, is 90% of the target region population. The distribution of funding by eligible target region is to a large extent proportionate to the regional population and territory.

Interim results of Priority axis 1

Under the First call for proposals, 17 contracts were implemented under Axis 1, of which 9 were under the Sphere of intervention 1.1 *Economic development*, 7 under Sphere of intervention 1.2 *Social cohesion* and 1 under the Sphere of intervention 1.3 *Project preparations*. The value of the contracts amounts to EUR 2, 83 million.

The majority of the supported projects under the First call are coherent with the objectives and priorities of Axis 1. The demarcation between Priority axes is not sufficiently clear, which resulted in supporting of three projects under Axis 1, which better fit the objectives of Axis 2.

In the majority of cases, the projects are based on balanced and adequate partnerships and with clear link between activities and results. The type of activities that can be financed under Priority axis 1 is quite broad, resulting in scattering of projects to various types of small actions.

Irrespective of their delayed start, which led to changes of staff or budgets, the majority of First call projects were smoothly implemented and the planned outputs were delivered. Envisaged activities were realised with the involvement of the target groups. The potential of projects for developing of cooperation between civil society and policy makers or for improving the coordination between local and regional authorities was not sufficiently used.

The objective for the development of business *co-operation, clustering and networking* was addressed by six projects, which main contribution is in the form of economic surveys, joint strategies and technical and business infrastructure rehabilitated. The Programme targets on outputs related to this objective are overachieved by the First call projects only.

Few projects under the First call targeted the objective for boosting *innovation and knowledge economy* in the border region, and the Programme targets on indicators related to innovation are greatly underachieved. The MA/JMC reacted adequately and in the Third call only activities targeting knowledge economy are eligible for support. Overall, the supported First call projects created joint information services and business and educational linkages, having some contribution to innovation and knowledge economy.

The objectives for *human resource development* were addressed by four projects, which improved employability skill and rehabilitated educational infrastructure. The Programme targets on indicators related to human resource development are overachieved by the First call project only, though indicators are numerous

The objectives for *integration of vulnerable groups* were addressed by four projects. The Programme has one indicator related to this objective (training of vulnerable groups), which is achieved at 50%. There is no substantial risk of non-achievement of this target until the closure of the Programme.

Recommendations for the next programming period:

- Clear demarcation between spheres of interventions and between Priority axes to be ensured.

Interim results of Priority axis 2

Under the First call for proposals, the contracts under implementation in Axis 2 are 15, of which 3 under the Sphere of intervention 2.1 *Utilisation of eco-resources* and 12 under the Sphere of intervention 2.2 *Utilisation of cultural resources*. The value of the contracts amounts to EUR 3,43 million.

The supported under Axis 2 First call projects have sufficiently high relevance to axis and priority areas objectives. The majority of the interventions have a clear link between activities and results. They address mainly the investment needs of the target region.

Most of the projects have not had serious implementation problems, threatening project results. Changes referring to extension of project duration and modification in the timetable of activities were not problematic on project level, but on Programme level lead to later absorption of funds. Projects delivered or are expected to deliver all planned outputs.

The supported under the First call projects, targeting *improved protection and environmental management* were only two due to the small number of submitted good quality projects. The achievement of Programme output targets related to this objective is small. MA and JMC adequately and timely reacted and in the Second call gave a strong priority to this objective

The Axis 2 objective for *eco, rural and cultural tourism development* was addressed by seven projects. These were mainly investment projects, which contributed to improvement of tourism attractiveness of the region by reconstruction of museums, construction of centres for interpretation of cultural heritage, improvement of surrounding of the cultural sites and their accessibility. Projects contributed as well to the development of six tourism services in nineteen tourist destinations and twenty six joint cultural and popularising events. By the end of 2012, all projects, but one, were completed. All Programme output indicators related to tourism development are overachieved by First call projects.

The Axis 2 objective for *cultural cooperation strengthening* was targeted by six projects, five of which investment projects, referring to cultural infrastructure improvements. Apart from the investment components, under the supported projects were conducted twenty four joint cultural events and ten events, popularising cultural heritage and traditions (concerts, planners, festivals, music and theatre performances, exhibition, etc.). By the end of 2012, three out of the six projects were completed. All projects are expected to deliver planned outputs. The projects have clear contribution to improving the access of people in the border region to cultural services. According to the verified by the evaluators" all outputs indicators related to this objective have not only achieved, but over achieved their targeted values for the Programming period.

Recommendations for the next programming period:

- All tourism related actions to be programmed under one sphere of intervention only;
- A border-regions tourism strategy to be elaborated, which to outline destinations and services with highest potential for tourism development, to identify priorities and to integrate tourism projects that will be supported in the future.

Integration and respect horizontal priorities

The *environmental horizontal* priority is integrated in Axis 1 projects through actions for raising awareness on environmental issues and training on EU environmental policies, and in Axis 2 in sustainable tourism development actions. None of the Axis 1 projects has additional merits for *integration of cultural issues*, but projects contribute through facilitating contacts between people in the region. The projects comply with the *gender equality and non-discrimination principles*, but do not collect gender disaggregated data on output indicators. Under the First call, projects directly targeting gender equality are not supported.

The MA procedures for ensuring compliance and integration of the horizontal priorities are in line with the best practices. In the selection, priority is given to projects contributing to horizontal objectives and in implementation, compliance and integration is reported by beneficiaries and verified by the controllers and JTS.

Recommendations for the next programming period:

- The Programme indicators to be broken down by gender, where possible.

Value added of co-operation, sustainability and impact

Cooperation was very important for the achievement of project results for community integration and development/introduction of new working methods, skills, practices, procedures and structures. The benefit of cooperation was not always strong in infrastructure type of projects, especially in projects for improving cultural infrastructure.

First call projects contributed to the development and strengthening of cooperation in the form of networking structures, forums and joint plans. The main benefits that add value to cooperation are capacity building, awareness raising, confidence/trust building, better image of the region and commitment to new actions.

The *investment projects* are expected to have sustainable results, because of their broad scope of users and the public ownership on the improved sites. There are good chances for the infrastructure created/improved to be maintained and used. The sustainability risk is low regarding the municipal infrastructure projects.

The sustainability of *soft projects* depends on the capacity of the partner organisations to fund developed services after the project end, and is negatively influenced by their dependence on external financing. Sustainability is higher in cases of organisations, which provide services to their members (chambers of commerce, branch associations) or which deliver social services financed by public budgets. Support by local and regional authorities and broad involvement of local stakeholders are also important factors for sustainability.

The supported projects have some positive impact on the improved competitiveness and diversification of border region economy. The long-term effects on investments and business creation are diminished by the lack of projects with strong multiplier effects. The impact of the projects on creation of new jobs is unlikely to be tangible, but projects may contribute to protection of the existing jobs.

The projects have positive impact on improvement of quality of life in the border region. They improved access and quality educational, social and cultural infrastructure in 20 border region municipalities, with total population of 412,000 people, of which 210,000 in Bulgaria and 202,000 in the former Yugoslav Republic of Macedonia.

The implemented projects have tangible impact on the community integration and development of cultural co-operation in the border regions.

Projects support EU integration of the former Yugoslav Republic of Macedonia, primarily by increasing the knowledge and experience in EU funds management, and to some degree by better understanding of the EU approaches and introduction of policy instruments. Projects complement other national, regional and local strategies/programmes, as well as sector relevant strategies and plans for development.

Recommendations for the next programming period:

- The MA to consider the creation of thematic working groups for identification of information needs, discussion of project ideas and priority projects, and collection of good practices from other countries;
- The MA to consider giving priority to projects, proposing strengthening or extending of existing networks and building on successful projects;
- The support to projects that over-rely on external expertise and fail to provide for building sufficient capacity of the partner organisations to be limited;
- The requirement for mandatory inclusion of soft actions under the investment projects to be reconsidered, as it leads to support of soft actions with low level of sustainability.