

**BULGARIA - THE FORMER
YUGOSLAV REPUBLIC OF
MACEDONIA
IPA CROSS-BORDER PROGRAMME**

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1 INTRODUCTION

The present document represents a cross-border cooperation programme that sets the priorities for cooperation between Republic of Bulgaria and the former Yugoslav Republic of Macedonia¹ for the programming period of 2007 – 2013.

The document was elaborated in September 2006 – May 2007 as a result of the coordinated efforts of the relevant national authorities and various regional partners involved and represented in the Joint Task Force (JTF), which comprises of:

- for Bulgaria – representatives of the Ministry of Regional Development and Public Works (MRDPW), the National Aid Coordinator - Ministry of Finance (MF), as well as representatives of the 2 districts involved in the programme (Kystendil and Blagoevgrad);
- for the Former Yugoslav Republic of Macedonia - representatives of the Ministry of Local Self-Government (MLSG), Ministry of Finance (MF), the National Aid Coordinator - Secretariat for European Affairs (SEA), representatives of the relevant ministries and from the ZELS (Association of the local self-government units).

Beside the programming group, a wide range of stakeholders from regions, national and regional levels have been involved in the programming process.

The CBC Programme between Bulgaria and the former Yugoslav Republic of Macedonia 2007-2013 has been elaborated in accordance with the following regulations:

- Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA);
- Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).

and where relevant with the following regulations and documents:

- Regulation of the European Parliament and the Council on the European Regional Development Fund (EC) No 1080/2006 of 5 July 2006;
- Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC);
- Council Regulation laying down general provisions in the European Regional Development Fund, the European Social Fund and the Cohesion Fund (EC) No 1083/2006 of 11 July 2006;
- National Strategic Reference Framework of the Republic of Bulgaria for the programming period 2007-2013, in its draft form as of December 2006;
- National Development Plan 2007 – 2009 of the former Yugoslav Republic of Macedonia adopted on February 2007
- Strategic Coherence Framework of the former Yugoslav Republic of Macedonia for the programming period 2007 – 2013, in its draft form as of May 2007;
- Decision on list of the eligible regions (for ERDF and IPA)

The orientation and the (financial) structure of the programme are in line with the legal basis (guidelines, regulations, working papers) and the objectives of the European Union, particularly with the principles of the Lisbon and Gothenburg process. Gender mainstreaming as a cross cutting issue is integrated in the respective fields.

The CBC programme is divided into several consecutive sections:

¹ Bulgaria recognises the Republic of Macedonia with its constitutional name.

SECTION I – DESCRIPTION OF THE PROGRAMME AREA

that provides an insight to the current state of development in both countries with a special focus on the cross-border area



SECTION II – SWOT ANALYSIS OF THE TARGETED CROSS-BORDER AREA

that provides a detailed needs and constraints analysis of the targeted area based on the data supplied within the first section; it also provides information on lessons learned, problems already tackled within previous Community assistance and issues that need further attention



SECTION III - STRATEGY

that describes the strategy chosen in response to the SWOT analysis and stepping on previous experiences; objectives and priority axes of the programme; relevance to the other EU / national programmes; targets and indicators for measuring success in objective and qualitative/quantitative manner



SECTION IV – IMPLEMENTING AND FINANCIAL PROVISIONS

that provides technical details concerning the management of the separate intervention measures within the CBC programme, the allocation of the funds the organisational structures and procedures for the implementation of the CBC programme

1.1 RELEVANT BACKGROUND

The implementation of the current CBC Programme will be jointly financed by the new “European Territorial Cooperation” objective (previously INTERREG) within the European Regional Development Fund (ERDF) matched by an equivalent allocation of IPA funds. The resulting single pot of money will have to be spent according to a single set of rules and on the basis of a common benefit approach which requires the involvement of joint programming and management structures. Thus IPA will promote enhanced cooperation and progressive economic integration and coherence between EU and candidate countries.

1.1.1 Instrument for Pre-Accession Assistance (IPA)

In September 2004 the European Commission (EC) proposed two new instruments that meant a far reaching reform of the cooperation practice with accession countries and countries outside the European Union (EU) external borders. Among those instruments **IPA – the Instrument for Pre-accession Assistance** – addresses both the current candidate countries (CC) and the potential candidates (PC). As a single integrated pre-accession instrument IPA replaces the various former instruments like PHARE, ISPA, SAPARD, the Turkey pre-accession instruments and CARDS.

Assistance for candidate countries within IPA is designed to support them in their efforts to strengthen democratic institutions and the rule of law; reform public administration; carry out economic reforms; respect human as well as minority rights; promote gender equality; support the development of civil society; advance regional cooperation; and contribute to sustainable development and poverty reduction in these countries. It should be therefore targeted at supporting a wide range of institution-building measures.

IPA consists of several key components that are designed to help CC to implement the acquis communautaire and to get used to structural funds (SF) instruments. These are:

- Transition Assistance and Institution Building;
- **Cross-border Cooperation;**
- Regional Development;
- Human Resources Development;
- Rural Development.

The Transition Assistance and Institution Building and the Cross-border Cooperation components are accessible to all beneficiary countries (both Candidate Countries and Potential Candidate Countries) in order to assist them in the process of transition and approximation to the EU, as well as to encourage regional cooperation among them.

According to the *Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)*, the Regional Development, the Human Resource Development and the Rural Development components also to be accessible for the former Yugoslav Republic of Macedonia, being a Candidate Country listed in *Annex I* of that Regulation that undergoes accreditation to manage funds in a decentralised manner. These IPA components are designed to help the beneficiary countries prepare for the time after accession, in particular for the implementation of the Community's cohesion and rural development policies.

1.1.2 Instrument for Pre-Accession Assistance - Cross-border Cooperation (IPA CBC)

Cross-border cooperation within IPA has the objective of promoting good neighbourly relations, fostering stability, security and prosperity in the mutual interest of all countries concerned, and of encouraging their harmonious, balanced and sustainable development.

Learning from past experience, IPA CBC will operate on both sides of the border on the basis of one set of rules and objectives, thus providing the opportunity for fully equal and balanced programming and decision making process between MS and CC.

The objectives of the IPA CBC component are designed to take into consideration the specific needs of the respective external border. These are:

- Development of cross-border economic, social and environmental activities in border areas;
- Address common challenges in the field of environment, public health, prevention and fight against organized crime;
 - Ensure efficient and secure borders;
 - Promote legal and administrative cooperation;
 - Promote local "people to people" type of actions.

The cornerstone of IPA CBC will be the principle of "common benefit". As laid down in *Article 95 of the Draft implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)* the operations selected for programmes aimed at developing cross-border activities shall include beneficiaries from at least two countries, of which at least one (Bulgaria) shall be a Member State. The partnering organizations shall cooperate in at least one of the following ways for each operation: **joint development, joint implementation, joint staffing and joint financing**. This concept of mutually benefiting actions reflects also on the types of projects that are to be developed within the CBC programme.

Among the different types of possible projects within IPA CBC programme priority will be given to integrated projects. This kind of projects turned out to be difficult to realise in the past but will be easier now since the connections among the various stakeholders across the border have been substantially improved and strengthened within the previous programming period and its financing instruments.

The selected operations may be implemented in a single country provided that they deliver a clear cross-border benefit

According to Council Regulation (EC) No 1085/2006 of 17 July 2006 IPA CBC will finance both capacity and institution building activities as well as investment.

1.1.3 European Regional Development Fund (ERDF)

The European Union's Cohesion Policy intends to strengthen the Community's economic and social cohesion in order to promote the harmonious, balanced and sustainable development of the Member States², while reducing the economic and social, territorial disparities arisen especially in countries and regions lagging behind and speeding-up their economic and social restructuring, in line with Article 158-161 of the Treaty.

For the next programming period of 2007-2013 the main objective concerning cross-border cooperation was defined in the field of Cohesion Policy, as follows:

The European territorial co-operation objective.

Within this framework of reforms the European territorial co-operation objective of the 2007-2013 programming period focuses its assistance provided by ERDF on three main cooperation fields:

- The development of cross-border economic, social, environmental activities through joint strategies for sustainable territorial development;
- Strengthening of transnational co-operation through actions related to Community priorities and promoting integrated territorial development;
- Reinforcement of the effectiveness of regional policy by promoting inter-regional co-operation, through exchange of experience at appropriate territorial level.

In addition, ERDF may contribute to the promotion of legal and administrative co-operation, integration of cross-border labour markets, local employment initiatives, gender mainstreaming and equal opportunities, trainings, social inclusion, sharing of human resources and facilities for research and development.

1.2 THE PROGRAMMING PROCESS

In the summer of 2006 a bilateral Working Group for CBC Programme between Bulgaria and the former Yugoslav Republic of Macedonia was set up. Members of this work group come from the relevant bodies at national and regional level from both states. The programming work was based on several workshop meetings, supported by a number of additional discussions and coordination meetings on the level of experts and programme coordinators. The meetings of the Programming Committee were held both in Bulgaria and the former Yugoslav Republic of Macedonia on a rotating principle. An external Technical Assistance (Balkan Centre for Consultancy Ltd.) was also attracted to support the Task Force in the programming process.

Date and Place	Milestone
11 April 2006 Sofia, Bulgaria	Meeting of the Task Force – start of preparation of the CBC programme, identification of key issues and bodies responsible for preparation of the CBC programme, clarification of programme area, discussion on the CBC programme content (according to the Regulations), discussion and agreement on the

²As of January 1st, 2007 Bulgaria is a Member State of the European Union.

Date and Place	Milestone
	timeframe and action plan, Discussion of the budget available for the preparation of CBC programme related documentation. Allocation of funds by activities (CBC programme, ex-ante evaluation, SEA)
26 May 2006	JPC established
30 May 2006 Kyustendil, Bulgaria	Joint Programming Committee Meeting - Presentation of the Instrument for Pre-Accession Assistance (IPA) Cross-Border Cooperation (CBC) 2007-2013 strategy and programming framework; approval of the proposed bodies and procedures for preparing the CBC programme; Approval of the Work plan for preparation of the strategic part of the CBC Programme between Bulgaria and the former Yugoslav Republic of Macedonia 2007-2013
30 May – 5 October 2006	Regular meetings of the Drafting Teams – external support, programme development, SWOT, Strategy
5 October 2006 Kyustendil, Bulgaria	Workshop on the elaboration of the SWOT analysis with the participation of stakeholders at regional and local level in Bulgaria
10 October 2006 Skopje, the former Yugoslav Republic of Macedonia	Workshop on the elaboration of the SWOT analysis with the participation of stakeholders at regional and local level in the former Yugoslav Republic of Macedonia
17 November 2006 Probishtip, the former Yugoslav Republic of Macedonia	Joint Programming Committee Meeting - approval of the SWOT analysis by both sides and discussion on the strategy (in terms of objectives and priority axes) and management and implementations arrangements
13 December 2006 Sofia, Bulgaria	Workshop 1 under Ex-ante and SEA contract Training for Future Managing Structures in Bulgaria with a Specific Focus on Indicators and Implementation Management Issues for CBC Programmes of 2007 – 2013
29 January 2007 Sofia, Bulgaria	Workshop 2 under Ex-ante and SEA contract Training for Local Authorities and Stakeholders Workshop in Instrument for Pre-accession Assistance (IPA) General provisions and components; new principles for cross-border co-operation, Lead Beneficiary principle
27 February 2007 Sofia, Bulgaria	Technical Meeting of JTF. Discussion on the Programme development, implementing structures and process.
12 April 2007 Ohrid, the former Yugoslav Republic of Macedonia	Technical Meeting of JTF. Discussion on the time table of the Programme development. Issues concerning necessary additional statistics data, co-financing of the programme, advanced payment to beneficiaries, language of the programme.
3-4 May 2007 Skopje, the former Yugoslav Republic of Macedonia	Technical Meeting of JTF. Discussion on the final draft of CBC programme.
21 May 2007, Sofia, Bulgaria	Joint Programming Committee Meeting - approval of the CBC programme by both sides (Official decision – Annex 1); Decision for the first JMC meeting.

2 DESCRIPTION OF THE PROGRAMME AREA

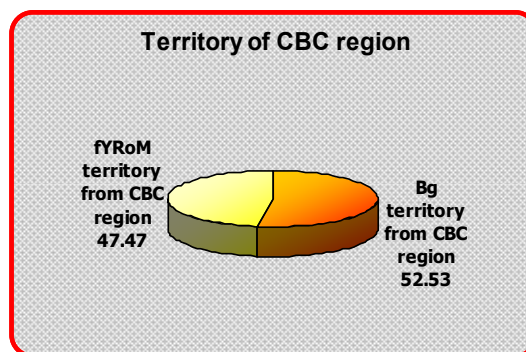
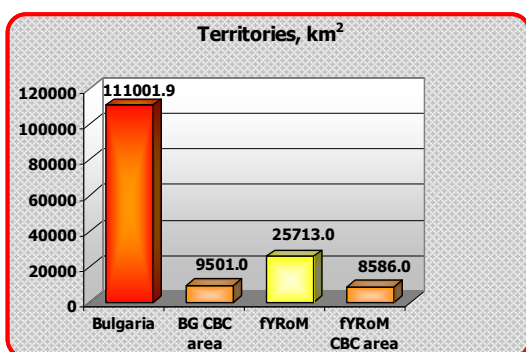
2.1 DEFINITION OF THE ELIGIBLE CROSS-BORDER AREA



The eligible area for the CBC Programme between Bulgaria and the former Yugoslav Republic of Macedonia covers a territory of 18 087 sq. km with total population of 1 012 352 people. The overall borderline length is 165 km.

The eligible cross-border area between Bulgaria as a Member State and the former Yugoslav Republic of Macedonia as a beneficiary country is determined in accordance with the IPA rules set out in Regulation 1085/2006 where only NUTS III regions (or respective equivalents) are eligible for cross-border cooperation programmes.

	Area, sq. km.	% of the total country territory
Bulgaria	111001.9	100 %
CBC area of Bulgaria	9501.0	8.6%
District of Blagoevgrad	6449.5	5.8%
District of Kyustendil	3051.5	2.8%
the former Yugoslav Republic of Macedonia	25713.0	100%
CBC area of the former Yugoslav Republic of Macedonia	8586.0	33.39%
North-East region	2310.0	8.98%
South-East region	2739.0	10.66%
East region	3537.0	13.75%
CBC area	18087.0	From the territory of: Bulgaria - 52.53% the former Yugoslav Republic of Macedonia territory - 47.47%



In Bulgaria the corresponding NUTS III administrative-territorial units are the districts established by the Law on the Administrative Territorial System in Republic of Bulgaria. In the former Yugoslav Republic of Macedonia, the eligible NUTS III regions for financing shall be statistical regions established with national Nomenclature of statistical territorial units adopted in 2007, for the purposes of regional development planning and for regional statistics³.

The border area of Bulgaria comprises the districts of **Blagoevgrad and Kyustendil** (NUTS III), covering 9 501 sq. km (8.6% of the total country territory) and with population of 486 291 people (6.3% of the total country population). It consists of 23 municipalities (NUTS IV) and 462 settlements:

- District of **Blagoevgrad**: 14 municipalities – Bansko, Belica, Blagoevgrad, Gotce Delchev, Garmen, Kresna, Petrich, Razlog, Sandanski, Satovcha, Simitli, Strumiani, Hadjidimovo, Yakoruda;
- District of **Kyustendil**: 9 municipalities – Bobovdol, Boboshevo, Dupnitsa, Kocherinovo, Kyustendil, Nevestino, Rila, Sapareva Banya, Trekliano.

The border area of the former Yugoslav Republic of Macedonia comprises the **North-East, the East and the South-East** NUTS III statistical regions covering 8 586 sq. km (33,39 % of the total country territory) and with population of 526 016 people (26 % of the total country population). It consists of 27 municipalities (NUTS IV), including 597 settlements:

- **North-East region**: 6 municipalities - Kratovo, Kriva Palanka, Rankovce, Kumanovo, Lipkovo and Staro Nagoricane;
- **South-East region**: 10 municipalities - Valandovo, Gevgelija, Bogdanci, Dojran, Radovis, Konce, Strumica, Bosilovo, Vasilevo and Novo Selo;
- **East region**: 11 municipalities - Berovo, Pehcevo, Vinica, Kocani, Cesinovo - Obleshevo, Zrnovci, Probistip, Stip, Karbinci, Delcevo, Makedonska Kamenica.

2.2 DESCRIPTION OF THE ELIGIBLE CROSS-BORDER AREA

2.2.1 Geographical features

Situated in the south-eastern part of Europe, the border area between Bulgaria and the former Yugoslav Republic of Macedonia has a favourable location. Its territory extends across the entire Pirin mountain, Rila mountain (with Musala peak that is the highest point on the Balkan Peninsula, 2925 m), parts of the Western Rhodopi, the mountains of Verila, Konyavska, Zemenska, Slavyanka, Plackovica, and the border mountains of Belasica, Osogovo, Malesevska, Ograzden and Vlahina. More than half of the border area is with prevailing mountainous relief with numerous valleys and fertile land situated in between them (Kocani plain, Struma and Mesta valleys, Kyustendil valley, Dupnica valley etc.), which favours the development of tourism, agriculture and wood processing industries, while at the same time hampering transport infrastructure.

³ Decision of the Government – comment of MLSG



The climate is diverse, from transitional-continental to transitional-Mediterranean in the South and with specific features in higher mountains. Water is an important resource for the border area, with numerous lakes on the mountains and abundance of rivers. Major rivers in the area are: Bregalnica, Strumica (Strumeshnica), Turiya, Struma, Mesta and their tributaries, from which only Strumica (Strumeshnica) runs through both countries, flowing into Bulgaria.

Another major natural resource of the region is the thermal water, which is available across the whole cooperation area. The most important thermal mineral springs with potential for development of spa treatments and energy generation are in Sandanski, Marikostino, Ognyanovo, Kyustendil, Sapareva Banya, the villages of Nevestino and Chetirtzi (at the Bulgarian side of the border, over 40% of all thermal springs available in country) and in Kocani, Vinica, Strumica (the former Yugoslav Republic of Macedonia).

The soil cover ranges from forest soil in the mountain areas to alluvial soils in the river valleys and is most favourable for the traditionally developed tobacco, fruit and vegetable growing. Mineral resources in the region comprise of: granite, marble, clay, dolomite, brown and lignite coal, and ores. While raw mineral resources are noted for their diversity, only coal and marble are of economic significance.

In addition to the natural diversity of the region there are also forests, covering around 46.5% of the total border area territory and providing raw materials for the wood-processing industries as well as opportunities for recreational and hunting activities.

2.2.2 Demography

With minor exceptions, the demographic development of the border area as a whole has many common features. It is characterised by low population density, lack of bigger towns, relatively low levels of urbanisation, negative trend of decreasing birth rates and aging population. All this leads to depopulation of the region as a whole. On the other hand, language and culture are very similar on the both sides of the

border and are substantial pre-requisite for cooperation and mutual understanding.

	Population	Population density persons/km ²	Population growth (2004-2005)	Population growth rate, People(‰)	Age Dependency Ratio, %
Bulgaria (2005)	7718750	69.54	-42299	-5,48	44.46
<i>CBC area of Bulgaria (2005)</i>	486291	51.18	-3084	-6,34	47.85
District of Blagoevgrad	333577	51.72	-1330	-3,99	41.09
District of Kyustendil	152714	50.05	-1754	-11,49	48.93
the former Yugoslav Republic of Macedonia	2022547	78.66	5970	2,94	45.02
<i>CBC area of the former Yugoslav Republic of Macedonia</i>	526061	61.27	-612	-1.06	44.86
North-East region	172787	88.61	-951	-4.65	48.86
South-East region	171416	62.58	-99	-0.58	43.89
East region	181858	48.55	438	2.16	42.08
CBC area	1012352	56.87	-3696	-3.47	46.18

Source of information for the former Yugoslav Republic of Macedonia: National Development Plan 2007-09

The population in the **Bulgarian** border area is 486 291⁴ inhabitants, accounting for 6.3 % of the country's total population (7 718 750 inh.). The average population density is 51,18 inh/sq.km, which is quite below the national average density of 69,54 inh/sq.km. The towns of Blagoevgrad (77 833), Petrich (35 134), Sandanski (41 180), Gotse Delchev (22 498), Kyustendil (52 828) and Dupnica (43 791) are most populated out of the region's settlements. The ethnic structure of the population is close to the average for the country (88.7% Bulgarians), while Bulgarian-Muslims inhabit the south-eastern parts where they are predominantly occupied in the field of agriculture (tobacco-growing). The Roma ethnic group represents 4.37 % of the population in the Bulgarian area.

Border Regions on Bulgarian territory	% Nationality			
	Bulgarian	Roma	Turkish	Other
District of Blagoevgrad	83.97	3.64	11.12	1.27
District of Kyustendil	93.92	5.10	0.10	0.89

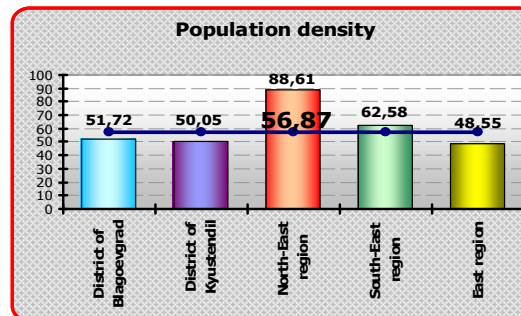
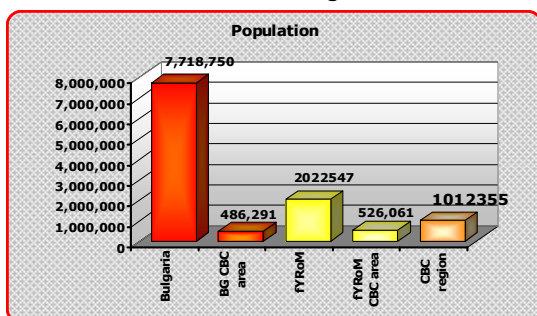
⁴ The statistical data on Bulgaria within this section is valid for the period 2005 and is provided by:

- National Statistical Institute (NSI), Bulgaria, www.nsi.bg
- Regional branches of the NSI and Municipal Statistics.

Border Regions on the territory of the former Yugoslav Republic of Macedonia	% Nationality				
	Macedonian	Roma	Turkish	Albanian	Other
North-East region	59.10	3.00	0.20	31.10	6.70
South-East region	90.40	0.30	7.40	0.00	1.80
East region	92.40	3.80	1.70	0.03	2.08



The border area of the former Yugoslav Republic of Macedonia⁵ has 526 061 inhabitants, or 26 % of the country's total population (2,022,547 inh.). The average population density is 62.73 inh/sq.km, which is below the national average of 78.66 inh/sq.km. 305 338 inhabitants of the total population in the area lived in 27 towns and 252 476 in rural settlements. The towns of Kumanovo (70.842), Stip (43.652), Strumica (35.311), Kocani (28.330), Gevgelija (15.685), Radovis (16.223) and Kriva Palanka (14.558) are most populated out of the region's settlements. The majority of the inhabitants are ethnic Macedonians (76,9 % of the regions total population). There are 2,2 % Roma. The age dependency ratio is 44.73% and is similar to the national average of 45.02%.



⁵ The statistical data on the former Yugoslav Republic of Macedonia within this section is valid for the period 2002-2003 (when the latest national statistical surveys have taken place) and is provided by:

- The Government of the former Yugoslav Republic of Macedonia, www.vlada.mk
- the State Statistical Office of the former Yugoslav Republic of Macedonia, www.stat.gov.mk

2.3 ECONOMIC, SOCIAL AND CULTURAL PROFILE OF THE TARGETED AREA

2.3.1 Economic development and structure of economy

Republic of Bulgaria is a EU Member State as of January 1st, 2007. The over-encompassing goal of the former Yugoslav Republic of Macedonia is to join the EU. It was the first country in the region to sign a Stabilization and Association Agreement (SAA) with the EU in April 2001, while in December 2005 the Presidency of the European Council awarded the former Yugoslav Republic of Macedonia a candidate EU member state status. The country is a member of the Central European Free Trade Agreement which complements the EU's Stabilization and Association Agreements for the countries of the Western Balkans. For the candidate and potential candidate countries CEFTA is a stepping stone towards the closer economic cooperation that is an inevitable part of membership of the European Union.⁶

	GDP in Euro (2004)	GDP per capita in Euro
Bulgaria	17663417577	2288.4
<i>CBC area of Bulgaria</i>	<i>949353983</i>	<i>1952.2</i>
District of Blagoevgrad	609345393	1826.7
District of Kyustendil	340008590	2226.4
the former Yugoslav Republic of Macedonia	4325000000	2128.0
<i>CBC area of the former Yugoslav Republic of Macedonia</i>	<i>786318431.7</i>	<i>1491</i>
North-East region	188555366.9	1087.1
South-East region	323354634.1	1880.2
East region	274408430.7	1508.1
CBC region	1735672474.7	1712.4

INDICATOR	MEASURE	BULGARIA		THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	
		National	CBC region	National	CBC region
Agricultural land	Ha	6376482	400620	1316335	499719
Arable land	Ha	4976928	195269	479673	248726
Forests	Ha	3715754	474019	989046	262074
Structure of economy*					-
- Agrarian sector	%	10,1	14,5	26,6	-
- Industrial sector		30,2	35,5	19,9	-
- Services sector		59,7	50,0	53,5	-

The **Bulgarian** border region has an industrial-agrarian economy with GDP per capita of € 1952.2 (85% of the national average which is € 2288.4 per capita), higher values being registered in the district of Kyustendil.

The region is characterized with diversified branch structure: food and tobacco processing industries, textile industry, timber and furniture industries, iron processing and machinery industry, tourism.

⁶A quote of EU Enlargement Commissioner Olli Rehn, Reference: IP/06/1837 / 19/12/2006

The energy sector is one of the key economic factors in the area as the Bobovdol thermal power plant, which runs on locally produced coal, is situated within it. There are also several small hydro power plants (mainly in Blagoevgrad district), while the main electric power supplier remains the national system. Natural conditions in the region allow for development of alternative sources of energy (geothermal and others) for meeting local needs in more effective and efficient way and in connection to the improvement of the environmental quality.

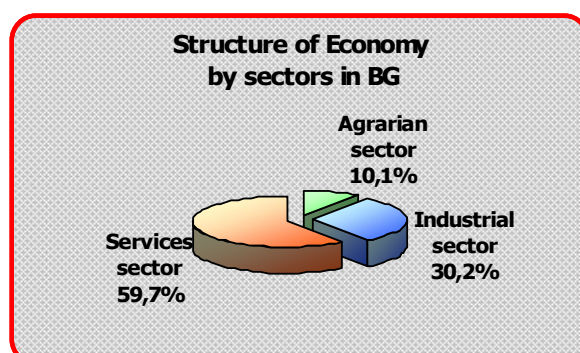
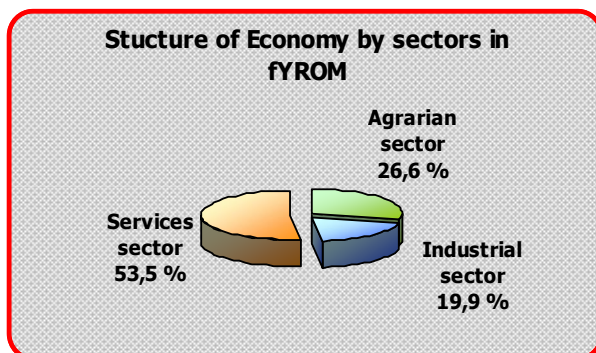
Besides energy generation and coal mining, the Bulgarian border area economy is characterised with a diversified branch structure, including: iron processing and machinery industry (the past decade of economic restructuring brought a decrease in the volume and intensity of those industries); timber and furniture industries (prevalently small firms); textile industry (foreign investors have stimulated the establishment of many small enterprises that produce ready-made clothing); food and tobacco processing; pharmaceutical industry.

Favourable natural and environmental characteristics of the Bulgarian border area provide opportunities for sustainable development of different forms of tourism. Furthermore, the region's abundance of cultural landmarks and natural resources preconditions the diversification of the currently available tourist products and services. At present, the main forms of tourism in the area are skiing (Bansko, Razlog), spa (Sapareva Banya, Kjustendil, Sandanski), and limited cultural tours (Rila Monastery, Rozhen Monastery).

Tourism in the area is **comparatively** developed – there are 6162 registered beds (3.2% of the country's capacity). 3431 people are employed in hotel-keeping and restaurant business. According to the Bulgarian National Statistical Institute the total number of visits with purpose tourism and recreation in Bulgaria for 2004 were 4010326. The nights spent in the Bulgarian CBC region were 149412 of which by foreigners – 45559.

Due to the prevailing mountainous relief agricultural land is only 40% and the arable land accounts for 48.74% of the total agricultural land of the Bulgarian border area, which is below the average of 78.1% at national level. The forestry represents 51.7% of the total area compared to 33.5% at national level. The major branches of agricultural production are fruits and vegetables, vines, tobacco, and other crops growing. Small quantities of cereals are grown as well. The southern part of Struma valley is known for production of early growing vegetables, peanuts and other thermophilic cultures. The district of Kyustendil is known as 'the orchard of Bulgaria' for the production of cherries, apples and pears. Stock breeding in the region covers all types of animals and involves broad use of mountain pastures.

Both the sectors of industry and services are dominated by SMEs – 98.3% and 99.9% respectively. 65.3% of the employed are in the private sector.



The border region of **the former Yugoslav Republic of Macedonia** is characterized as agrarian economy, with a concentration in the light industry branch (textile and shoe industry) in the East region.

GDP per capita⁷ for the CBC region is €1491.0 which is below the country's GDP - € 2128. The growth rate of the GDP in 2004 is 4.1% while in 2003 it is 2.8%. The share of industry declined from some 29% of gross value added in 1997 to about 26.3 % in 2003.

The business entities in the border region are mostly enterprises (45%), trade companies (35%), sole proprietors (9%) and others (11%). The private sector companies prevail. 21% of the companies in the area are operating in the field of textile, non-metals processing and mining. 0.6% are medium companies and 99.1% are small companies. Their location is mostly around the mineral findings, in the major towns that are highly populated, and in areas where businesses are traditionally developed.

The main industry sectors are textile and shoe industry, non-metals and mining (21% of the companies in the area). Other industry branches include: power generation, mechanical engineering and metal processing, woodworking, food and beverage industry. Main industrial centres situated in the area are: Kumanovo, Stip, Strumica, Kocani, Kriva Palanka and Vinica.

In the recent years the mining industry has drastically declined and is no longer a main source of incomes and employment for the population in the region. From the existing mines (Buchim and Damjan - near Radovich, Zletovo and Sasa in Makedonska Kamenica), Toranica, and the non-metal mine of Ograzden near Strumica, only the last one is working in its full capacity. None of these mines have been used since their privatisation. The number of people officially employed in the mining industry is 3 480.

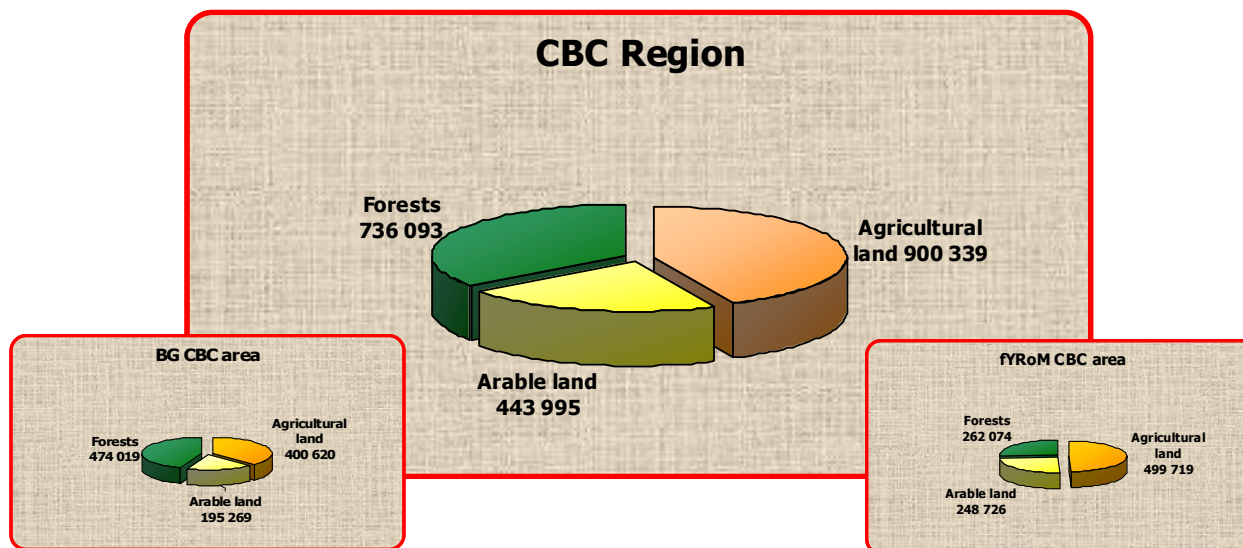
Agricultural areas in the area are 499 719 ha, where the total arable land is 248 726 (49.8%). The forestry represents 39% of the total area (same as at national level). For the southern part of the region the typical agricultures are: early growing vegetables, sesame, peanuts, peaches, grapes etc., while for the northern part – fruit growing, cereals and fodder crops. Tobacco growing is typical for the entire region and rice is a specific culture for the area of Kocani. Stock breeding is developed mainly in the mountain areas (mainly sheep).

Tourism in the area is in its initial stage of development – there are 3 354 registered beds (7% of the country's capacity). 600 people are employed in accommodation facilities. Half of the stays are registered in Strumica. According to the data provided by the State Statistical Office of the former Yugoslav Republic of Macedonia the total number of tourists in 2005 was 509 706, of which 312 490 domestic and 197 216 foreign visitors.

The investment in the region is limited - 1875 million denars (€ 30 million), mainly in manufacturing (706), electricity, gas and water supply (335), trade (252), construction (151), transport and communication (65), health and social work (147) and are limited in agriculture, education, tourism etc. Public sector investments account for 40% of the national total.

Most of the enterprises in the **co-operation area** are represented by small and medium enterprises (SME), and little share of big enterprises. Nowadays most of the new opened workplaces are in SME. In general, SMEs in the programme area have a steady position within the domestic market, but some very minor number of SME export abroad. In view of Economic development the border areas of Bulgaria and the former Yugoslav Republic of Macedonia have similar market characteristics for trade. As a result of restructuring of economy there are Available industrial premises and facilities. There are also traditions in industry and crafts. Potential for diversification of local economy is the development of tourism based on natural and cultural resources.

⁷ Nominal GDP at current exchange rates



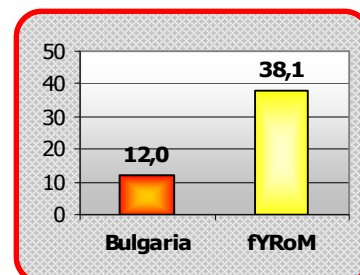
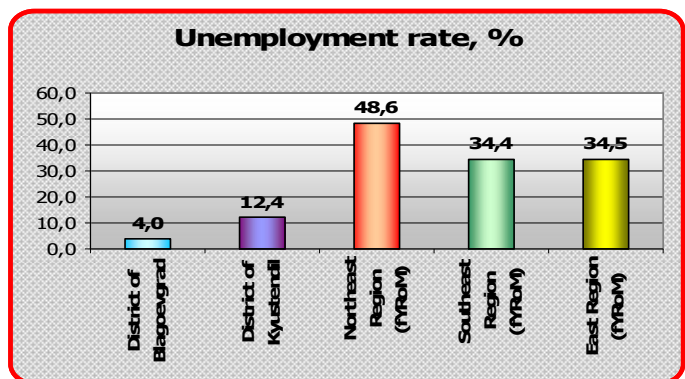
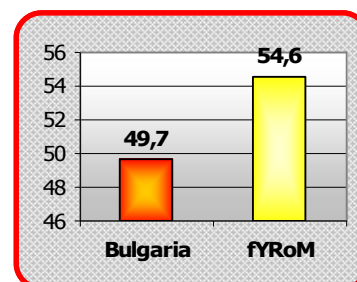
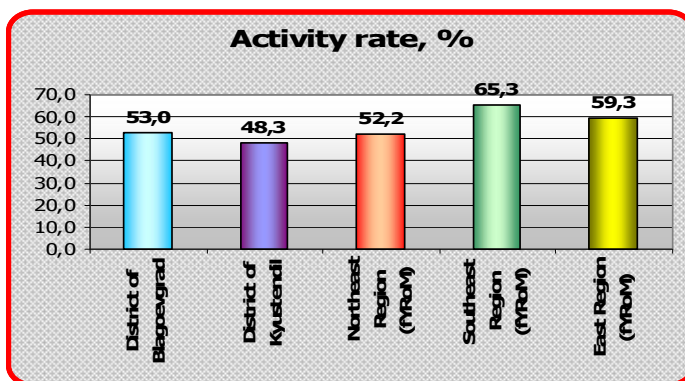
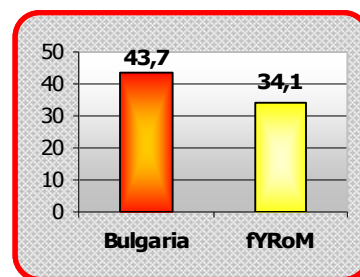
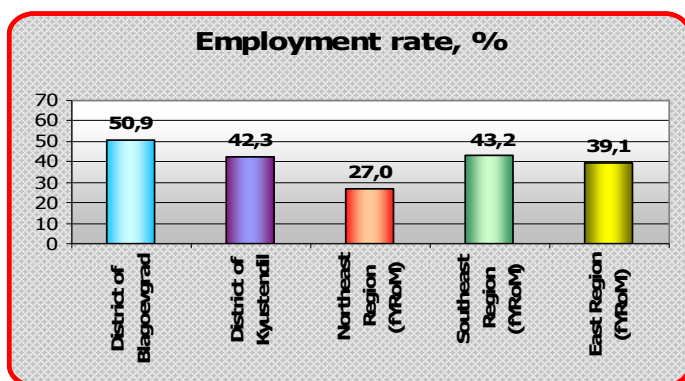
2.3.2 Labour market

In general, the labour market in the **Bulgarian** border area is more favourable compared to the country as a whole, although featured by the same low level of employment of the population; low wages; and low mobility of the labour force.

The relative share of the active population among the number of inhabitants in the border area is 53% in Blagoevgrad District and 48.3% in Kyustendil District, following an upward trend. The number of employed in the region accounts for 6.9% of those employed nationally with employment rate in District of Blagoevgrad - 50.9 % and District of Kyustendil – 42.3 % (43.7% national average). The unemployment level is still high (4% - in Blagoevgrad District and 12.4 % in Kyustendil District) although it is lower than the national average (12.0%). A negative tendency exists for long-term unemployment in the region (44%) as well as relatively high level of the young people being unemployed (25.9%).

	District of Blagoevgrad	District of Kyustendil	Northeast Region	Southeast Region	East Region	Bulgaria National	the former Yugoslav Republic of Macedonia National
employment rate, %	50,9	42,3	27,0	43,2	39,1	43,7	34,1
unemployment rate, %	4,0	12,4	48,6	34,4	34,5	12,0	38,1
activity rate, %	53,0	48,3	52,2	65,3	59,3	49,7	54,6

The total number of unemployed in **the former Yugoslav Republic of Macedonia** in March 2004 is 395 thous. people, out of which 261 thousand live in the towns and 134 thousand in the villages. The total registered number of unemployed people in the border region is nearly 90 thousand (23% of the total), from which 52 thousand live in the towns and 37 thousand - in the villages. The number of unemployed women is around 38 thousand. The regions in the border area have unemployment rate respectively 48.6 % in Northeast region, 34.4 % in Southeast region and 34.5 % in East region, while the national average unemployment rate is 38.1%. Rate of employment by sectors is respectively 37% (services), 41% (industry) and 22% (agriculture). The industrial sector is the most dominant in the East region, covering 49% of people in employment in the region, much more than any other region. This is also region with equal rates of unemployment of man and woman.



In general, labour force of the **eligible area** as a whole lacks modern professional competencies and is specialised in a narrow professional field, which predetermines its low mobility. The educational level and professional skills of the unemployed population and particularly of the long-term unemployed persons are a serious matter of concern. Unemployment mainly affects young people, people with low educational qualifications and shows a strong bias towards rural areas. Women have on average a slightly higher unemployment rate than men. Unemployment is particularly high in rural areas and in areas where employment opportunities have disappeared with the ongoing restructuring of the economy, i.e. privatisation of former socially owned enterprises. Another reason for unemployment is the insufficient information on job opportunities. The labour force lacks certain modern basic skills, mainly inter-disciplinary and inter-professional skills and knowledge, as well as essential qualifications. There is a shortage of skilled labour in the field of new technologies in manufacturing and services, tourism and leisure activities. Entrepreneurial skills are also underdeveloped.

2.3.3 Education, research & development

The process of educational development as a whole in the cross-border eligible area is bound with the

established network of educational institutions at all educational levels (primary, secondary and higher). The existing basis has an optimal structure for ensuring the necessary general and higher education. A continuous tendency exists for increasing qualification and education level of the population, which is an opportunity for attraction of more foreign investments, as well as diversification of economy.

On the other hand, there are villages where the decreasing number of children (by demographic, but also by economic reasons) endangers closure of schools. Furthermore, the infrastructure at all levels of education is old and inadequate. The most serious shortcomings can be found in the area of information technologies and foreign language competences.

The number of schools in the **Bulgaria** side of the region is 239, from which 193 are general schools; 10 are special schools and 3 are self-dependent colleges and universities. The South-Western University and the American University are situated in Blagoevgrad, several technical and medical colleges, as well as the Tourism College in Bansko and the Fruit-Growing Research Institute in Kyustendil.

In the border area of **the former Yugoslav Republic of Macedonia** there are 257 primary schools (23% of the total number of schools in the country), 21 secondary schools (20% of the total of the country) and 2 higher educational institutions – the Faculty of Mining and the Faculty of Pedagogy in Stip, and the Institute for South Agricultural Products in Strumica.

Most of the **R&D in the cross-border region** is conducted at the faculties in Stip and the universities in Blagoevgrad, as well as in the sector oriented research institutes for agriculture. Establishment of centres attached to the academic institutions is an opportunity for development of R&D and innovation.

Creation of integrated economic environment capable for attracting innovations and investments is of great importance for economic development of the cooperation area. One example in that direction is the Innovation Strategy for development of Euroregion Morava-Pcinja-Struma.

Many of the existing enterprises have low potential for development and using new technologies, products and other innovation activities.

R&D and innovation development aim at strengthening industrial sector; increasing competitiveness of production through its restructuring and renovation; supporting establishment of new SMEs and applying novelties and increasing the opportunities for using human resources.

2.3.4 Infrastructure

Transport infrastructure

- Road transport

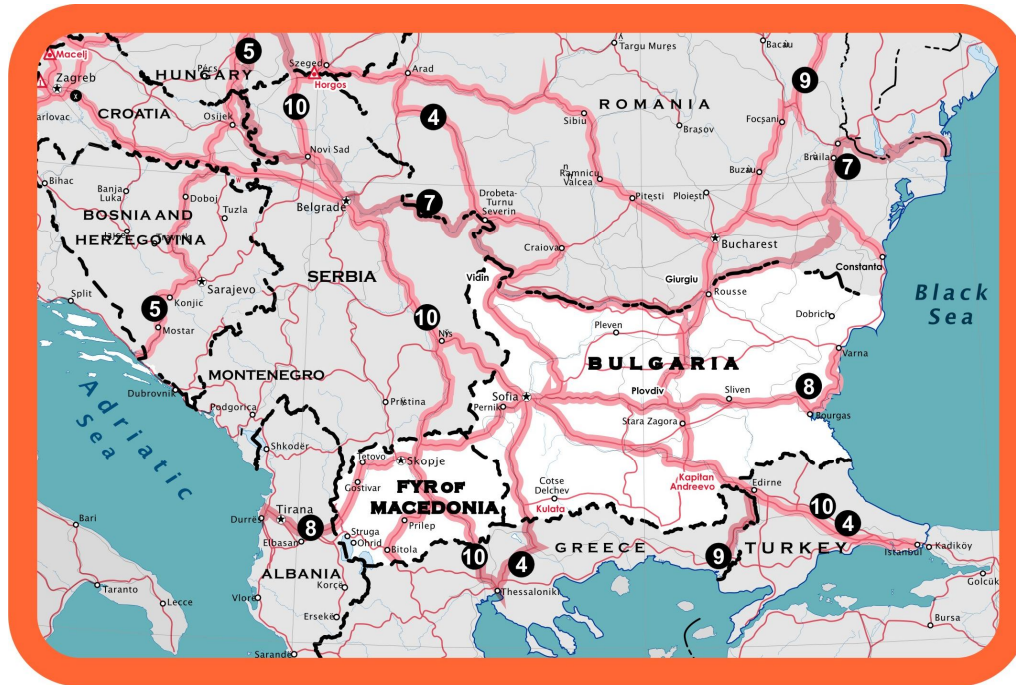
The CBC region between Bulgaria and the former Yugoslav Republic of Macedonia is served mainly by road transport through which the main part of economic relations and travelling between settlements are realised.

The **Bulgarian border area** is served by 2275 km road system. Along the Struma valley (parallel to the border) the Sofia-Pernik-Blagoevgrad-Sandanski-Kulata section of the international corridor IV. Corridor VIII (Pernik-Kyustendil-Gyeshchevo-Kriva Palanka-Skopje) is used as a cross-border link with the former Yugoslav Republic of Macedonia. There is also the class C road Pertich-Strumica.

In the border area of the former Yugoslav Republic of Macedonia there are stretches of the following roads: M2 (Skopje-Kumanovo-Kriva Palanka-Kyustendil-Sofia), M5 (Veles-Stip-Kocani-Delcevo-Blagoevgrad), M6 (Stip-Strumica-Petrich), R208 (Uzem-Macedonska-Kamenica-Delcevo), R527 (Kocani-Vinica-Berovo-Klepalo), R523 (Delcevo-Pehchevo-Berovo-Strumica), R525 (Pehchevo-Haydushki Kladenets) and 603 (Berovo-Podares-Radovis).

The traditionally important route: **Western Europe – Balkans – Asia Minor** is passing through the eligible cross-border area since the Middle Ages. Currently, the major routes traversing the region are the international road Sofia-Kulata-Thessaloniki (part of European Corridor No.4), Sofia-Kyustendil-Gyeshchevo-

Skopje (part of European corridor No.8) and Kumanovo-Veles-Gevgelija (part of European corridor No.10).



	European Transport Corridors
	Main Roads
	Main Railroads
	National Borders
	CBC Region Border

Corridor 8 runs in Bulgaria in the West-East direction from Gyueshevo/ Deve Bair border crossing to Varna through Sofia, Plovdiv and Bourgas. From Gyueshevo to Radomir the route followed by corridor 8 is a 2-lane highway, which becomes 4-lane between Radomir and Sofia.

In the former Yugoslav Republic of Macedonia **Corridor 8** runs from the border with Bulgaria through Kumanovo-Skopje-Gostivar-Struga to Kafasan at the Albanian border, with a stretch in common with **Corridor 10**, from Miladinovci to Kumanovo. Part of this liaison has already the motorway status, either constructed on a new alignment or upgraded (international sign E-871). Other sections have the regular standards of a 2-lane highway, with the exception of the section Struga-Albanian border and at the other end of the section Rankovce-Deve Bair.

Corridor 4 has two branches in Bulgaria:

- Section Vidin-Sofia-Kulata (Greek border) representing branches 4a and 4b of Corridor 4 ("4a" is from Vidin to Sofia and "4b" is from Sofia to Kulata and further on, Thessaloniki)
- Section Sofia-Plovdiv-Kapitan Andreevo (Turkish border) representing branch 4c of Corridor 4, which ends in Istanbul.

Corridors 8 and 4 are superimposed between Sofia and Plovdiv (Bulgaria), and with the liaison Veles-Kocani-Delcevo from the former Yugoslav Republic of Macedonia towards Bulgaria and branch B (Section Vidin-Sofia-Kulata) of Corridor 4.

Corridor 10 runs in the former Yugoslav Republic of Macedonia from Tabanovce at the Republic of Serbia border up to Bogorodica at the Greek border, through Kumanovo and Veles. This liaison, 174 km long, has

been progressively upgraded to motorway status, on a total of 102 km (international sign E-75).

In Bulgaria Corridor 10 runs from Northwest to Southeast direction (from Kalotina, the border crossing point with the Republic of Serbia to Sofia). Although it is not directly falling within the targeted border area on the Bulgarian side, it improves its transport links.

In the CBC region the **basic transport infrastructure** is comparatively constructed. Through improvement of transport connections in context of European Transport Networks the attractiveness of the region can be increased.

- Railroad transport

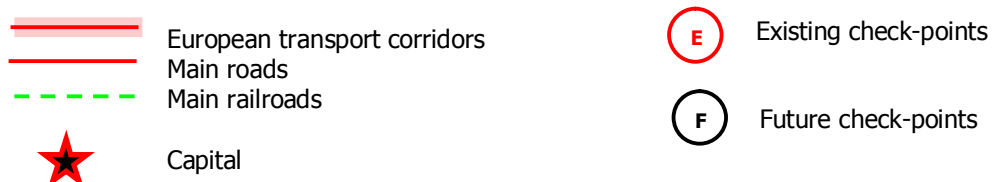
The Sofia-Dupnitsa-Kulata-Thessaloniki and Sofia-Kyustendil-Gyueshevo *railroads* also cross the region. The railway system between the two countries is not developed at all but there are conditions to extend the railroad from Gyueshevo via Kumanovo to Skopje (the railroad connection from the former Yugoslav Republic of Macedonia towards Bulgaria is built until the point of the village Ginovce).

- BCCPs

Three border crossings are operating at the border currently, which from North to South are: Gyueshevo/Deve Bair, linking the towns of Kyustendil and Kriva Palanka, Logodash/ Delcevo, linking the towns of Blagoevgrad and Kocani, and Zlatarevo/ Novo selo, linking the towns of Petric and Strumica. Three new border crossing points are planned to be open: Berovo – Strumyani; Peshcevo – Simitli; Delcevo – Kyustendil.

Overall, the **border crossing points and transport infrastructure** are not adequate to the local needs and the contemporary technical requirements and require substantial rehabilitation and reconstruction, especially for the 4th class roads in the mountainous and semi-mountainous areas. In general, transport networks of the two parts of the region are not well integrated (especially the railway). Furthermore, it is distributed unevenly throughout the region's territory and is not sufficiently developed to meet the intense traffic. These two factors hamper the optimal use of the region's geographic location. There is no airport in the region (nearest are the airports in Sofia and Skopje).





All towns and more of the villages in the cross-border border area are connected with the national and the international automatic **communication network**. There is an average of 32 telephone posts per 100 inhabitants (for eligible area of Bulgaria) and about 50 subscribers per 100 inhabitants (for eligible area of the former Yugoslav Republic of Macedonia) but the level of digitalisation in Bulgarian side is low (only 8%) and the technical equipment is outdated. As a result, the services are with very limited nomenclature and quality. There is a possibility for restructuring of the existing networks, introducing of digital techniques and building of optic transmission systems.

Electricity provision and distribution system is well developed and equipped, although the consumption remains very high, being connected mainly with some ineffective production needs. The natural conditions of the area are precondition for the development and use of non-traditional sources of energy, as well as for better use of the existing hydro-electrical capacities and potentials (mainly in Blagoevgrad district in Bulgaria and in the municipalities of Kalimanci, Berovo, Zletovo in the former Yugoslav Republic of Macedonia).

Important assets of the eligible cross-border region are also:

- the optic cable from Kyustendil to Skopje, which has a connection to the one from Sofia-Pernik-Kyustendil-Dupnica-Blagoevgrad-Petrich;
- the transit gas pipeline crossing the region between the two countries;
- the power transmission line of 400 kW (from Stip to Chervena mogila) – a project financed by the EBRD for the period 2004-2006.

Water supply in the eligible area is better as compared to other regions of the two countries but it is not used effectively and part of the population is subject to water rationing. One of the main reasons is the high level of water losses due to the fact that most of the pipes are outworn and need replacement, which is valid also for the mineral water systems. Several existing artificial lakes (dams) such as Djakovo, Bersin, Drenovdol, Bagrenci and Studena (in Bulgaria) and Kalimansko, Berovsko and Lake Turija (in the the former Yugoslav Republic of Macedonia), are used mainly for irrigation purposes and household consumption. Nevertheless, the shortage of drinking water, especially in the Western Rhodopi part, is among the region's weaknesses. The **sewage drainage network** connecting the sites to the local wastewater treatment plants is also inadequate and needs a range of improvements for building a reliable treatment cycle.

The general tendency in the sphere of **housing** is similar to those in the two countries as a whole, featured by increasing the share of private construction. Due to the unfavourable economic conditions during the last years, the private investors have some difficulties, which are reflecting on a high degree of uncompleted buildings. Not all possibilities for common use of municipally owned property/ equipment and private initiatives are still sufficiently explored.

As a whole, the **health care system** is relatively well developed in the cross-border region. There are 88 medical establishments in the Bulgarian side of the border (19 for hospital aid, 61 for out-of-hospital aid and 8 others). In the eligible area of the Former Yugoslav Republic of Macedonia there are 15 regional health care centers covering one or more smaller municipalities, and 5 public hospitals, 3 special hospitals and 4 regional agencies for health protection. There are also additional private and public facilities for the health care in every bigger settlement.

2.3.5 Environment and nature

Air: The region has no registered serious permanent places of pollution of ambient air by industrial enterprises. It is difficult to envisage the risk of sporadic, short-term "shot-type" air pollution locally. There is no area in the region, classified as ecological hot point. The main air polluter is dust.

Waters: The region covers the water basins of rivers Mesta, Struma and partly Vardar. The inflow of untreated waste industrial and household waters and the change in the water outflow are the major reasons for worsening the water quality. Parallel to that the trend of improving the surface water quality continues, due to partial technological renovation and closure of ineffective polluting productions. The water pollution problems for the three main water arteries will be solved with the improvement, construction and putting into operation of water treatment plants.

Soils: Higher pesticide content has been identified in separate areas of the border region. The content of heavy metals does not reveal particularly high values. An important issue to solve is the recultivation of land around the mines. There are strong erosion processes along the slopes of the mountains Vlahina, Malashevska, SouthWest Rila and partly along the slopes of West Pirin. All arable lands, sloped over 6 degrees are subject to water erosion. The wind erosion is revealed mostly in the plains and the deforested regions.

Biological Diversity: As a result of the climatic, relief and soil exuberance the border area is characterized by highly varied flora and fauna. However, it can be easily affected by economic activities like industry, construction, etc. There are areas in the region with loss, fragmentation and modification of habitats, reduced or destructed ecosystems. Basic reasons for that loss are: non-compliance with existing legislation, weak control systems, low level of education, lack of information, unstable economic development and poverty, lack of integrated planning, etc.

Nature reserves and protected areas: The border region is rich in nature reserves and protected areas: on the Bulgarian side of the border are the Rila and the Pirin National Parks (included in UNESCO's list of world natural and cultural heritage sites), the seven Rila Lakes, the Stob Pyramids, Parangalitsa (the oldest nature reserve in the country), as well as the biggest (2873 ha) nature reserve of Bayuvi Dupki (Djindjirica). On the the former Yugoslav Republic of Macedonia territory, there are other natural protected areas, which represent a sound basis for potential tourism attractions: Belasica Mountain contains two geomorphologic properties that are declared natural monuments – Smolare and Kolesino Waterfalls; the Monospitovo Swamp, near Strumica, has also been declared a natural monument due to the presence of glacial relicts of fern (*Osmunda regalis*). Osogovo Mountain, Belasica Mountain, Malesevo Mountain, and parts of Watersheds of Struma and Vardar rivers are also recognized in the Strategy of the World Conservation Union (IUCN) as areas with a high potential for CBC activities.

"EMERALD Network": the former Yugoslav Republic of Macedonia: It is a network of Areas of Special Conservation Interest developed on the territory of the Bern Convention Parties and it represents prolongation of the principles and criteria of the Natura 2000 network in non-EU countries, hence it is a basic tool for preparation of countries for their future work under Natura 2000 and implementation of Birds and habitats Directives. At the moment, the National Emerald Network includes 16 sites which represent about 80% of the whole network. Within the border area the following sites with valuable European habitats and species have been identified: Bogoslovac, Monospitovsko Blato (Monospitovo swamp), Monument of Nature Smolarski vodopad (Smolare waterfall) and Monument of Nature Dojransko Ezero (Doyran Lake)..

"NATURA 2000": *Bulgaria:* This is an integrated, unified European eco network of Special Areas of Conservation, being developed by the member states of the EU. This network consists of regions, covering nature formations and habitats of flora and fauna species of interest to the European Community. 40 protected sites have been identified within the border area. National parks, mountains, well-preserved river valleys, nature landmarks and locations of preserved habitats or valuable for Europe flora and fauna species are some of the sites, proposed for inclusion in the Network.

"Balkan Green Belt" is part of Green Belt Europe and is running along the barrier that separated Balkan countries (Croatia, Serbia and Montenegro, the former Yugoslav Republic of Macedonia, Romania, Bulgaria, Albania, Greece, Turkey), ending at the Black Sea. The "Iron Curtain" dividing Europe for almost 40 years created a zone/strip between West and East Europe where no activity was allowed and where natural habitats remain undisturbed. The aim of the Green belt is to have this strip becoming a part of an ecological network and to preserve bio-diversity.

Disasters: There are two main kinds of disasters - the kind caused by forces of nature, and the other caused by human beings. Natural disasters include earthquakes, hurricanes, fires, floods, etc. Manmade destruction includes acts of war, car crashes, and the ruin of the environment.

Floods create potential risks for the communities and the environment. Among major reasons for floods are unplanned cutting of the forests and the soil supporting vegetation by the rivers, the illegal constructions, the poor co-ordination between the institutions in charge, etc. Forest fires are also a specific risk for the environment in the region. Tackling of that problem is facilitated by an agreement for cooperation between Fire Services of Bulgaria and the former Yugoslav Republic of Macedonia.

Despite of its diverse and well-preserved nature, the cross-border region between Bulgaria and the former Yugoslav Republic of Macedonia experiences some specific environmental problems. The major one is related to the coal mining industry (the municipalities of Bobovdol, Radovis). Other regional problems are the process of damaging of valuable arable land, the pollution at the middle and down streams of the rivers and the solid waste pollution. However, environmental pollution was reduced significantly with closure of some mining and industrial enterprises in the past decade (e.g. Razlog, Makedonska Kamenica).

2.3.6 Culture

Main characteristic of the cross-border region's art and material culture is the similarity and coherence. Examples of identical forms of landmarks and traditions can be found on either side of the border, although that the isolation between the two countries in the past brought to the invention of stereotypes and mythology, which prevented the rational acceptance and understanding of the behaviour of the "other". Currently, there are numerous forms of media, arts and academic cooperation at national and local level that contribute to the mutual acceptance and understanding, facilitating thus the promotion of any other cross-border initiatives.

The 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. - in 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 destiny 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, the Veljusa monastery etc. – in the former Yugoslav Republic of Macedonia. Among all, the most famous are the Rila monastery (included in UNESCO's list of protected sites) and the St. Joakim Osogovski monastery (near Kriva Palanka).

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 Strumica, the International Art Colony in Osogovo mountain (near Kriva Palanka), etc. The existing experience shows that almost all contacts in the field of fine arts, theatre, literature and musical events are a result of personal contacts and friendship, without existence of any coordination and information centres. If developed, the exchange of information and cooperation in the areas of arts and education will expand the market of media and academic products, while at the same time the principles of reciprocity, goodwill, of objective and accurate attitude will provide for promoting cross-border relations.

Cross-border cooperation in the field of **media** (radio, TV, other audio-visual media, printed and electronic media), so far is only partly exploited. Its cooperation potential, can contribute to broadening perspectives for cross-border cooperation, to better understanding of cultural differences and similarities in the programme area, and to presenting the diverse cultural richness to the wider European audiences.

Main **cultural institutions** in the border area are 16 museums (11 - in Bulgaria, 5 – in the former Yugoslav

Republic of Macedonia), 8 theatres (5 - in Bulgaria, 3 - in the former Yugoslav Republic of Macedonia), 11 cinemas (3 - in Bulgaria, 8 - in the former Yugoslav Republic of Macedonia), 187 community-clubs / Chitalishta (in Bulgaria) and 21 houses of culture and houses of youths (in the former Yugoslav Republic of Macedonia). 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.

2.3.7 Institutional development

In **Bulgaria**, the main responsibility for carrying out state policy and achieving balance between national and local interests at district level rests with the district governor. He conducts the State policy within the district; co-ordinates the activities of the de-concentrated executive power bodies on district level, and their relations with local authorities; organises the preparation and implementation of district regional development strategies and programs; and establishes relations with the local government bodies. A regional development department within the district administration supports these activities. The district councils for regional development are instruments for co-ordination and partnership at district level, trusted to ensure correspondence between national and local interests and the participation of local authorities. The district administrations receive only state budgetary support in order to carry out their day-to-day activities. They do not have their own financial resources in order to implement district development plans. These are financed mainly through national sources and to a less considerable degree - through local (municipal) sources.

Besides this, there are decentralised services of the sectoral ministries and institutions. Those services are located mainly in the existing 28 districts, but also in some municipalities. Municipalities are self-government administrative-territorial units (according the Law on Local self-government and local administration, adopted in 2002). They have the right to own property, to have a self-contained own budget, the right to regulate within their own competencies, they are allowed to manage public services including the establishment of municipal enterprises, they may issue obligations and have access to loans and credits. The competence of municipalities in the field of territorial development is rather broad, though very detailed law provisions on territorial planning exist. The process of further (financial) decentralisation is ongoing. The law establishes the right for voluntary association of municipalities to be established and characterises a National Association of Municipalities by its position in relationship to the state. There are two regional associations presented in the border region: South-West Municipalities Association and "Struma" Regional Association of Municipalities & NGOs.

Six planning regions are established for the purposes of regional development planning and for regional statistics, also as part of the commitments undertaken in Chapter 21 "Regional Development" of the negotiations with the EU. Their establishment responds to EU requirements for implementation of regional policy and correspond to NUTS II level. The border region comprises parts of the South-West planning region.

The former Yugoslav Republic of Macedonia have established one-level local government system. Units of local self-government are municipalities. The territory of the country⁸ is divided into 84 municipalities and the City of Skopje as a special unit of local self-government.

Municipalities shall be competent⁹ for the performance of the activities in the following areas: urban and rural planning; protection of the environment, nature and space regulation; local economic development; communal activities; culture; sport and recreation; social welfare and child protection; primary and secondary education; healthcare; protection and rescuing of citizens and goods against war destructions, natural and other disasters; firefighting activities; supervision over the performance of activities from under municipal competency; and other activities determined by law. Ministries may delegate the execution of

⁸ Law on Territorial Organization is adopted in 2004

⁹ Law on Local Self-Governance of 2002

certain tasks from its competency to the mayor, in accordance with law. For the purposes of performance of their competencies, the municipalities may:

- establish public agencies, in accordance with law;
- may delegate the performance of certain activities of public interest to other legal or physical entities, on the basis of an agreement for the performance of activities of public interest, according to law.

In the performance of their competencies, the municipalities accordance with law may: cooperate among themselves; establish join funds; establish shared public agencies; and establish shared administrative bodies in certain areas. For the purposes of protection and enhancement of the common interest the municipalities may form associations, in accordance with this and other laws. There is one Association of Units on Local self-government – ZELS. The municipalities may cooperate with units of local self-government of other states, as well as international organizations of local communities, and may be members of international organizations of local governments.

The new Law on Regional Development, adopted on May 2007, has to be foundation to the establishment of institutional structure for regional development.

According to the law there are eight planning regions for regional development, on the NUTS 3 level established with national Nomenclature of statistical territorial units¹⁰: Pelagonia, Vardar, Northeast, Southwest, Skopje, Southeast, Polog and East region.

The **NGO network** is gradually expanding, although tackling with few issues such as environment, protection of children and women, protection of wild life (510 in the the former Yugoslav Republic of Macedonia border area), but also with tourism, business services and regional development in the Bulgarian side. On both sides of the border the NGO sector is still poorly developed (compared to the NGO activity in the rest of the country). The existing NGO entities are mainly pursuing ecological and tourism-related goals. The efforts of the civil society in areas as: sustainable regional development and planning, business support and employment need to be further supported. The existing NGOs in the CBC area also need capacity building measures that will help them become sustainable in the long-term (as many of them are currently operating on a project-basis).

There are tree **Euroregions**, established in terms of activities for the creation of favourable conditions for cross-border activities located in the area:

- “Belasica” (Bulgaria, Greece, the former Yugoslav Republic of Macedonia, established in 2003) Spheres of cooperation: cross-border activities aiming economic development, cultural development, tourism development, environment, etc.;
- “Morava-Pcinja-Struma” (Bulgaria, Serbia, the former Yugoslav Republic of Macedonia established in 2003). Spheres of cooperation: communications, exchange of information and networking, economic cooperation, transport and infrastructure, tourism, culture, transfer of know-how, environmental issues.;
- “Nish-Skopje-Sofia” (Euro Balkans established in 2003). Spheres of cooperation: economic development, protection of the environment, culture, education, media, infrastructure and information systems.

Achievements: Partnerships established exchange of information and best practices.

Euroregions do not correspond to any legislative or governmental institution, do not have political power and their work is limited to the competencies of the local and regional authorities which constitute them. They are usually arranged to promote common interests across the border and cooperate for the common good of the border populations. The links created within the existing Euroregions among the various local authorities involved are an excellent basis for cross-border initiatives and joint projects.

Agreements between Republic of Bulgaria and the former Yugoslav Republic of Macedonia **on governmental level**: a list of 39 agreements is annexed to the Programme. (Annex 4)

Agreements on local level:

The number of municipalities financed under the Neighbourhood Programme is as follows:

- Under the JSPF 2004 - 10 (6 from Bulgaria and 4 from the former Yugoslav Republic of Macedonia)
- Under the Grant Scheme 2004 – 8 (5 from Bulgaria and 3 from the former Yugoslav Republic of Macedonia).

The above projects are under implementation.

¹⁰ Decision of the Government adopted in 2001

The project supported by the INTERREG IIIB CADSES on sustainable management of the Strumica / Struma river basin is under implementation as well.

3 ANALYSIS OF THE TARGETED CROSS-BORDER AREA

3.1 SWOT ANALYSIS

A broad discussion has been conducted with national, regional and local stakeholders for the elaboration of the SWOT analysis.

The SWOT analysis has been based on:

- **existing primary data** from the National Statistical Institute of Bulgaria, the National Statistical Office of the former Yugoslav Republic of Macedonia, updated information, provided by the Regional Governor's Offices, Municipal Authorities, the Joint Technical Secretariat and the Government of the former Yugoslav Republic of Macedonia;
- add-ons and **feedbacks provided by local stakeholders** (mayors, NGO representatives and other potential final beneficiaries) from both Bulgaria and the former Yugoslav Republic of Macedonia within the two regional meetings held in 2006.

Concluding the results of the examination of the socio-economic situation of the border area, the following SWOT analysis summarizes the main trends of the region providing basis and reasoning for the strategy development. The analysis also points out the challenges that are to be met within the process of further development of the region and is based on:

- existing local preconditions/assets, **strengths**, on which further regional development can step upon and which are specific for the respective area representing its competitive advantages, i.e. strengths, assets that are to become a basis for further development of the region;
- existing limitations, **weaknesses**, which can seriously impede the development of the region and are also deriving from the local context, i.e. weaknesses, negative tendencies, that need to be overcome and stopped;
- existing **opportunities**, which can be realised stepping upon the enlisted strengths and taking into account the respective weaknesses at the same time;
- existing **threats**, unfavourable conditions, i.e. external factors upon which we have limited influence within our efforts and therefore we should just act respectfully of them or try to diminish their negative impacts. Those threats are coming from the outside of the region and may promote and initiate or be against and make barriers regarding the future of the target region.

FIELDS	STRENGTHS	WEAKNESSES
Geographical Features	<ol style="list-style-type: none"> 1. Favourable geographic location within the Balkan Peninsula ; 2. Diverse natural resources and habitats. 	<ol style="list-style-type: none"> 1. Peripheral position of the border areas within the territory of the countries; 2. Predominated mountains relief that impedes the transport development;
Demography, Labour Market and Education	<ol style="list-style-type: none"> 1. Cultural similarity and existence of ethnic peace and coherence 2. Improved employment rates in the last few years and increased employment potentials in the private sector. 3. Favourable environment (academic) for optimising educational, professional qualification and re-qualification structures; Existence of higher educational institutions 	<ol style="list-style-type: none"> 1. Ageing population; 2. Depopulation trends: internal migration from settlements to bigger towns and abroad ; 1. Low mobility of the labour force and lack of modern professional skills; 2. Low incomes and living standard among the majority of the active labour population; 3. Limited entrepreneurial skills and investment capital.
Economy	<ol style="list-style-type: none"> 1. Economic complementarities of the border areas and presence of similar market characteristics for trade; 2. Available industrial premises and facilities, as well as industrial and craft traditions; 3. Abundance of favourable natural and cultural resources that are a basis for tourism and recreational activities development that can diversify local economy and make it more service-oriented. 	<ol style="list-style-type: none"> 1. Lack of mutual market knowledge and limited information flow on the new trade rules following the Bulgaria's accession to the EU; 2. Low level of local entrepreneurial initiative, limited competitiveness of industry and SME sector; 3. Natural potentials and resources are not sufficiently exploited in view of economic development.
Infrastructure	<ol style="list-style-type: none"> 1. Presence of 3 international transport corridors and basic road infrastructures; 2. Well developed energy network, functional irrigation systems, healthcare system and sport facilities. 	<ol style="list-style-type: none"> 1. Low level of digitalisation and outdated technical equipment and lacking modern business infrastructure; 2. High level of deteriorating housing and industrial infrastructure from the past and lack of adequate solution for renovation and upgrade; 3. Low quality of social and support infrastructure in non-urban areas 4. Poor accessibility of many smaller settlements, natural and cultural sites 5. Lack of railway connection between the two countries.

Environment	<ol style="list-style-type: none"> 1. Improved environmental quality due to the decrease in heavy industry and to the tendency to introduce environmentally sound technologies; 2. Large number of landscape and nature areas suitable for preservation within Natura 2000 or already protected; 3. Diverse natural parks, reserves and protected areas 	<ol style="list-style-type: none"> 1. Natural potentials and resources are not sufficiently exploited in the economically lagging behind municipalities; 2. Low level of environmental consciousness among the population, low environmental awareness.
Culture	<ol style="list-style-type: none"> 1. Presence of rich and common (shared) historical and cultural heritage; 2. Presence of structures and facilities for further cultural and leisure-time services development; 3. Registered growth of cultural exchange across the border that improves mutual understanding among people and younger generations not burdened by the stereotypes of the past; 	<ol style="list-style-type: none"> 1. Inappropriate (lacking) utilisation of cultural heritage and leisure facilities; low cultural management and marketing skills; 2. Low number of facilities and services for the quality of life of the residents (educational, cultural). Local cultural agendas are bound to the insufficient local municipal budgets.
Institutional System	<ol style="list-style-type: none"> 1. Good bilateral relationships and existence of cooperation agreements between the two countries, both on a central and municipal level; 2. Experience in implementation of common programmes and joint projects; 3. On-going process of decentralisation. 	<ol style="list-style-type: none"> 1. Different level of administration reform completeness in the two countries; 2. Insufficient cooperation among NGOs across the border and public-private partnerships; 3. Insufficient amount of public funds and financial autonomy on local level.

FIELDS	OPPORTUNITIES	THREATS
Geographical Features	<ol style="list-style-type: none"> 1. Existing potentials for development of specialized types of tourism; 	<ol style="list-style-type: none"> 1. Difficulties might arise from the fact that the Bulgarian – the former Yugoslav Republic of Macedonia border is an EU external border as of January 2007 (e.g. visas, movement of goods, etc.);
Demography, Labour Market and Education	<ol style="list-style-type: none"> 1. Existing opportunities for improving the quality of life in the region stepping on adequate and region-specific development measures; 2. Existing opportunities for increasing the employment; 3. Existing opportunities (training, educational institutions) for adjustment of labour force to the new labour market demands; 4. Existing know-how and positive local practices for social inclusion of less advantaged groups (e.g. minorities, permanently unemployed people, etc.) 	<ol style="list-style-type: none"> 1. Sectoral unemployment as result of restructuring of economy; 2. The comparatively low salaries in the area might lead to demotivation for skills upgrade. 3. Insufficient provision of vocational education and training services; 4. Concentration of economic activity and opportunities for employment in the major cities that further deepens the problem with depopulation of the rural settlements.

Economy	<ol style="list-style-type: none"> 1. Developing urban centres in the border region as a result of the improved investment potentials; 2. Existing tendency for diversification of economy; 3. Existing opportunities for development of R&D and innovation; 4. Existing preconditions for development of partnerships and clusters of business institutions. 	<ol style="list-style-type: none"> 1. Low awareness on the benefits of clustering and business cooperation; 2. Ongoing process of adaptation to the market economy and the common EU market of the local businesses
Infrastructure	<ol style="list-style-type: none"> 1. Opportunities for increased attractiveness of the area through improvement of social infrastructure, improvement and construction of small scale infrastructure related to natural and cultural sites; 2. Opportunities for further expansion of the use of alternative energy sources (geothermal and solar energy). 3. 3 new border crossing points to be open. 	<ol style="list-style-type: none"> 1. Lack of investments in small scale works investments can result in low overall attractiveness/image of the area; 2. The implementation of complex infrastructural projects if not accompanied by sustainable and reasonable soft measures might appear/prove to be self-centered and out of context.
Environment	<ol style="list-style-type: none"> 1. Existing opportunities for developing alternative forms of tourism that are based on the wise use of natural resources; 2. Opportunities to increase the public awareness on environmental protection measures; 3. Opportunities for exchange of know-how from Bulgaria to the former Yugoslav Republic of Macedonia related to Natura 2000 issues. 	<ol style="list-style-type: none"> 1. The protection measures (especially within Natura 2000) might affect local business interests and lead to public negative attitude, unless awareness on these issues is raised; 2. Natural resources might be chaotically used unless regional environment management plans are adopted; 3. Extinction of endemic species and loss of biodiversity as a result of the above mentioned threats.
Culture	<ol style="list-style-type: none"> 1. Presence of cultural resources that can be used for development of creative industries based on traditional craft skills. 2. Opportunities for development of economically-sustainable cultural products and services based on the increased demand for new tourist destinations and experiences; 3. Opportunities for joint marketing of cultural events and facilities based on the similarity of the cultural appeal. 	<ol style="list-style-type: none"> 1. Culture and traditions might lose their authenticity if overexploited and put into full service of tourist demand; 2. Cultural heritage sites might appear unattractive (even if renovated) if not linked in wider tourist routes across the border.
Institutional System	<ol style="list-style-type: none"> 1. Opportunity for development of mechanisms for provision of cross-border institutional assistance and know-how transfer; 2. Opportunities for further development of sustainable partnerships between civil society and public administration on both sides of the border. 	<ol style="list-style-type: none"> 1. Significant difference in the time of accession to EU; the different speed in adopting the <i>acquis</i> might lead to problems in compatibility; 2. Local NGOs (and some administrations) are still incapable of long-term strategic planning; they would need capacity building measures besides opportunity to manage project funds.

3.2 PREVIOUS EXPERIENCES

The Programme 2007-2013 tries to define a suitable strategy for a common future development of the border region on the basis of the experiences gained within the last Neighbourhood Programme and the conclusions of the regional analysis.

3.2.1 Phare and CARDS cross border activities until 2006

In anticipation of the future EU external borders, an External Border Facility Programme was allocated in 2003 to prepare new cross-border co-operation programmes from 2004 onwards between Bulgaria and, Serbia and the former Yugoslav Republic of Macedonia.

The 2003 Phare External Border Initiative for Bulgaria has been designed following bilateral discussions between the Bulgarian authorities and the European Commission.

The objectives of the 2003 Phare External Border Initiative were:

- To improve cross-border co-operation at local level between Bulgaria and Serbia, the former Yugoslav Republic of Macedonia and Turkey;
- To support the further development of the economic potential of the border regions;
- To pave the way for the future (2004-2006) Phare CBC/Neighbourhood programmes between Bulgaria and Serbia, the former Yugoslav Republic of Macedonia and Turkey.

It focused on two projects for Bulgaria – the former Yugoslav Republic of Macedonia:

- Phare 2003/000-632.01 Construction of the Access Road to Strumiani – Berovo Border Crossing between and the former Yugoslav Republic of Macedonia

The project aimed at reducing isolation of border regions and encouraged investments and cross-border trade through improved communication link, developing of both regional and national economic co-operation and preparing of Bulgarian border regions for the implementation of the structural policies applied by the EU Member States through the development of strategies and programmes for sustainable social and economic development

- Phare 2003/005-632.03 Technical Assistance for Multi Annual Programming and Implementation of future Phare CBC/Neighbourhood programmes with Serbia, the former Yugoslav Republic of Macedonia and Turkey

The project provided direct support to the Ministry of Regional Development and Public Works, local authorities, future beneficiaries and other relevant bodies concerned by future Phare CBC/Neighbourhood programmes.

3.2.2 Neighbourhood Programme the Republic of Bulgaria - the former Yugoslav Republic of Macedonia 2004-2006

On July 1st 2003, the European Commission issued the Communication *Paving the way for a New Neighbourhood Instrument* [COM (2003)393] where the substantial principles and aims of the Neighbourhood Programme were introduced.

The overall objective of the programme was:

Achievement of economic, social, cultural and ecological sustainability in the Programme area, thus ensuring integration into the wider European Cooperation.

The Programme was structured into the following priority axes:

- Priority 1: Sustainable spatial development of the cross-border region;
- Priority 2: Promotion of cross-border cooperation between public institutions and businesses;
- Priority 3: People to people actions.

A horizontal priority "Technical Assistance" was defined to support the smooth and efficient administration of the programme.

Year	CRIS Number/ Title of the project	Project purpose	Available funds	Number of applicants	Number of contracts	Total amount of the contracts
2004	Grant Scheme 2004/016-786.01.01 Nature Protection, Valorisation of Cultural Heritage and Co-operation among Public Institutions at Regional (Local) level	Increase the efficiency of the integrated management and the sustainable use of natural and cultural resources. Stimulate regional cooperation and establishment of local capacity and networks.	1.50 MEUR - PHARE support 0.75 MEUR - CARDS support	51 (34 – from Bulgaria and 17 – from the former Yugoslav Republic of Macedonia)	10 (6 for Bulgaria and 4 for the former Yugoslav Republic of Macedonia)	Under Phare – 1,384 MEUR (1,048 – for investment activities and 0,336 – for institutional activities) Under CARDS – 0.604 MEUR (0,464 – for investment activities and 0,140 – for institutional activities)
	Grant Scheme 2004/016-786.01.02 People to People Actions	Encourage cross-border contacts and cooperation at regional and local level in the fields of cultural, educational and sports cooperation.	0.40 MEUR - PHARE support 0.20 MEUR - CARDS support	95 (70 – from Bulgaria and 25 – from the former Yugoslav Republic of Macedonia)	17 (12 for Bulgaria and 5 for the former Yugoslav Republic of Macedonia)	Under Phare – 0,399 MEUR Under CARDS – 0,187 MEUR
2005	Grant Scheme 2005/017-456.01 Sustainable Development Grant Scheme	Improvement of the infrastructure supporting cross-border cooperation in development of complementary economic activities. Promotion of the economic cohesion along the border in order to increase competitiveness of the border economy.	2.43 MEUR - PHARE support 0.75 MEUR - CARDS support	The tender documentation is under preparation.		
	Grant Scheme 2005/017-456.02 People to People Actions	Encourage cross-border contacts and cooperation at regional and local level in the fields of cultural, educational and sports cooperation.	0.45 MEUR - PHARE support 0.20 MEUR - CARDS support	77 (44– from Bulgaria and 33 – from the former Yugoslav Republic of Macedonia)	The evaluation procedure is ongoing.	

3.2.3 Lessons learned

The registered interest within this programme was taken into consideration when identifying the new priority areas over the preparation of the Programme Bulgaria – the former Yugoslav Republic of Macedonia 2007-2013 and guides towards the needs to develop further all priorities set in the NP Bulgaria – the former Yugoslav Republic of Macedonia 2004-2006.

This assumes the proceeding of a big Grant Scheme that covers all priority areas, instead of proceeding of a several smaller Grant Schemes. In that way, resources and money will be saved over the preparation and proceeding of a number of smaller Grant Schemes.

The main conclusions that could be made as a result of programming and implementation of the previous Programmes are:

- The positive experiences made by the two neighbour countries (Bulgaria and the former Yugoslav Republic of Macedonia) during 4 years of joint work are the fundamental towards a thoroughly successful cross-border cooperation.
- Experience gathered in cross-border co-operation until 2006 shows significant improvement of capacities of the regional and local structures in the context of preparation for the period after accession in Bulgaria. Development of the regional structures in both countries contributed to intensification of cross-border partnerships. These structures have gained valuable experience in creation of partnerships, joint project development and implementation. The project quality has improved significantly. This process also strengthened the absorption capacities of the border region.
- Numerous contacts at local levels were developed into partnerships aiming at continuous cooperation. Especially the Phare Small Projects Fund has assisted such development.
- The projects implemented under the previous Programme have led to a multitude of positive impacts and contributed to the development of the border area and the strengthening of bilateral cooperation structures.
- There was a very strong demand for cross-border projects, but as the available funds were very limited, a high number of eligible project proposals were not supported.
- Surprisingly larger number of applications came from municipalities, universities and other smaller institutions.
- There is a better coordination and cooperation between all parties involved.

Some critical issues and difficulties in programming and especially in implementation of the Neighbour programme were as follows:

- There were some problems and difficulties in implementation due to the fact that procedures are being implemented for the first time on both sides of the border
- Different regulations regarding financing, including the considerable disproportion between the Phare and Cards allocations

The Neighbourhood Programme provided the opportunity to develop, test and continually improve such a development strategy for border regions. A number of pilot projects started and experiences were drawn from their implementation. However, in comparison to the efforts and resources necessary to overcome the border area problems, even the increased financial resources in that period were very limited.

Hence, first-hand experience and conclusions from the piloting projects is very useful in the formation of an overall set of policies of integration beyond the programme itself, and it seems essential to focus on actions, which will lead to a continuous process of cross-border exchange of experience and visions.

4 JOINT CROSS-BORDER DEVELOPMENT STRATEGY – GLOBAL AND SPECIFIC PROGRAMME OBJECTIVES

4.1 STRATEGIC PRECONDITIONS

IPA replaces the five previously existing pre-accession instruments, Phare, ISPA, SAPARD, Turkey instrument, and CARDS, thus uniting under a single legal basis all pre accession assistance. IPA has also been designed to better adapt to the different objectives and progresses of each beneficiary concerned, thus providing a targeted and effective support according to their needs and evolution.

Border regions are often facing disadvantages due to their peripheral geographical locations and relative isolation from national economies. At the same time the development of the internal market within the Union (and the free movement of people, goods, services and capital) also brought out the need for the balanced development and integration of the European territory.

The aim of this Programme is to promote stronger integration of the territory thus providing a balanced and sustainable development throughout the entire cross-border region.

According to IPA Regulations this Strategy aims promoting good neighborly relations fostering stability, security and prosperity in the mutual interest of both countries, encouraging their harmonious, balanced and sustainable development.

The Strategy is elaborated according to the new single instrument principals thus giving the possibility for further development and creation of effective partnerships in order to facilitate the sustainability of the cross-border region.

The programme strategy objectives fit within the framework of the Community Strategic Guidelines on Cohesion, the Lisbon agenda and the sustainability principles expressed in the Göteborg Council Conclusions. The main purpose of the interventions to be funded by the programme in the CBC area is to support activities for economic development, by investing in the necessary small-scale infrastructures, human potential and supporting favourable business environment and social inclusion.

The main resources used to develop the strategy were the following:

- EU guidelines and Regulations on IPA and ERDF; Community Strategic guidelines on cohesion;
- The socio-economic analysis and the SWOT analysis of the eligible border region;
- Correspondence with EU Programmes, National / regional programmes and strategies on both sides of the border;
- Experiences from the previous Phare and CARDS programmes for the 1999-2006 period;
- The conclusions of the discussions of programming bodies (JTF, JWG and JPC), responsible authorities, experts and key persons at the regional / local level.

4.2 STRATEGY PRINCIPLES

This Programme strategy is developed by giving a stress on **fostering the strengths** and use of the potential **opportunities of the region** through the defined priorities and spheres of intervention taking into account the great variety of cross-border needs and possibilities for cooperation. In addition the programme aims to **reduce the common for the region threats** from natural disasters and pollution.

Regarding the limited budget and nature of the programme it intends to complement the strategies and measures at national level. Mainly small-scale projects are foreseen to be financed that will benefit a larger number of applicants in different spheres of intervention. Large-scale strategic projects are regarded in principle as a matter of national policies and programmes. Nevertheless joint operations outside the calls if they are coherent with the programme priorities can be identified anytime in a decision taken by the JMC.

Given the strengths and opportunities of the cross-border region the key potential for successful cooperation

was identified in the following fields:

- Diversification of economy in the rural area
- R&D development
- Human resources potential with focus on qualification upgrade
- Exchange of know-how
- Development of alternative forms of tourism
- Existing of wide range of common cultural and natural heritage
- Development of economically sustainable cultural and natural products

Based on the above and on previous experience the strategy identifies overall and specific objectives to be reached by the activities under the chosen priority axes of the programme.

4.3 OBJECTIVES AND PRIORITY AXES

The programme for cross-border cooperation presents a coherent and effective response to the constraints and weaknesses of the region and defines suitable strategies for a common future development of the border region on the basis of the experiences of the last programming period and the conclusions from the regional analysis. The strategy includes an overall strategic objective of the programme and identifies specific objectives to be reached by the measures under the chosen priority axes of the programme.

The **global objective** of the regional co-operation across sectors and administrative units that has to be reached by the definition of the Programme is:

Sustainable Development in the Border Region in Support of the Wider European Cooperation and Integration Efforts

In order to increase the efficiency of the interventions, the programme intends to concentrate the funds on a limited number of strategically selected **specific objectives** with promising growth potentials and opportunities for development:

1. SPECIFIC OBJECTIVE N. 1:

To foster the sustainable economic growth in the cross-border region

Diversification of the current economic activities; support for the region to evolve into an economically strong region with high standard of living; development of new value chains; stimulus for research and development cooperation; clustering and business-support services; support to new technologies and innovations.

2. SPECIFIC OBJECTIVE N. 2:

To promote social cohesion and cross-border cooperation

Investment in human resource development; people to people actions; labour market initiatives; cultural exchanges; support for raising the adaptability of the labour force to the market demands; cross-border networks at all levels and sectors of activity, incl. support for preparation of mutually benefiting project proposals.

3. SPECIFIC OBJECTIVE N. 3:

To further develop the attractiveness and quality of life in the cross-border area

Balanced regional development based on protection and wise use of **natural and cultural resources** in the region; preservation of the ecological and cultural diversity; support for development of tourism based on the adequate and reasonable exploitation of the existing environmental and cultural assets in the target area.

The three specific objectives of the programme are meant to produce major impacts, all related to the different potentials characterising the border area:

Social impact:

- *Improvement of standard of living*

The programme shall improve people's standard of living by providing opportunities for wider participation in economic and social activities and, wherever possible to increase incomes of outlying areas.

- *Decrease in the unemployment*

The programme shall lead to significant employment creation. The projects implemented within is shall generate jobs, entrepreneurship opportunities and business-support (as well as vocational training) facilities in benefit of both employers, entrepreneurs and workers.

Economic impact:

- *Contribution to local economies*

The programme shall support projects that generate income to the cross-border economies and can stimulate the investment necessary to finance growth in the priority sectors, in benefit of the local communities. The programme shall also promote projects that use the vicinity of the bigger cities as stimulus for the economic development of the whole region and that serve the needs of the local resident people.

- *Stimulation of infrastructure investment*

The programme shall precondition and support investments in infrastructure improvements such as better water and sewage systems, roads, tourism-related infrastructure, public facilities, all of which can improve the quality of life for residents as well as facilitate further developments across the border and reduce regional imbalances.

The social and economic impact of implementation of the programme will be measured through the programme indicators listed in chapter 4.8.

Horizontal Issues

The following issues are horizontal to all 3 specific objectives:

Environmental issues:

- *promotion of sustainable exploitation of natural resources;*
- *promotion of preserving activities;*
- *promotion of awareness of environmental assets;*
- *promotion of contained impact of economic activities on the environment.*

Cultural issues:

- *promotion of and utilization of local cultural resources;*
- *promotion of sharing cultural values;*
- *promotion of integrated management of cultural heritage.*

Gender issues and non-discrimination:

- *overcome any labour market discrimination;*
- *promote equal opportunities between men and women in terms of access to employment, business and training;*
- *combat inequality of all types.*

The projects proposals addressing Objective 1 (sustainable **economic development**) shall demonstrate awareness and respect on the issues of environmental protection (introducing environmentally-friendly economic activities, renewable energy sources, etc). In addition cultural and creative industries (being a part of knowledge-based economy) shall be also developed stepping on the existing potentials in the area.

The project proposals addressing Objective 2 (**social cohesion**) can be thematically linked to environmental issues (networks, environmental joint initiatives, strategies drafting, Natura 2000 know-how exchange, etc.). In addition cultural exchanges and joint cultural initiatives shall be also funded where they do not fail to guarantee their social / economic added value.

The project proposals addressing Objective 3 (**attractiveness and quality of life**) shall make effective use of the existing natural and cultural resources in the region and reveal the economic benefits that they can bring to local residents. Eco and cultural tourism initiatives shall be supported where they do not fail to prove their sustainable development effect on the region.

The feedbacks gathered within the two regional meetings on the elaboration of the SWOT analysis show that the final programme beneficiaries pay equal priority to all the priority issues, namely:

- *economy*
- *environment*
- *infrastructure*
- *social sphere*
- *people to people actions*

Having in mind the limited funds available to the programme and the comparatively long period for its implementation the partners and stakeholders from both Bulgaria and the former Yugoslav Republic of Macedonia suggest that only two priorities should be formed to encompass all possible areas of intervention eligible for support within the programme.

Each of the development areas (economic, social, cultural, environmental) represent an integral part of the term: "sustainable development" which corresponds to the Global Programme Objective. The issues of sustainable development on other hand shall be addressed with an integrated approach, as the limited funds will not allow for special attention and separate funds to be spent for each issue.

Uniting all the possible intervention areas under two thematic priority axes will allow for projects that prove integrated approach and complexity of the benefits in favour of sustainable and balanced development of the cross-border area.

Priority Axis 1

Economic development and social cohesion

The objective of the priority axis is to improve the competitiveness and economic growth of the whole region in order to increase the employment and economic and social integration of the region including:

- *development of an economically competitive region through innovation and cooperation across the border;*
- *encouragement of entrepreneurship;*
- *encouragement of knowledge based economy and social entrepreneurship;*
- *encouragement networking and clustering;*
- *employment generation;*
- *human resource development.*

Spheres of intervention within Priority Axis 1

1. Economic development

The objective of this sphere of intervention is to use and mobilise all opportunities in the field of economy, to enlarge the field of actions, to increase market possibilities and to create new steady partnerships.

This sphere may have a key role for enhancement of the innovative development through development of research and technology, cooperation and marketing.

Creation of networks and clusters as flexible instruments for cooperation among research, development,

qualification and other institutions will contribute for the economic growth of the region.

Indicative activities to be supported within the economic development sphere of intervention:

- *Creation and promotion of common cross-border products and services;*
- *Reconstruction and partial new construction of business and innovation facilities;*
- *Transfer of know-how and experience;*
- *Establishment of centres for exchange of information on cross-border economic cooperation;*
- *Preparation of joint research studies for market opportunities;*
- *Common marketing initiatives for promotion of joint products, services and interests;*
- *Organisation of cross-border business events, seminars, workshops;*
- *Creation of partnerships and clusters of business institutions;*
- *Development of training, best practices transfer, scientific exchange and educational facilities for knowledge based economy;*
- *Initiatives for development of a common labour market and more close collaboration between labour market institutions.*

2. Social cohesion

The objective of this sphere of intervention is to overcome the separating effect of the border and to promote correlations between the two sides. The activities in this sphere are aiming to contribute to the increase of social cooperation growth through strengthening of connections and cooperation between different actors serving as a backbone to various cross-border initiatives.

Indicative activities to be supported within the Social Cohesion sphere of intervention:

- *Development of social infrastructure including educational, health care, child care etc. infrastructure;*
- *Creation of a joint information systems giving the possibility of institutional contacts for cross-border activities;*
- *Research and feedback for establishment of common social and public services including health care cooperation;*
- *Activities encouraging human resource management and equal opportunities of the vulnerable groups to the labour market;*
- *Creation of cooperation between the education, the qualification institutions and the market;*
- *Creation of information networks for e-services (e-health, e-learning, e-government etc.)*

3. Project preparation

The objective of this sphere of intervention is to prepare mature project to apply under other EU and national financial sources.

Indicative activities to be supported within the economic development sphere of intervention:

- *Pre-feasibility and feasibility studies preparation;*
- *Technical and detailed design works;*
- *Elaboration of engineering-design documents;*
- *Environmental impact assessments etc.*

Beneficiaries

- *Local and regional authorities*
- *Regional structures of central administration*
- *Research Institutes, schools, training centres and Vocational schools*
- *Chambers of commerce;*
- *Institutions of labour market administration*
- *Professional education and Qualification organizations*
- *Universities*
- *NGOs*
- *Associations of the above organizations*

Priority Axis 2

Improvement the quality of life

The objective of the priority axis is to enable a simultaneous protection and utilization of natural resources and cultural landscape values through:

- *Development of tourism based on natural and cultural resources;*
- *Protection of biodiversity;*
- *Cultural cooperation across the border.*

Spheres of intervention within Priority Axis 2

1. Utilisation of eco resources

The objective of this sphere of intervention is to contribute to the preservation of natural resources biodiversity by applying environmental friendly approaches in all fields and increasing awareness to secure the sustainable use of resources. On the other hand there is cooperation potential in the field of eco-resources use for the development of the region (eco-, green-, rural-tourism, etc.).

Indicative activities to be supported within the Utilisation of eco resources sphere of intervention:

- *Networking and cooperation between the existing environmental institutions;*
- *Improvement and construction of small-scale infrastructure addressing natural sites;*
- *Activities for joint management and protection of the environment,*
- *Joint solutions for great variety of biodiversity safeguarding;*
- *Elaboration and implementation of pollution prevention plans for the border area and training/educational programmes;*
- *Reduction of negative effects of economic activities on the environment and encouraging of friendly environmental economic activities;*
- *Harmonized activities for early warning and prevention of natural disasters;*
- *Cross-border tourism (services, products, facilities, etc.) development based on the opportunities for sustainable use of natural resources;*
- *Awareness raising campaigns for natural wealth and protection etc.*
- *Activities for reducing greenhouse gases in order to mitigate the climate change (promotion of new technologies and innovations including promotion of use of renewable energy resources; adaptation plans including afforestation and forest conservation and transformation of low-productivity lands in forest and pastures, etc.)*
- *Activities for mitigation of environmental pollution in mining sites (for example exchange of experience, cross-border studies, elaboration of sustainable management plans, etc.)*

2. Utilisation of cultural resources

The objective of this sphere of intervention is to foster the cross-border cooperation in the field of cultural affairs and thus contribute to the improvement of quality of life in the region. The development of cultural tourism potential will also lead to a reasonable and sustainable use of the opportunities of the region.

Indicative activities to be supported within the Utilisation of cultural resources sphere of intervention:

- *Cross-border collaboration of cultural institutions and organisations;*
- *Creation of new common cross-border cultural products and services;*
- *Activities for development of cultural tourism as a factor for increase of employment;*
- *Establishment of information networks for promotion of common cultural heritage in the region;*
- *Development and construction of small-scale infrastructure related to cultural sites;*
- *Exchange of best practices and know-how in the sphere of revival and preservation of the cultural heritage, promotion of cultural sites and their transformation into tourist sites;*

- *Elaboration of models for the management of cultural sites;*
- *Activities reducing and avoiding negative effects of economy on the authenticity of the cultural heritage;*
- *Cultural cooperation through development of joint traditional and new festivals, exhibitions, cultural events, etc.*

Beneficiaries

- *Local and regional authorities*
- *Regional structures of central administration*
- *NGOs*
- *Nature parks administrations*
- *Associations of the above organizations*

Eligibility of expenditures

Eligibility rules laid down by participating countries and applicable to the cross-border programme will be part of the Description of management and control systems. The rules of eligibility of expenditures will be elaborated in accordance with the requirements of Articles 34 and 89 of the Commission Regulation (EC) No 718/2007 of 12 June 2007

Priority Axis 3

Technical assistance

To ensure an effective programme management and information flow the technical assistance goal is to improve the quality of cross-border cooperation and management tools.

Spheres of intervention within Priority Axis 3:

1. Overall administration and evaluation of the Programme

Support to Managing Authority and Joint Technical Secretariat for tasks related to preparation of the necessary documents, appraisal and selection of projects, monitoring and evaluation of activities, control and audit of the Programme;

Daily allowances, travel accommodation costs covering the expenses for the participants from Bulgaria and the former Yugoslav Republic of Macedonia (representatives of MA, JTS, CA, AA, JMC, persons who are not directly involved, for example interpreters, drivers etc.) in events concerning the programme;

Administrative costs concerning the JTS (Main and Branch) including rent of premises, repair works, furniture and equipment, expenditures for electricity, heating, phones, water, consumables etc.

Staff remuneration costs for the JTS (Main and Branch).

- Support to Joint Monitoring Committee and any other structures involved in supervision of the Programme;
- Support to the Programme evaluation;
- Elaboration of specific studies and surveys for the Programme;
- External expertise for development of programme implementation and monitoring procedures, information system for programme administration as well as assessment and first level control of projects;
- Organisation of capacity building exercises for Managing Authority and Joint Technical Secretariat (Main and Branch Secretariat) for development of know-how and skills in programme administration.

2. Publicity and communication

- Preparation, translation and dissemination of the Programme related information and publicity materials including but not limited to the programme website, official Programme documents,

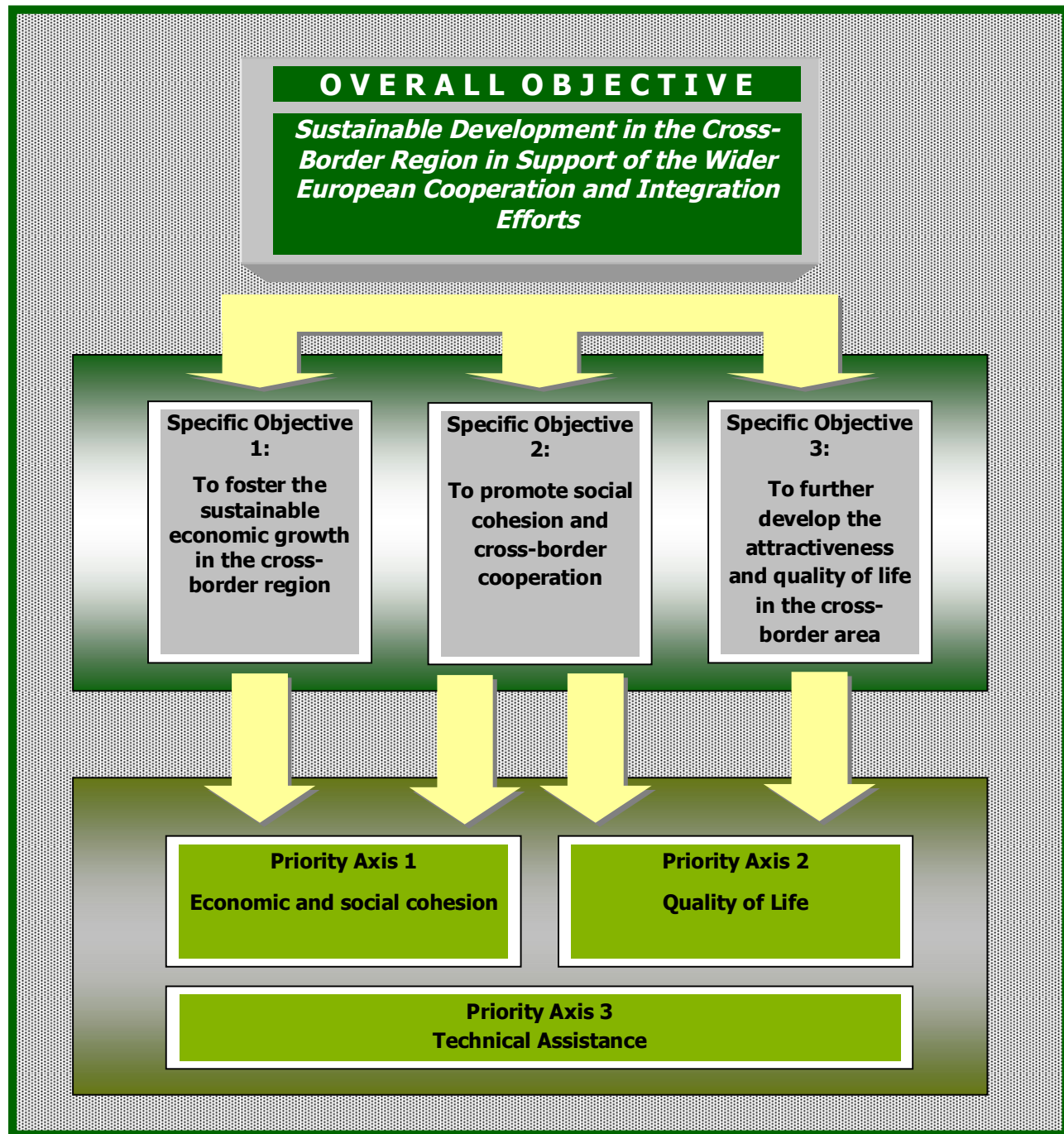
procedure manuals, bulletins, brochures, posters, etc.; as well as expenses for consumables as paper, files, folders, cases, diskettes, compact disks, etc.

- Organisation of public events as conferences, seminars, workshops, round table discussions, trainings for beneficiaries, networking and awareness-raising events, partner search forums etc. including rent of halls and equipment (audio-, video-, translation- equipment), expenses for interpreters, lecturers, trainers (should not be persons involved in the programme); expenses for coffee breaks, refreshments, business dinners and lunches for all participants in the events;
- Purchase of advertising materials as CDs, USBs, hats, bags, note books, folders etc. as well as expenses for publications in radio, TV and press.

Beneficiaries:

- *Programme Managing Authority;*
- *National Authority in the former Yugoslav Republic of Macedonia*
- *Joint Monitoring Committee;*
- *Joint Technical Secretariat (Main and Branch secretariats);*
- *Assessors and controllers;*
- *All other structures/bodies related to development and implementation of the Programme*
- *Programme beneficiaries.*

4.4 OBJECTIVES' LOGICS



4.5 GUIDING PRINCIPLES

The strategic concept of the CBC programme is developed on the basis of:

- proactive approach towards regional economic and social integration;
- value-added results in terms of networking and institution-building across-borders;
- realistic approach to number and scope of priorities;
- principle of proportionality linked to financial allocation.

Guiding Principles of Implementation:

- **Sustainable Development:** great importance will be placed on social, economic and environmental sustainability. While respecting the environment and the natural resources the programme will endeavour to put in place projects that will have continuing economic, social and cultural benefits;
- **Equal opportunities:** this perspective should be integrated into every stage of the project realisation: design, implementation, monitoring, evaluation. The promotion of equal opportunities for sexes and different social groups in the region is a cross-cutting goal of the programme;
- **Cross-border partnership:** There is strong requirement for real partnership, cross-border effects of the project and joint actions during planning and implementation of the project. In this respect projects should not only be able to tackle the needs and the opportunities in the region but should also: focus on the joint vision; allow a stable growth path on both sides of the border; take into account the needs of the local resident population and equality; help building cross-border institutions and capacities for regional development and cultural exchange on a long-term basis.

4.6 FINANCING PLAN

The division of financial support between priorities 2007-2013:

Priority	Community Funding		National Public Funding	Total Funding	Co- financing rate (%)
	a	%	b	c=a+b	a/c*100 : b/c*100
Priority 1	6 966 870,00	40 %	1 229 448,00	8 196 318,00	85 : 15
Priority 2	8 708 587,00	50 %	1536 809,00	10 245 396,00	85 : 15
Priority 3	1 741 717,00	10 %	307 362,00	2 049 079,00	85 : 15
TOTAL	17 417 174,00	100 %	3 073 619,00	20 490 793,00	85 : 15

The annual allocations of EURO are indicated below

Community Funding IPA + ERDF (€)	
2007	1 440 692
2008	1 974 914
2009	2 690 518
2010	2 744 330
2011	2 799 216
2012	2 855 200
2013	2 912 304
TOTAL	17 417 174

4.7 CORRESPONDENCE WITH OTHER EU-PROGRAMMES AND NATIONAL PROGRAMMES

Through geographical distribution of growth, innovation and employment processes in the eligible cross-border area and developing a platform for joint sustainable actions between the countries, the CBC programme Bulgaria – the former Yugoslav Republic of Macedonia seeks to provide a territorial dimension to Lisbon and Gothenburg strategies. The advantages in terms of improvement of the living and working conditions are its cultural, human and natural resources.

The joint development priorities set in the programme do not contradict and are complementary to the wider development priorities of both countries. The financial resources available to the programme do not allow to finance any large infrastructural projects but mainly soft and small-scale activities. The projects must clearly integrate the ideas, priorities and actions of stakeholders on both sides of the border. They must have a clear cross-border impact which is impossible to be covered by the sectoral operational programmes. All projects under CBC programmes obligatory meet a minimum of one of the following criteria: joint development; joint implementation; joint staffing; joint financing.

The key programmes and strategic documents that are of particular relevance are:

4.7.1 Community Strategic Guidelines on Cohesion 2007 – 2013

The main goal of this document is to define Community priorities for the cohesion policy and to gear synergies for implementing the renewed Lisbon strategy. Three main guidelines are formulated, on which the strategy and actions envisaged in the operational programmes should be built upon:

- increasing the **attractiveness of Member States, regions and cities** by improving accessibility, ensuring adequate quality and level of services, and preserving their environmental potential;
- encouraging **innovation, entrepreneurship** and the growth of the **knowledge economy** by research and innovation capacities, including new information and communication technologies;
- creating **more and better jobs** by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

The objectives of the present programme closely follow the Guidelines on several levels. In close correspondence to the logic of the Guidelines, the programme aims at improvement of the competitiveness and economic growth of the whole region in order to increase the employment and economic and social integration, and aims at preservation of natural resources and biodiversity by applying environmental friendly approaches in all fields.

Within the scope of the priority axes are envisaged activities for encouraging entrepreneurship and knowledge based economy and employment generation.

4.7.2 National Strategic Reference Framework for Bulgaria 2007-2013

Priorities of this OP shall be in line with the provisions of the National Strategic Reference Framework, setting the major development policy objectives and priorities to be supported under the Structural Funds in Bulgaria for the period 2007-2013.

Two strategic medium-term goals are defined within the NSRF:

- To attain and maintain high economic growth through a dynamic knowledge-based economy in accordance with the principles of sustainable development.
- To improve the quality of human capital and to achieve employment, income and social integration levels, which provide higher living standards.

The NSRF defines **four strategic priorities** – three thematic and one territorial:

- Improving basic infrastructure;

- Increasing quality of human capital with a focus on employment;
- Fostering entrepreneurship, favourable business environment and good governance;
- Supporting balanced territorial development

Current OP is in line with those priorities and will contribute to achieve goals of the NSRF.

4.7.3 National Development Plan for the former Yugoslav Republic of Macedonia 2007-2009

The strategic priorities of the Government of the former Yugoslav Republic of Macedonia for next three years are:

- Integration into the European Union and NATO;
- High-level sustainable economic development.

Based on the detailed assessment of the current economic, social and environmental situation in the former Yugoslav Republic of Macedonia, the strategic objective of the National Development Plan 2007-2009 is to increase international competitiveness of the country that is required for a sustained economic growth and higher employment. At a more operational level, the key objectives are the following:

- To strengthen economic competitiveness of the corporate sector.
- To develop new and improve existing physical infrastructure, particularly those related to transport, energy, ICT, environment and irrigation.
- To improve quality of education and training so that it will respond effectively to the requirements of the labour market, including the requirements of the knowledge based economy.
- To create preconditions for better use of agricultural potential of the country.
- To create preconditions required for effective design and implementation of the balanced regional development policy within the country.

4.7.4 Sectoral Operational Programmes in Bulgaria

The selected priorities of the CBC programme will complement the priorities of the Sectoral Operational Programmes for 2007-2013 (the whole South-West region of Bulgaria as NUTS II region is eligible under Objective 1), aiming at improving transport, energy and environmental infrastructure, promoting business and human resources development, increasing employment rate, etc.

OP Transport

Some small-scale activities of the current CBC programme oriented to the improvement of transport systems and having clear cross-border impact could supplement the following priorities in the OP Transport

- Development of railway infrastructure along the Trans-European and major national transport axes
- Development of road infrastructure along the Trans-European and major national transport axes
- Improvement of intermodality for passengers and freights

OP Human Resource Development

The human resources development seeks improvement of quality of the human capital and achievement of higher living standard through better employment and the introduction of the concept of lifelong learning.

In the CBC programme between Bulgaria and the former Yugoslav Republic of Macedonia the promotion of human resources capital is foreseen as a theme, addressed to the needs of the region in a clear cross-border manner. The programme aims to promote a greater integration of the cross border labour market, to improve the mobility of qualifications, and achieve a greater flexibility of regional labour markets, to support initiatives to raise awareness, development of permanent contacts and local partnership networks in the area as a pre requisite of many other projects, to increase educational, cultural and sporting exchange and enhance social and cultural integration of the cross border area.

The following priorities of the OP Human Resource Development are relevant:

Priority axis 1. Promotion of job creation and development of inclusive labour market
 Priority axis 2. Raising the productivity and adaptability of the employed persons
 Priority axis 3. Improving the quality of education and training in correspondence with the labour market needs for building knowledge-based economy
 Priority axis 4. Improving the access to education and training
 Priority axis 5. Social inclusion and promotion of social economy
 Priority axis 6. Improving the efficiency of labour market institutions and of social and healthcare services
 Priority axis 7. Transnational and interregional cooperation

OP Environment

The activities under CBC Programme Bulgaria – the former Yugoslav Republic of Macedonia are expected to support the joint action-based solutions for safeguarding biodiversity, and facilitating cooperation between existing institutions, joint research studies and transfer of information between relevant institutions, data collection and know how exchange on cross border area's natural resources protection, joint training and rising of environmental conservation and protection awareness.

Activities of the CBC Programme correspond to the following priorities defined by the OP Environment:

- Improvement and development of water and waste water infrastructure in settlements with over 2 000 PE
- Improvement and development of waste treatment infrastructure
- Preservation and restoration of biodiversity

The key distinctive feature of current Programme is its cross-border orientation. Nevertheless the activities under the two programmes have to be coordinated in detail in order to avoid overlapping funding (especially for Preservation and restoration of biodiversity).

OP Development of the Competitiveness of the Bulgarian Economy

There are 2 out of 5 priorities defined in the above OP which could be taken into account:

- Development of a knowledge-based economy and innovation activities
- Strengthening the international market positions of Bulgarian economy

The indicative activities specified in the CBC programme are foreseen to emphasis the economic and social advantages and opportunities for development of the border area and stimulate the benefits of cross-border economic cooperation.

In order to ensure complementarity and avoid overlapping, coordination among the different activities of the OP Development of the Competitiveness of the Bulgarian Economy and the OP CBC programme will be necessary. Representative/s from ministry managing OP Development of the Competitiveness of the Bulgarian Economy will be member of JMC which will ensure coordination and avoidance of overlapping of activities.

OP Regional Development

Activities of the CBC programme will stimulate achieving the specific objectives of the OP Regional

Development as follows:

- Developing sustainable and dynamic urban centres connected with their less urbanized hinterlands, thus enhancing their opportunities for prosperity and development
- Mobilising regional and local technical and institutional opportunities and resources for implementing regional development policies

Some small-scale activities of the current CBC programme could supplement the following operations of the OP Regional Development:

Priority Axis 1: Sustainable and Integrated Urban Development

Operation 1.1. Social Infrastructure

Operation 1.2. Housing

Operation 1.3. Organisation of Economic Activities

Operation 1.4. Improvement of Physical Environment and Risk Prevention

Operation 1.5. Sustainable Urban Transportation Systems

Priority Axis 2: Regional and Local Accessibility

Operation 2.1. Regional and Local Road Infrastructure

Operation 2.2. ICT Networks and Services

Operation 2.3. Access to Sustainable and Efficient Energy Resources

Priority Axis 3: Sustainable Tourism Development

Operation 3.1. Enhancement of tourism attractions and related infrastructure

Operation 3.2. Regional Tourism Product Development and Marketing of Destination

Operation 3.3. National Tourism Marketing

Priority Axis 4: Regional and local networking, co-operation and capacity

Operation 4.1. Integrated Development Partnerships

Operation 4.2. Spatial planning and Project Development

Operation 4.3. Small-scale Local Investments

Operation 4.4. Inter-regional Cooperation

OP CBC activities will support the regional and local partnership and will be implemented in collaboration and in coordination with OP Regional Development measures.

Representative/s from Managing Authority of OP Regional Development will participate in the JMC sessions which will ensure coordination and avoidance of overlapping of activities.

Rural Development programme

OP will contribute the development and improvement of the quality of life and diversify opportunities in rural areas as well as the improvement of assess and quality of basic services and infrastructure in rural areas and the preservation and upgrading of the natural and cultural heritage. OP CBC will support the objective of Axis 3 under Rural Development programme and will enhance the following measures: Encouragement of Tourism Activities, Basic Services for the Economy and Rural Population, Village Renewal and Development.

OP Administrative Capacity (OPAC)

On the basis of the identified development areas and the goals of the NSRF the strategic goal of the OP Administrative Capacity was formulated:

Creating an efficient and competent administration, capable of developing and implementing the national and European policies while meeting the citizens' and the business sector's expectations for better service delivery and ethics.

Providing support for efficient judicial system.

The strategic goal of OPAC is developed in three specific objectives:

- Efficient functioning of the administration and enhanced confidence of the citizens and the business in it;
- Improving human resources management in the state administration, the judicial system and the civil society structures;
- Modern administrative service delivery.

Priority axes of the Operational Programme Administrative Capacity are:

Priority axis I: Good governance

Priority axis II: Human resources management in the state administration, the judicial system and civil society structures

Priority axis III: Quality administrative services and e-governance development

Priority axis IV: Technical assistance

OPAC is a horizontal Operational Programme and is aimed at the state administration, the judiciary, the socio-economic partners and the non-governmental organisations in the Republic of Bulgaria.

Due to the specific requirement of CBC impact of operations, CBC Programme does not overlap with the OPAC, however having as main beneficiaries local and regional authorities, regional structures of central administration, NGOs, and their associations it will increase the result of the specific objectives 1 and 3 and will further to some extent the activities under Priority axes I, II and III of the OPAC.

OP for CBC Bulgaria-Serbia

The district of Kyustendil is a target region under this programme. Institutions and organization will benefit from assistance in the following priority axes:

- Priority Axis 1: Promotion of sustainable economic development;
- Priority Axis 2: Support to social, institutional and economic cohesion
- Priority Axis 3: People to people actions.

OP for CBC Bulgaria- Greece

Blagoevgrad district is eligible area under this programme and will be supported through the OP. Its priorities are defined as follows:

Priority Axis 1: Quality of Life

Priority Axis 3: Competitiveness & Human Resources

The OP CBC Bulgaria - Former Yugoslav Republic of Macedonia can not finance large-cost and durable infrastructural investments, but mainly soft and small-scale activities. The projects must be designed by representatives from both sides of the border, must clearly integrate the ideas, priorities and actions of stakeholders on both sides of the border. They have a clear cross-border impact which is impossible to be covered by the sectoral operational programmes.

4.7.5 Sectoral IPA Programmes in the former Yugoslav Republic of Macedonia

The National Development Plan (NDP) of the country for the three-year period 2007 – 2009, together with the Multi-annual Indicative Planning Document (MIPD) and the Multi-annual Indicative Financial Framework (MIFF) both prepared by the Commission for the same 2007 – 2009 period, is a backbone for preparation of the sectoral programming documents associated with components of the IPA.

The selected priorities of the CBC programme will complement the priorities of the IPA Sectoral Operational Programmes for 2007-2013, aiming at improving: corporate sector competitiveness; human resource development; economic infrastructure; and agriculture and rural development.

OP on Institutional Development (IPA Component I)

The OP on institutional development focuses on the areas of:

- Good governance and the rule of law,
- Economic development and social cohesion,
- Ability to assume the obligations of membership,
- Programming Support

The OP on Institutional Development corresponds closely to the cross border cooperation programme, especially as both of the programmes hold economic development and social cohesion as their priorities. In this regard, the focus of support provided through the OP on Institutional Development will be predominantly given to the development of infrastructure in municipalities, as well as training the municipal officers in developing, implementing and supervising these infrastructural projects. The focus on the other areas covered by the OP on Institutional development such as public administration reform, support to judicial reform, police reform, capacity building for the decentralized management of EU funds, support for acquis implementation, along with the support for the country's further programming activities will generally increase the accountability of the administrations, enhance the country's institutions and harmonize the legal frameworks – thereby creating conditions conducive to enhanced growth in the cross border area.

More precisely, the OP on institutional development will contribute towards the furthering of local infrastructure for economic and social development, albeit on a much larger scale than the cross border cooperation programme.

OP Regional Development (IPA Component III)

OP Regional Development has a strategic goal to increasing productivity in the economy of the former Yugoslav Republic of Macedonia, and hence its international competitiveness leading to higher economic growth, through development of a reliable and cost effective infrastructure services. The transport infrastructure should provide the business sector with a reliable and cost-effective access to markets for inputs and outputs, and citizens with good passenger transport services for access to jobs, training and other activities. The key objective in the environmental infrastructure sector is to establish financially sustainable integrated water and waste management systems, improving the quality of life of the population, try rational use and protection of the environment

The activities under CBC Programme are expected to support mainly soft and small-scale action-based

solutions for safeguarding biodiversity, and facilitating cooperation between existing institutions, joint research studies and transfer of information between relevant institutions, data collection and know how exchange on cross border area's natural resources protection, joint training and rising of environmental conservation and protection awareness.

Activities of the OP Regional Development for establishing integrated and financially self-sustainable waste management system can supplement the operations of the current CBC Programme.

OP Human Resource Development (IPA Component IV)

The overall strategic objective of the OP for Human Resources Development is to efficiently use the existing human capital, as well as to improve its quantity and quality in order to strengthen international competitiveness of the former Yugoslav Republic of Macedonia, leading to higher growth and living standard. In addition, the Human Resources Development component should prepare the country for efficient implementation and management of funds from the European Social Fund (ESF).

The activities under CBC programme aims to promote a human resources capital of the region, addressed to the needs of the region in a clear cross-border manner, try improvement of the mobility of qualifications, greater flexibility of regional labour markets, raise awareness, development of permanent contacts and local partnership networks. Some small-scale activities of the CBC programme could supplement the following operations of the OP Regional Development

- speeding up the transition of the grey economy employment into the formal sector;
- increasing the quality of education services and to improve educational attainment of the citizens of the former Yugoslav Republic of Macedonia; and
- improving quality and efficiency of the social system in terms of fast integration of disadvantaged people in the society and reduction of poverty.

Rural Development programme (IPA Component V)

Key objectives of the Rural Development programme are:

- improvement the efficiency of agricultural production, bringing it into compliance with the market requirements;
- ensuring the development of a competitive and efficient food processing industry; and
- providing conditions for sustainable rural development to contribute to the socio-economic development of rural areas;

Some activities supplement of the current CBC programme are:

- Facilitate competition in the internal market by the introduction of new technologies and innovation
- Improvement of the products' quality and safety (improvement of the hygiene, animal welfare and environmental standards on the agricultural holdings);
- Increase of the competitiveness of the farmers by the use of efficient modern technologies and the reduction of production costs;
- Promotion of environmentally friendly methods of production (decreasing the pollution of the environment through agricultural production, better use of by- products and/or elimination of by- products or of wastes);
- Increased economic activities in the rural areas;
- Improved quality of life of the rural population;
- Increased income of the rural population through the development and diversification of on-farm and/or off-farm activities;
- Creation of new employment opportunities through the development and diversification of on-farm and/or off-farm activities.

OP for CBC former Yugoslav Republic of Macedonia - Greece

Southeast Region is eligible area under this programme and will be supported through the OP with Greece. The Global Objective of the programme - to promote sustainable local development through high quality cross border cooperation, will be pursued through the following priority axes supplement of the current CBC programme:

- Priority Axis 1: “Enhancement of cross border economic development”, aiming at the promotion sustainable economic development through common interventions and facilitate cross border relations
- Priority Axis 2: “Enhance the environmental resources and cultural heritage of the eligible border area” aiming to promote common actions for the protection of the environment and the mobilisation of the natural and cultural heritage

Active Donor’s Funded Programmes¹¹

An overview of previous and current donor funded projects on local level in the eligible cross-border region of the country shows that the majority of the projects targeted areas such as: economic development, job creation and social reintegration, infrastructure improvements and building municipal capacities to implement new responsibilities. In this respect, active and future donor funded projects focusing on local economic development, preserving cultural heritage, labor inclusion and social integration, greatly reflect the objectives, priorities and measures jointly identified in the current CBC programme and will therefore be a valuable complement to cross-border cooperation projects that will be implemented in the forthcoming period. In addition, potential beneficiaries of the cross-border programme which have benefited from such donor support will be strongly encouraged to participate in this programme in order to further develop their capacities and to share experience with their neighbours.

4.7.6 Summary

The financial resources available to the OP CBC Bulgaria – the former Yugoslav Republic of Macedonia do not allow large-cost and durable infrastructural investments, but mainly soft and small-scale activities. The projects must be designed by representatives from both sides of the border, must clearly integrate the ideas, priorities and actions of stakeholders on both sides of the border. They have a clear cross-border impact which is impossible to be covered by the sectoral operational programmes.

The coordination of CBC programme with other plans and programmes will be achieved by the national coordination structures in both participating countries. The representatives of national coordination structures participate in JMC sessions. Moreover representatives from ministries managing sectoral programmes will participate as advisors in JMC sessions which will ensure coordination and avoidance of overlapping of activities. Management Information System is a useful tool for this purpose.

¹¹ *World Bank, UNDP, USAID, Norway, Finland, Japan, Germany, Sweden, VNG (Netherlands),*

<i>Objectives</i>		CSG 2007- 2013	NDP for the former Yugosla v Republic of Macedo nia 2007- 2009	NSRF for Bulgaria	OP Competi tiveness, Bulgaria	OP Regional Develop ment ,Bulgari a	OP Human Resourc es Develop ment, Bulgaria	OP Transpor t, Bulgaria	OP Environ ment, Bulgaria	OP Rural Develop ment, Bulgaria	OP Administ rative Capacity / Bulgaria	IPA I Instituti onal Develop ment ,former Yugosla v Republic of Macedo nia	IPA III Regional Develop ment, former Yugosla v Republic of Macedo nia	IPA IV Human Resourc es Develop ment, former Yugosla v Republic of Macedo nia	IPA Run Deve men form Yugo v Repu of Mace nia
Sustainable Development of the Border Region between Bulgaria and the former Yugoslav Republic of Macedonia	SPECIFIC OBJECTIVE N. 1 To foster the sustainable economic growth in the border region Diversification of the current economic activities; support for the region to evolve into an economically strong region with high standard of living; development of new value chains; stimulus for research and development cooperation; clustering and business-support services; support to new technologies and innovations.	X	X	X	X			X	X			X			X
	SPECIFIC OBJECTIVE N. 2 To promote social cohesion and cross-border cooperation Investment in human resource development; people to people actions; labor market initiatives; cultural exchanges; support for raising the adaptability of the labor force to the market demands; cross-border networks at all levels and sectors of activity, incl. support for preparation of mutually benefiting project proposals.	X	X	X		X	X				X	X		X	
	SPECIFIC OBJECTIVE N. 3 To further develop the attractiveness and quality of life in the cross-border area Balanced regional development based on protection and wise use of national and cultural resources in the region; preservation of the ecological and cultural diversity; support for development of tourism based on the adequate and reasonable exploitation of the existing environmental and cultural assets in the target area.	X	X	X		X		X	X	X	X	X	X		X

4.8 PROGRAMME INDICATORS

The programme indicators are vital to the efficient and effective implementation of the Programme. They serve to monitor and evaluate the extent to which the Programme has achieved its objectives, and the efficiency with which it has done so.

Two levels of indicators can be distinguished:

Horizontal

Indicators on the horizontal level comprise measurements referring to transversal principles that need to be upheld at all impact levels of the programme (short-term, medium-term and long-term). Four key areas need to be evaluated:

- **effectiveness** (whether the programme produces impacts corresponding to its goals and design);
- **sustainability** (whether the impacts will survive beyond the intervention period);
- **efficiency** (whether the programme was the optimal solution to needs identified);
- **relevance** (in both its correspondence to national planning, and its responsiveness to local needs).

Vertical

This second indicator level follows the programme design in formulating specific indicators for achievement. Three types of indicators are distinguishable at this stage:

- **Output indicators:** measure consequences on the activity level. They have the shortest time horizon, referring to outcomes which are typically directly related to the activity itself and are relatively fast to materialise.
- **Result indicators:** measure consequences on the level of spheres / areas of intervention. They apply to a longer time scale than output indicators, but still refer mostly exclusively to direct consequences.
- **Impact indicators:** these are indicators on the higher, programme level. They apply to the overall impact of the programme.

The vertical level will be presented in detail below, where indicators are given for each level. However, since there can be no clear idea at this stage on which actions will be approved, and which areas of intervention will prove the most popular with beneficiaries, output indicators are only presented as examples, of the types of indicators that can be used, their relative size, and the sources of information that can be employed. This is done in much the same spirit with which sample actions are enumerated under areas of intervention. It is necessary to note that for all quantified indicators, the values apply above the baseline. The baseline is established as the average of the indicator for the past 5 years. An alternative approach can be taken in measuring the change in the indicators in standard deviation units (the number of standard deviations that they stand from the mean/baseline). The indicators together on the vertical level combine to form the indicators for achievement of the relevant level of the programme (area/sphere of intervention and specific/general objective). Notably, each level needs a specific indicator, and not simply the sum of the indicators of the previous levels, in the same way that the outcome of the programme represents the synergy of its parts, and not only the sum of them. The correspondence of indicators to the various levels is presented below.

PRIORITY	SPHERE	OUTPUT	QUAN	RESULT	QUANT
Priority Axis 1: Economic development and Social Cohesion	Sphere of Intervention 1.1: Economic Development	Business and educational linkages created	15	Joint information services established	2
		Communities & institutions participating in knowledge economy	7		
		Awareness campaigns of the benefits of ICT and new media	20		
		ICT trainings	10		
		Access to and usage of new technology	10		
		SMEs involved/addressed in CBC projects	7		
		Institutions / bodies benefiting of programme activities	50		
		New jobs created	50		
	Sphere of Intervention 1.2: Social Cohesion	Joint cooperation projects on development of skills and knowledge	10	New Social Economic enterprises created	2
		Training places created	3		
		Management and job-related training courses	5		
		People participating in training	350		
		People with enhanced skills	200		
		Business to education linkages	10		
		People from vulnerable groups trained	20		
		Scientific exchange and transfer of know-how	10		
		Networking structures created/developed	3		
		Joint plans for cooperation in sphere of human resources management	3		
	Sphere of Intervention 1.3: Project preparation	Feasibility studies	5	Projects actually applied	3 %
		Preliminary and detailed design works	7		
		Project environmental assessments	2		

PRIORITY	SPHERE	OUTPUT	QUAN	RESULT	QUANT
Priority Axis 2: Improvement the quality of Life	Sphere of Intervention 2.1: Utilisation of eco resources	Number of joint environmental friendly projects	20	Decreased pollution in the region	2 %
		Joint Eco-itineraries created/ developed	10		
		Joint tourist services created/ developed	10		
		Partnerships for cases of natural disasters established	2		
		Joint environmental management plans	2		
		Permanent networks for environmental protection and reasonable utilization of resources	5	Awareness-raising on environmental protection	2.5%
		Environmental awareness campaigns	15		
	Sphere of Intervention 2.2: Utilisation of cultural resources	Number of projects concerning common cultural heritage	20		
		Tourist destinations created/ developed	10	Increased attractiveness of the region based on preservation of natural resources and cultural heritage	2 %
		Tourist services created/ developed	10		
		Surrounding area of cultural spots improved	7		
		Joint cultural events carried out	15		
		Events popularizing intangible cultural heritage and traditions	15		
		Awareness campaigns	15	Increased common cultural capital	2 %

In accordance with Article 109 of Commission Regulation (EC) No 718/2007 of 12 June 2007, during the programming period, participating countries will carry out evaluations linked to the monitoring of the cross-border programme in particular where that monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of cross-border programme. The results will be sent to the joint monitoring committee for the cross-border programme and to the Commission.

Every year, when the annual report on implementation is submitted, the Commission and the managing authority will examine the progress made in implementing the cross-border programme, the principal results achieved over the previous year, the financial implementation and other factors with a view to improving implementation. The annual report will cover the progress made in implementing the cross-border programme and priorities in relation to their specific, verifiable targets, with a quantification, wherever and whenever they lend themselves to quantification, using the indicators at the level of the priority axis.

5 IMPLEMENTING AND FINANCIAL PROVISIONS

5.1 MANAGEMENT AND IMPLEMENTATION STRUCTURES

The organisation of the programme management responds both to the EU-requirements for the period 2007-2013 and the experience in cross-border cooperation in this specific area so far.

The management and implementation structures and procedures described in this section have been agreed in partnership between the participating authorities of Republic of Bulgaria and the former Yugoslav Republic of Macedonia¹².

Both Partner States are aware of the core concept of **IPA CBC** as fully embodying the principle of "**common benefit**", and acknowledge the fact that the programme has to operate on the basis of one set of rules on both sides of the border, thus providing the opportunity to establish fully equal and balanced programming and decision making structures between Bulgaria as a Member State and the former Yugoslav Republic of Macedonia as a Candidate Country. Thus, IPA CBC will promote enhanced cooperation and progressive economic integration and coherence between the European Union and the Candidate Country. Based on these shared views, authorities of Bulgaria and the former Yugoslav Republic of Macedonia have reached a common agreement to implement the cross-border cooperation programme using the **Shared management approach** as defined in Article 33 and Article 98 of Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).

The implementation structures, relationship of the programme bodies and procedures have been drawn up based on the following overall principles:

- Respect of the partnership principle;
- Efficient and effective structures;
- Clear division of responsibilities;
- Balance between structures on national and cross-border level.

In the Cross-Border Cooperation Programme the Partner States are represented by the following authorities:

Republic of Bulgaria:

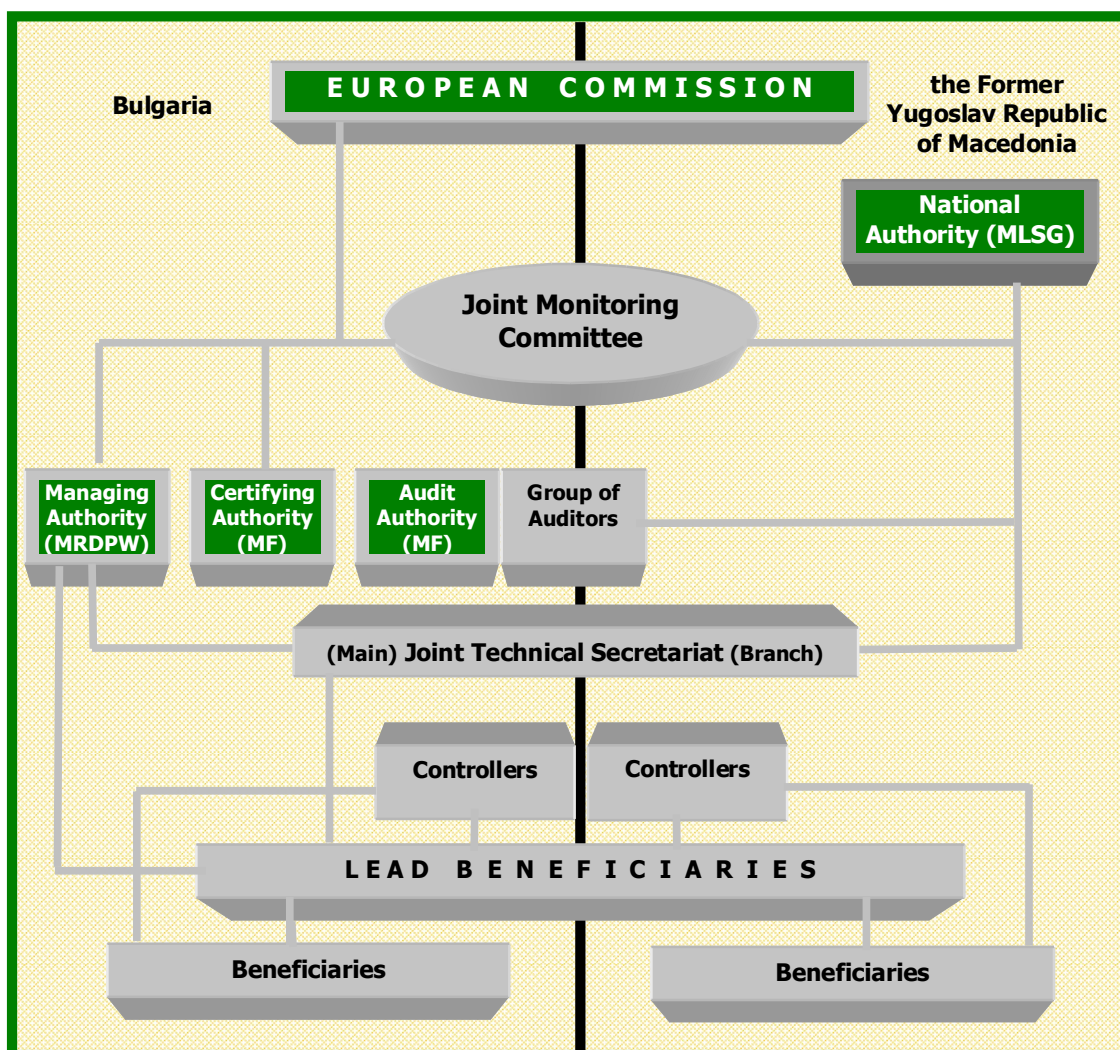
Ministry of Regional Development
and Public Works
17-19 Kiril i Metodi Str.
1202 Sofija

**The former Yugoslav Republic of
Macedonia:**

Ministry of Local Self-Government
Mito Hadzi Vasilev Jasmin Str, bb.
1000 Skopje

¹² In the former Yugoslav Republic of Macedonia, the Deputy Prime Minister for European Affairs is designated as the National IPA Coordinator (NIPAC), who acts as the representative of the former Yugoslav Republic of Macedonia vis-à-vis the Commission and shall be responsible for coordinating the participation of the former Yugoslav Republic of Macedonia in the IPA CBC Programme. The Ministry of Local Self Government was designated by the NIPAC as Cross Border Cooperation Coordinator

Chart of Management, Monitoring, Control and Implementation Structures



5.1.1 Joint Monitoring Committee (JMC)

Legal provision for the establishment and operation of the JMC:

COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)

Article 87 - Partnership

Article 102 – Designation of authorities

Article 110 - Joint monitoring committee

The Joint Monitoring Committee is being set up within three months from the approval of the programme and consists of representatives appointed by the two participating countries according to the partnership principle. The JMC meets minimum twice a year at the initiative of the participating countries or of the Commission and it is co-chaired by the Managing Authority (Bulgaria) and the National Authority (the former Yugoslav Republic of Macedonia). Representative/s of the European Commission or other relevant bodies participate in the work of the JMC in an advisory capacity.

The JMC is responsible for the following tasks:

- considers and approves the criteria for selecting the operations financed by the cross-border programme and approves any revision of those criteria in accordance with programming needs;

- periodically reviews progress made towards achieving the specific targets of the cross-border programme on the basis of documents submitted by the managing authority;
- examines the results of implementation, particularly achievement of the targets set for each priority axis and the evaluations referred to in Article 57(4) and Article 109;
- considers and approves the annual and final reports on implementation referred to in Article 112;
- be informed of the annual control report, referred to in Article 105 (1)(c) and of any relevant comments the Commission may have after examining those reports;
- it shall be responsible for selecting operations;
- considers and approves any proposal to amend the content of the cross-border programme or to improve its management.
- carries out monitoring of the programme by reference to financial indicators, as well as the output and result indicators;
- approves Terms of Reference and procedure for selection of the controllers and assessors;
- approves any addendums to the contracts with lead beneficiaries that are related to change in budget or duration of the project;
- approves all internal documents concerning the programme implementation between the two countries;

All operations will be selected through single calls for proposals covering the whole eligible area. Joint operations outside calls for proposals may be also identified any time after the adoption of the programme in a decision taken by the Joint Monitoring Committee.¹³

Details on composition, chairmanship and decision making in the Joint Monitoring Committee will be determined by the Rules of Procedure of the JMC, drawn up in agreement with the Managing Authority and adopted on the first JMC meeting. Decisions will be taken by consensus.

5.1.2 Managing Authority (MA)

Legal provision for the establishment and operation of the MA:

COUNCIL REGULATION (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)

Article 9 – Cross-Border Cooperation Component, item 3

Article 13 – Management of Assistance, reporting, item 2

COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)

Article 102 – Designation of authorities

Article 103– Functions of the managing authority

Programme partners of Bulgaria and the former Yugoslav Republic of Macedonia have agreed that the responsibility of a **Single Managing Authority (MA)** will be given to the **Directorate General Territorial Cooperation Management at Ministry of Regional Development and Public Works of the Republic of Bulgaria**.

The Managing Authority is responsible for managing and implementing the cross-border programme in accordance with the principle of **sound financial management** and in particular for:

- 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 there is a system for recording and storing in computerised form accounting records of each operation under the cross-border programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected;
- verifying the regularity of expenditure. To this end, it shall satisfy itself that the expenditure of each final beneficiary participating in an operation has been validated by a controller.
- ensuring that the operations are implemented according to the public procurement provisions (adopted by the JMC) referred to in Article 121 (1) of Commission Regulation (EC) No 718/2007 of 12 June 2007;
- ensuring that final beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;

¹³ Article 95, paragraph (1) of IPA Implementing Regulation

- ensuring that the evaluations of cross-border programmes are carried out in accordance with Article 109 of Commission Regulation (EC) No 718/2007 of 12 June 2007;
- 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 Article 134 of Commission Regulation (EC) No. 718/2007 of 12 June 2007;
- ensuring that the certifying authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
- nominating Bulgarian representatives and guiding the work of the Joint Monitoring Committee (JMC) and in cooperation with the Joint Technical Secretariat (JTS) providing it with the documents required to permit the quality of the implementation of the cross-border programme to be monitored in the light of its specific goals;
- preparing job descriptions, selecting the experts and signing contracts with all members in the JTS Main office;
- drawing up and, after approval by the joint monitoring committee, submitting to the Commission the annual and final reports on implementation of Commission Regulation (EC) No. 718/2007 of 12 June 2007;
- inform about the programme and calls for project proposals in cooperation with the Joint Technical Secretariat (JTS) as well as ensure compliance with the information and publicity requirements laid down in Article 62 of Commission Regulation (EC) No. 718/2007 of 12 June 2007;
- after a selection procedure nominates financial controllers and assessors from Bulgarian side;
- signing Framework Agreement and contracts with the assessors and controllers from Bulgaria;
- laying down the implementing arrangements for each operation and enters into agreement (signing contract) with the lead beneficiary.
- carrying out monitoring of the programme by reference to financial indicators, as well as the indicators referred to in Article 94(1) (d).
- signing on behalf of Bulgaria the bilateral Memorandum of Understanding.
- approves any addendums to the contract with the lead beneficiary that do not change duration and budget of the project (for example: change of address, bank account, experts, etc.);
- submits to the Commission a description of the management and control systems accompanied by an assessment report on their compliance with Articles 101 and 105 of Commission Regulation (EC) No. 718/2007 of 12 June 2007.

5.1.3 National Authority (NA)

The Ministry of Local Self-Government of the former Yugoslav Republic of Macedonia (further in the text - National Authority of the former Yugoslav Republic of Macedonia) cooperates in joint programming, management and implementation of the programme.

In particular the NA will be responsible for the following tasks:

- participating in joint programming and generation of operations in accordance with the programme objectives and Programme modification;
- 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 ;
- preparing job descriptions and selecting the experts in the JTS Branch office;
- Organizing a selection procedure for financial controllers and assessors from the former Yugoslav Republic of Macedonia.
- signing Framework Agreement and contracts with the assessors and controllers from the former Yugoslav Republic of Macedonia
- nominating representative(s) in the group of auditors.
- signing on behalf of the former Yugoslav Republic of Macedonia the bilateral Memorandum of Understanding
- ensuring access to information of Managing Authority, Certifying Authority and Audit Authority in order to fulfil their respective tasks
- ensuring the funds for national co-financing.

5.1.4 Joint Technical Secretariat (including Branch JTS)

Legal provision for the establishment and operation of the JTS:

COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)

Article 102 – Designation of authorities

The Managing Authority establishes a Joint Technical Secretariat. It is placed in Kjustendil, Republic of Bulgaria. JTS has a Branch office in the former Yugoslav Republic of Macedonia placed in Strumica. The JTS (including its Branch office as part of the same body) consists of equal number experts of each participating in the programme country contracted by the MA or NA.

JTS assists the Managing Authority and the Joint Monitoring Committee of the Programme and assists where appropriate the Certifying Authority and Audit Authority in carrying out their respective duties. The JTS also takes part in preparation and implementation of the decisions of Joint Monitoring Committee and carries out usual duties of a secretariat. The JTS is in particular responsible for the following joint 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 joint projects data base and project partners data base;
- supporting projects generation and development,
- making available of standardised forms for project application, assessment, contracting, implementation, monitoring and reporting in cooperation with the MA;
- prepare and launch of Calls for proposals;
- advising beneficiaries on the implementation of operations and financial administration;
- receiving and registering of applications submitted;
- performing a formal check of project applications in terms of administrative compliance and eligibility;
- presenting a work plan via the Managing Authority to the Joint Monitoring Committee once a year for approval;
- organising all meetings and events, draft the minutes, prepare, ensures the administrative management of tasks and services;
- organising the work of the assessors and submitting the results of the project technical evaluation sessions to the JMC;
- monitoring of project implementation, collecting of information from the lead beneficiaries and updating data in the Management Information System;
- administering the work of the controllers and providing cross-check of the certified activities according to the "four eyes principle";
- collecting and checking project reports from the lead partners before submitting to the MA;
- assisting the MA in preparation of the reports on programme implementation;
- receiving requests from the lead beneficiaries on any modifications as well as preparation of addendums to projects and submitting them to MA or JMC respectively for approval;
- cooperation with the programme implementing authorities in Bulgaria and the former Yugoslav Republic of Macedonia, and with other territorial cooperation programmes;
- collaboration with central, regional and local stakeholders involved in the Programme.

The annual work plans of the Joint Technical Secretariat have to be approved by the Joint Monitoring Committee. The Joint Technical Secretariat will be funded from the Technical Assistance budget.

The staff of the Joint Technical Secretariat will be employed on the basis of a contract with the Managing Authority or national Authority.

The Joint Technical Secretariat shall have international staff from the partner states. The number and qualification of staff shall correspond to the tasks defined above.

5.1.5 Certifying Authority (CA)

Legal provision for the establishment and operation of the CA:

COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)

Article 102 – Designation of authorities

Article 104 – Functions of the certifying authority

The certifying authority of the programme is the National Fund Directorate at the Ministry of Finance of Republic of Bulgaria. The Certifying Authority receives the payments made by the Commission and transfers funds to the Managing Authority at the Ministry of Regional Development and Public Works and is responsible for:

- drawing up and submitting to the Commission certified statements of expenditure and applications for payment;
- certifying that: the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents; the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with Community and national rules
- ensuring for the purposes of certification that it has received adequate information from the managing authority on the procedures and verifications carried out in relation to expenditure included in statements of expenditure;
- taking account for certification purposes of the results of all audits carried out by or under the responsibility of the Audit Authority;
- maintaining accounting records in computerised form of expenditure declared to the Commission. The managing authorities and the audit authorities shall have access to this information. At the written request of the Commission, the certifying authority shall provide the Commission with this information, within ten working days of receipt of the request or any other agreed period for the purpose of carrying out documentary and on the spot checks;
- 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 general budget of the European Union prior to the closure of the cross-border programme by deducting them from the next statement of expenditure. The recoverable amounts and withdrawn amounts provided by the national co-financing (NA- MoLSG) shall be repaid to the NA following the repaid to the PA;
- sending the Commission, by 28 February each year, a statement, identifying the following for each priority axis of the cross-border programme: the amounts withdrawn from statements of expenditure submitted during the preceding year following cancellation of all or part of the public contribution for an operation; the amounts recovered which have been deducted from these statements of expenditure; a statement of amounts to be recovered as at 31 December of the preceding year classified by the year in which recovery orders were issued.

5.1.6 Audit Authority (AA)

Legal provision for the establishment and operation of the AA:

COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)

Article 102 – Designation of authorities

Article 105 – Functions of the audit authority

The Audit Authority for the programme is the Audit of European Union Funds Executive Agency at the Ministry of Finance of the Republic of Bulgaria, and it is assisted by a Group of Auditors.

The Audit Authority is functionally independent of the Managing Authority and the Certifying Authority and is responsible for:

- ensuring that audits are carried out to verify the effective functioning of the management and control system of the cross-border programme;
- ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;
- by 31 December each year from the year following the adoption of the cross-border programme to the fourth year following the last budgetary commitment: submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 month period ending on 30 June of the year concerned and reporting any shortcomings found in the systems for the management and control of the programme; issuing an opinion, on the basis of the controls and audits that have been carried out under its responsibility, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular

- submitting to the Commission at the latest by 31 December of the fifth year following the last budgetary commitment a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which shall be supported by a final control report. This closure declaration shall be based on all the audit work carried out by or under the responsibility of the audit authority.
- ensuring that the audit work takes account of internationally accepted audit standards;
- where the audits and controls referred to in first two bullets are carried out by a body other than the audit authority, the audit authority shall ensure that such bodies have the necessary functional independence professional proficiency to perform the tasks according the international accepted audit standards and the relevant EU and Bulgarian legislation.
- giving the reasons and estimating the scale of the problem and its financial impact in the case described in Article 105 (4);
- designating the Bulgarian experts in the group of auditors and carrying out training of all members of the group.
- an audit strategy for the whole programming period will be elaborated by the AA
- preparing compliance assessment report on the management and control systems.

5.1.7 Group of Auditors

In compliance with Article 102(2) of Commission Regulation 718/2007 of 12 June 2007, a Group of auditors will be set up to assist the AA in carrying out the duties provided for in Article 105 of Commission Regulation 718/2007. The group of auditors will be set up within three months of the decision approving the cross-border programme. It shall draw up its own rules of procedure. This group will be chaired by the AA and shall comprise equal number (at least two) representatives of each country participating in the programme. The Group of auditors will provide any necessary information to the AA in relation with developing and implementing the Audit Strategy, the method to be used, the sampling method for audits on operations and the indicative planning of audits. The Group of auditors' representatives have to be independent of the Joint Monitoring Committee members and the controllers designated.

The systems audits and audits on operations on CBC P will be carried out by representatives of the AA with, where necessary, assistance from representatives from the competent authority in the former Yugoslav Republic of Macedonia.

The audits addressed in Article 107 of Regulation 718/2007 shall be carried out each twelve-month period from 1 July 2008 on a sample of operations selected by a random statistical sampling method. This method is approved by the Audit Authority.

5.1.8 Controllers

Legal provision for the establishment and operation of the Control System:

COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)

Article 108 – Control system

In order to validate the expenditure Bulgaria and the former Yugoslav Republic of Macedonia will set up a control system making it possible to verify:

- the delivery of the products and services;
- the soundness of the expenditure declared for operations or parts of operations implemented on its territory;
- the compliance of such expenditure, related operations, as well as tendering procedures with Community rules and its national rules;
- the compliance of such expenditure, related operations, or parts of operations to the eligible costs given in the application.

For this purpose each country will designate controllers responsible for verifying the legality and regularity of the expenditure declared by each beneficiary participating in the operation. They will be contracted as physical persons by MA or NA (framework agreement and contract). The number of controllers will depend on the number of contracts and control needs.

Where the verification of the delivery of the products and services co-financed can be carried out only in

respect of the entire operation, such verification shall be performed in accordance with Article 108 (1) of Commission Regulation (EC) No. 718/2007 of 12 June 2007.

Expenditure will be validated by the controllers within a period maximum of three months from the date of its submission by the lead beneficiary to the controllers.

5.2 GENERATION, APPLICATION AND SELECTION OF OPERATIONS

5.2.1 Lead beneficiary/partner

The responsibilities of the lead beneficiary and the other beneficiaries are In compliance with Article 96 of the Commission Regulation (EC) No. 718/2007 of 12 June 2007.

The final beneficiaries of an operation shall appoint a lead beneficiary among themselves prior to the submission of the proposal for the operation. The lead beneficiary assumes the following responsibilities:

- lays down the arrangements for its relations with the partners participating in the operation in an agreement comprising, inter alia, provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;
- is responsible for ensuring the implementation of the entire operation;
- is responsible for transferring the relevant budget amount to the partners participating in the operation according to the partnership agreement and certified costs;
- ensures that the expenditure presented by the partners participating in the operation has been paid for the purpose of implementing the operation and corresponds to the activities agreed between the partners participating in the operation;
- verifies that the expenditure presented by the partners participating in the operation has been validated by the controllers referred to in Article 108 of Commission Regulation (EC) No.718/2007 of 12 June 2007;
- collects the information from the project partners, cross-checks the certified activities with the progress of the project and submits the reports to the JTS;
- signs the agreement for implementation of the operation with MA;
- informs JTS about project modifications.

5.2.2 Other beneficiaries/partners

Each partner participating in the operation needs to:

- assume responsibility for irregularities in the expenditure which it has declared;
- repay the lead beneficiary the amounts unduly paid in accordance with the agreement existing between them
- send the statement of costs and content report to the lead partner for the first level control;
- submit the certification of costs and information to the lead beneficiary.

5.2.3 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 to be followed. Active public relations work will be provided by JTS and its Branch office in agreement with the MA. JTS and its Branch office will also provide technical support to potential beneficiaries during project generation and preparation including a partner search facility.

5.2.4 Application

Calls for proposals will be launched by the JTS. Applications for funding shall include at least two beneficiaries (one from each partnering country) with residences in the programme area. These beneficiaries shall cooperate in at least one of the following ways for each operation: joint development, joint implementation, joint staffing and joint financing. Full application packages and other necessary supporting documents according to the guidelines for the different Calls for proposals will be submitted to the JTS and its Branch office. Official language for the application forms will be English with summaries in both native languages.

5.2.5 Project assessment

Assessors

Since the JTS will be responsible only for the administrative and eligibility check of project proposals, for the needs of technical (quality) evaluation of proposals, external assessors will be used. After applying a mutually agreed selection procedure approved by the JMC, a list of assessors will be established. It is foreseen the external assessors to have an in-depth knowledge and extensive experience on the issues covered by the programme. Depending on the Call for proposals equal number of assessors from the two countries will be contracted by the MA or NA to carry out the technical evaluation. Assessors will sign a declaration of confidentiality and impartiality.

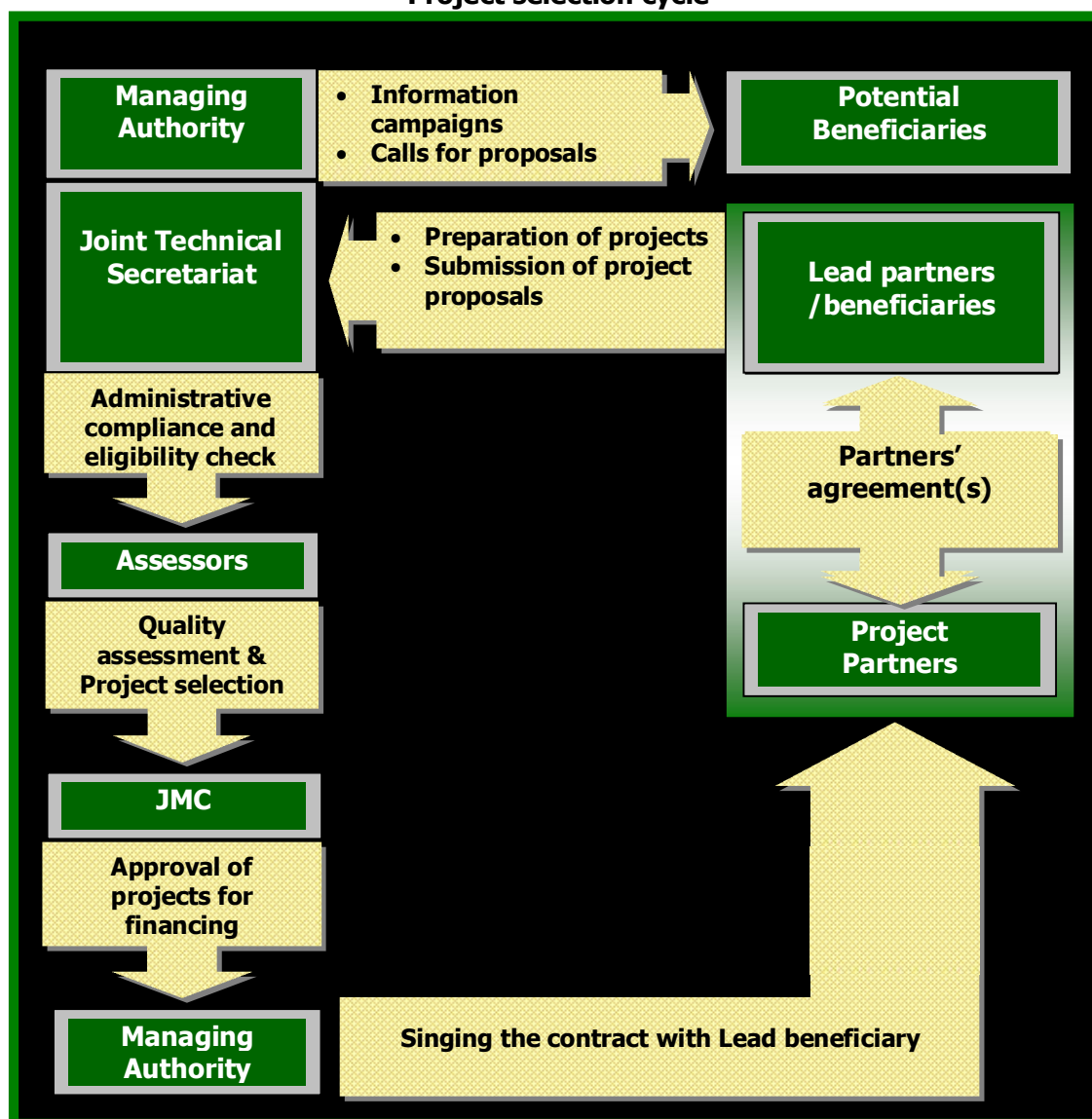
Assessment process:

All projects will be assessed according to the evaluation criteria previously approved by JMC. Assessment will be carried out in three steps:

- First, opening session carried out by the JTS. Basic information on each submitted project and its beneficiaries will be recorded in an electronic registration system.
- Second, administrative compliance and eligibility check carried out by the JTS.
- Third, technical/quality assessment carried out by independent assessors from both Bulgaria and the former Yugoslav Republic of Macedonia appointed by the MA.

The assessment process will be organised and secretarially supported by JTS. The results of all assessment steps will be summarised in the form of a report and presented to the JMC for a decision.

Project selection cycle



Project selection and approval

The JMC will decide on the approval of projects and the amount of programme's financial contribution to each operation. Following that, each Lead beneficiary will be informed with an official letter, signed by the MA on behalf of JMC, about approval/rejection of their project. For the approved projects this letter will also provide information on the next steps. . Detailed rules on decision making will be included in the rules of procedure of the Monitoring Committee.

5.2.6 Contracting

Contracts with the lead beneficiaries of the approved projects will be prepared by JTS based on the standard template with annexes previously developed and approved by the JMC. Implementation of the projects may start only after the contracts are signed by both - the MA and the lead beneficiary.

5.3 FINANCIAL MANAGEMENT AND CONTROL

5.3.1 First level control and payments

The first level control and payments are carried out in the following steps:

- Once works are contracted and/or services are provided, invoices are issued by the contractor or supplier and submitted to the Beneficiary. After delivery of goods or services the Beneficiary checks and pays the invoices with its own resources/pre-financing (up to 20 % of the total project costs) received from the Paying unit at Managing Authority.
- All project partners under the coordination of the Lead beneficiary provide to the respective controllers all documents and information necessary for the verification and certification of the delivery of the products and services, the soundness of the expenditure declared for operations;
- The controllers provide a 100 % control and verify the delivery of the products and services; the soundness of the expenditure declared for operations implemented; the compliance of such expenditure, related operations, as well as tendering procedures with Community rules and when relevant with its national rules and the compliance of such expenditure, related operations and part of operations to the eligible costs given in the application.
- The controllers submit to the Lead beneficiary and others beneficiaries a verification Report;
- The Lead beneficiary compiles all certificates from project partner/s, prepares a single report containing certification on the delivery of goods or services together with the paid invoices and submits the report to the JTS on a quarterly bases;
- The JTS cross checks all Reports on certification according to the "four eyes principle", compiles them and submits a Report on certification on priority level to the MA;
- MA ensures the aggregation of information on expenditures and submits to the CA a report on certification and statement of expenditures. A request for funds is sent by the MA to the CA;
- National Authority (Ministry of Local Self-Government) in the former Yugoslav Republic of Macedonia will ensure that the national co-financing is transferred in a timely and proper manner;
- The Certifying Authority is responsible for drawing up and submitting statement of expenditure and applications for payment as well as receiving funds from the Commission and from the national co-financing (NA - MoLSG);
- The CA transfers funds via the Paying unit at the MRDPW to the Lead beneficiary;
- Lead beneficiary shares the funds with other project beneficiaries.

5.3.2 Auditing

The auditing process based on periodic reports provides CA with reasonable assurance that the request and certification processes are functioning properly.

The Audit of EU Funds Directorate (AEUFD) at the Bulgarian Ministry of Finance will be able to rely on work carried out by the Internal Audit Unit (IAU) within MRDPW, when the latter will have carried out systems audits and audits on operations in relation with this CBC Programme. The results of such audits can be used

by AEUFD. On these occasions, AEUFD will take every possible measure to ensure that the quality of the work of the IAU is of the required standards. Outputs from such audits will be assessed for quality prior to being used by the AEUFD.

AEUFD remains responsible for issuing the Annual Control Report, the Audit Opinion and the Closure Declaration which should be submitted to the EC in accordance with Art. 105 of Regulation 718/2007. This responsibility does not change as a result of using the work of the IAU within MRDPW.

Internal Audit Unit (IAU) within the Ministry of Regional Development and Public Works implements the functions of internal audit of all structures, activities and processes carried out by the ministry, including structures managing the EU funds (the Managing Authority of the CBC Programme between Bulgaria and the former Yugoslav Republic of Macedonia) and the lower budget level spending units. The unit is subordinated and reports directly to the minister. The functions of this unit are in compliance with the Law on Internal Audit in the Public Sector. The Internal Audit Unit will carry out the internal audits for the purposes of CBC Programme between Bulgaria and the former Yugoslav Republic of Macedonia in accordance with the international accepted standards for internal audit.

5.3.3 Project modifications

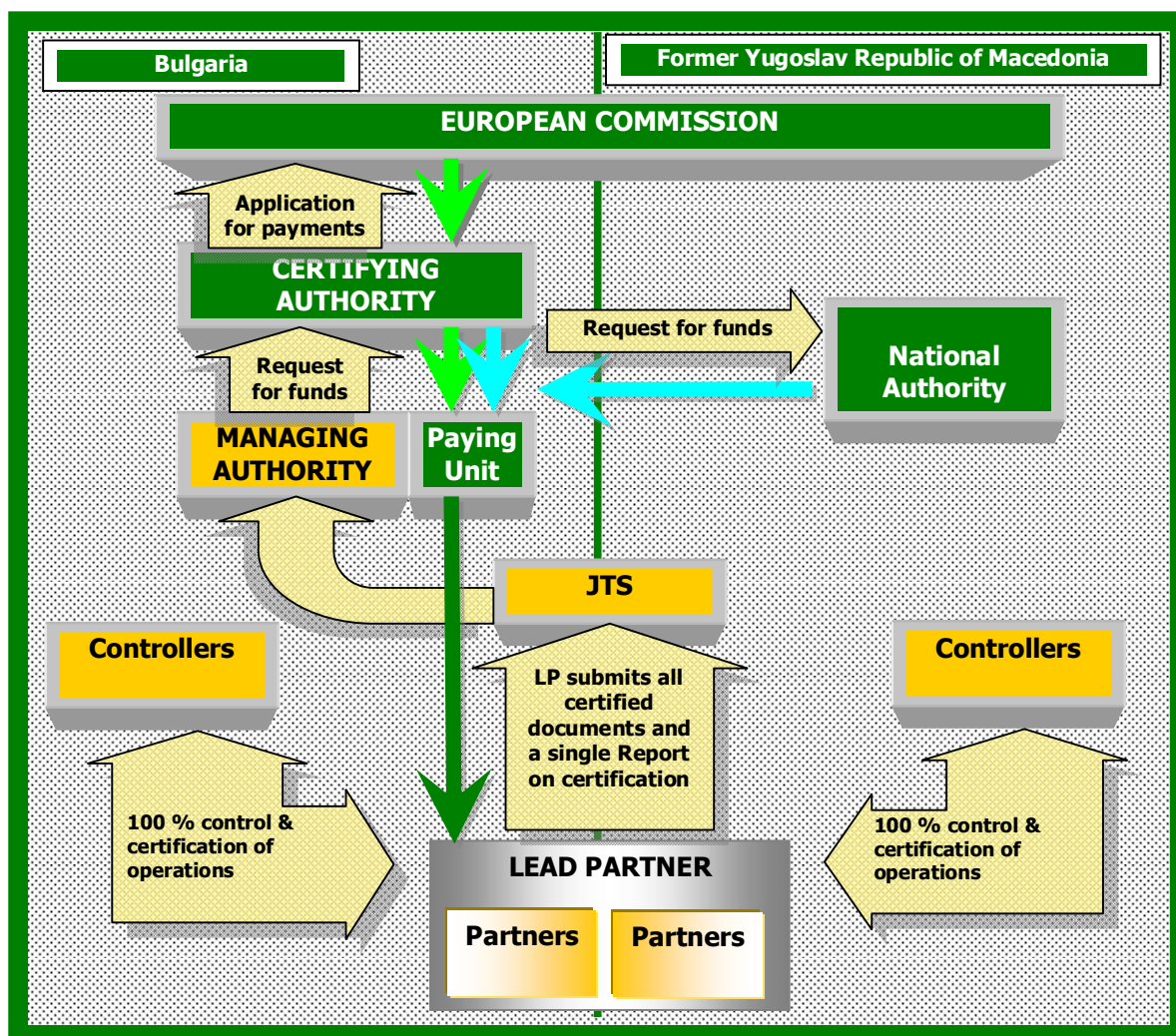
The lead beneficiary needs to inform the JTS in written form about any changes made to the original project application. All the requested modifications will be assessed following the rules for project modifications previously developed and approved by the JMC. Depending on the content of modification, it may require approval either by MA or JMC respectively. Approval of the modifications will be recorded either in the letter of approval or may require changes to the contracts in the form of special addendums.

5.3.4 Irregularities

The Managing Authority will report to the responsible national body (Anti-fraud Co-ordination structure – AFCOS) and OLAF without delay all suspected and/or actual cases of fraud and/or irregularity as well as measures related thereto undertaken by the Head of the MA. On a quarterly basis the Head of the MA should report to the responsible national body (Anti-fraud Co-ordination structure – AFCOS) on the follow up of the already reported cases of suspected and/ or detected irregularity / fraud.

National Authority Ministry of Local Self-Government of the former Yugoslav Republic of Macedonia is responsible for reimbursement to the CA the amounts unduly paid to Lead beneficiaries/ beneficiaries from the former Yugoslav Republic of Macedonia as described in Article 114 (2) of Commission Regulation (EC) No. 718/2007 of 12 June 2007.

Control and financial flows



5.4 MONITORING

The Managing Authority and the Joint Monitoring Committee will ensure the quality of the implementation of the programme in accordance with the principle of sound financial management. They will carry out monitoring by reference to the given indicators.

The tools using for the monitoring and evaluation the programme are:

- Annual report and final report on implementation, as set up in Article 112 of the Commission Regulation (EC) No. 718/2007 of 12 June 2007; The annual reports will be drafted by the Joint Technical Secretariat and will be verified and submitted by the Managing Authority and approved by the Joint Monitoring Committee before they are sent to the Commission;
- Annual examination of programme, according to Article 113 of the Commission Regulation (EC) No. 718/2007 of 12 June 2007

Lead Partners will submit a progress report every six months. These reports will be the central source to monitor implementation of operations.

The JTS on behalf of Managing Authority will provide all relevant information to the Joint Monitoring Committee to ensure proper implementation of the programme: For monitoring of progress, the JTS will regularly provide a report on the progress of the operations, commitments and payments.

Computerised exchange of data at EC level

In order to ensure the monitoring process of the programme by all actors involved, a Management/Monitoring System (MIS) in Bulgaria will be set up to ensure ability to exchange electronic data. The Managing Authority will ensure that all data related to CBC Programme is entered in MIS and that all reports submitted are based and/or identical with the information in that system.

5.5 EVALUATION

The aim of the evaluation is to improve the quality, effectiveness and consistency of the use of assistance, the strategy and the implementation of the programme. Evaluations are closely linked to the monitoring of the programme. Evaluations will be carried out in accordance with Article 109 of the Commission Regulation (EC) No. 718/2007 of 12 June 2007.

The results will be sent to the joint monitoring committee and to the Commission.

5.5.1 Ex ante evaluation

In accordance with Article 109(2) of the Commission Regulation (EC) No. 718/2007 of 12 June 2007 , an ex-ante evaluation was carried out by Pohl Consulting & Associates, Germany.

For the preparation of the Ex-ante evaluation and SEA of the Programme the Ministry of Regional Development and Public Works contracted Mr. Gabriele Bonafede - team leader, Mr. Des Ferguson – programme evaluator and Mrs. Raya Staykova - trainer. The ex-ante evaluation team participated in: Programme preparation procedures and meetings, SWOT evaluation meeting, the two implemented training workshops, focus-meeting on SEA methodology, results and recommendations, focus meeting on indicators and targets quantification and other issues, such as development of monitoring-implementation procedures, selection criteria, leading-partnership principles and their implementation etc. This fact is an example of interactive and parallel process of drafting the CBC Programme and its ex-ante evaluation.

The Ex ante Evaluation is annexed to the CBC Programme. (Annex 2)

Summary of key recommendations of Ex-ante evaluation:

	Recommendations	Comments
For the Overall Strategy	As the strategic construction of the programme is satisfactory in all parts, it is recommended to implement the programme with the intended logic and within the planned scope and timing	Accepted
	It is recommended to implement all Areas of Intervention in close cooperation with other departments of the Ministry of Regional Development and Public Works, with the Ministry of Environment and Waters, the Ministry of Transport and the Ministry of Finance of Bulgaria and with other departments of the Ministry of Local Self-government, Ministry of environment and physical planning, Ministry of transport and communications and Ministry of finance of the former Yugoslav Republic of Macedonia.	Accepted – all spheres of intervention are coordinated with the relevant institutions
For the Financial Allocation	In summary, and given the total available budget for the whole period, it is recommended to allocate (including the share of resources to be allocated for the TA following the budget of each priority): Around 13.5 M € for Priority Axis 1 and around 7.2 M € for Priority Axis 2. From the above amount have to be deducted the funds allocation for the Priority Axis 3, Technical Assistance. A deviation of 15% from the above allocation settings is acceptable.	Present budget table covers 3 year period. Recommendation may be taken into account when allocation after 2010 is prepared.
For Indicators and Targets	It is recommended to use the advised indicators of the ex-ante evaluation report and relative targets.	Accepted where reasonable
	Missing targets should be provided with the shortest delay.	Accepted
In general for the implementation system	It is recommended that the senior role of Bulgarian administration is continued during the implementation in close cooperation with the EC in Skopje, ensuring adequate skill and good-practice transfers to the former Yugoslav Republic of Macedonia, at least for the issues where Bulgarian administration reaches a more-than-satisfactory or better status.	Accepted
In particular for the Implementation system	Implement another round of consultation with authorities in the former Yugoslav Republic of Macedonia where the DIS is not yet in place	Accepted

	It is recommended a) to increase the transparency as good governance practices, especially for the inclusion of weak stakeholders in the governance process; b) implement the Programme with participative and inclusive techniques for evaluation matters, as it has been done for the planning part and so increase good-practice impacts and skills from Bulgarian administration to the former Yugoslav Republic of Macedonia	Accepted
	It is recommended to foster partnerships and links with NGOs, especially in the former Yugoslav Republic of Macedonia	Accepted
	Make the management system of the former Yugoslav Republic of Macedonia benefiting from support of Bulgarian administration	Not relevant for shared management
	Spill the good degree of staff motivation in Bulgaria on to the former Yugoslav Republic of Macedonia	Accepted
	Increase where possible the former Yugoslav Republic of Macedonia financial management capacity depends largely on the results of supporting projects to the Ministry of Local Self-Government of the Former Yugoslav Republic of Macedonia. Next 2 years will be crucial in this process.	N/A
	Spill the good degree of technical skills in Bulgaria on to the side of the Former Yugoslav Republic of Macedonia.	Accepted

5.5.2 Strategic Environmental Assessment (SEA)

In accordance with the European Directive 2001/42/EG on the assessment of the effects of certain plans and programmes on the environment (referred as SEA directive) and the respective transposition in national law of Bulgaria and the Former Yugoslav Republic of Macedonia, a Strategic Environmental Assessment is performed for the Programme for Cross-border Cooperation Bulgaria - the Former Yugoslav Republic of Macedonia 2007-2013.

The Strategic Environmental Assessment is annexed to the CBC Programme. (Annex 3)

SEA summary

Determination of Environment Protection Issues and Indicators

According to the SEA Directive/ / Annex 1 lit. f the following environmental issues are proposed to be considered:

- Ground and surface water
- Soil (and Subsoil)
- Air, Climate
- Population, Human Health
- Fauna, Flora, Biodiversity, natural habitats and protection from natural hazards,
- Landscape, Cultural Heritage including Functional utilizations,
- Resource efficiency and conservation/sustainable resource management including environmentally friendly transport/sustainable mobility systems and Energy efficiency and renewable energy sources.

By the SEA assessment, using needs-impact assessment methodology will be fairly clear that the impact of the programme on natural environment is at most indirect and very practically limited if not irrelevant beyond the eligible areas of Bulgaria and Former Yugoslav Republic of Macedonia.

Therefore the following list of key environment issues has been considered for this SEA. This list of 21 key environment issues is the same list agreed by MOEW and relevant Bulgarian Environmental authorities for the SEA of the OP Environment 2007 – 2013.

List of Key Environment Needs/Issues:

1. Construction of sewage network
2. Construction of urban waste-water treatment plants
3. Construction of water supply systems
4. Implementation of integrated river basin management
5. Prevention of the floods

6. Reduction of waste generation
7. Recovery of illegal dump sites
8. Construction and restoration of municipal landfills comply with the EU regulations and directives
9. Remediation of terrains polluted with waste
10. Municipal waste collection
11. Separate waste collection
12. Waste Recycling / Recovery / Reuse
13. Waste incineration and co-incineration
14. Natural habitats of rare species
15. Management Plans of natural protected areas
16. Action Plans for endangered species
17. Establishment of protected zones of NATURA 2000
18. Noise abatement
19. Efficient and rational use of energy
20. Air quality improvement
21. Environmental public awareness

Assessment of effects of specific proposals contained in the programming document on relevant environmental needs/issues

Assessment of effects of specific proposals contained in the programming document on relevant environmental issues have been done by qualitative description and comments.

The assessment centres on the question: "Will relevant environmental issues in the survey area improve or deteriorate by comparison to the zero variant (i.e. non-implementation of the Programme) upon implementation of the measures and strategies of the Programme?"

This has been answered by constructing an evaluation matrix having in columns the above environment needs and in the row all action types identified and designed in the Programme.

The global score of the evaluation matrix (available upon request) resulted in **3.30** on a scale where the absolute neutral has been considered equal to 3.00.

As the absolute neutral corresponds by definition to the zero-option **it is concluded that the Programme has a better impact on the environment than the absence of the Programme.**

In detail, out of 357 single assessments of environmental potential effect of the 17 planned actions on the 21 selected issues, only 6 times the score has been less than neutral. The following table holds:

Scores	N. of occurrences in the Assessment Matrix	Frequency
5 = strong beneficial impact	34	9.5 %
4 = Beneficial impact	46	12.9 %
3 = No impact (Neutral)	271	75.9 %
2 = Detrimental impact	6	1.7 %
1 = Damaging impact	0	0 %
TOTAL	357	100 %

Generation and assessment of reasonable alternatives, including measures to prevent, reduce and offset adverse effects

The zero-option of not implementing the programme has been set as "baseline" for the overall assessment process.

Additionally, another Programme alternative has been generated by the assessment:

1. On the level of objectives
2. On the level of actions/measures

The alternative package suggested measures to prevent, reduce and offset adverse effects and the suggestions for improvement (which are brought in during the programming process) is regarded as alternatives. **Emphasis has been placed in the need for intensive interaction with the Programming Group on this issue.** These suggestions and the iterative process are documented in projects reports.

An analogue matrix (available upon request) has been used to score this alternative Programme against the same 21 environmental issues identified for the first matrix related to the first option of the Programme.

Considering the whole impact of the programme, there is no substantial change. The general score of 3.30 is equal to the first Programme-solution. This means that general considerations reported for the first solution hold also for this. In fact, also this alternative would have been a valid programme with respect to the environment because the general conditions and the process of designing the programme have been almost the same. The Programme is anyway with a low budget, with a similar package of actions designed to solve the same types of problems, based on the same analysis and carried-on by the same programming group.

It is worth to remark also that one action not included in first version performs particularly well allowing strong benefits for all environment aspects. This action is *Cooperation of Municipality* reaching an overall impact score of 3.95 thus suggesting its re-inclusion in the programme.

Scores	N. of occurrences in the Assessment Matrix	Frequency
5 = strong beneficial impact	39	9.3 %
4 = Beneficial impact	60	14.3 %
3 = No impact (Neutral)	307	73.1 %
2 = Detrimental impact	14	3.3 %
1 = Damaging impact	0	0.0 %
TOTAL	420	100 %

Summary of relevant Conclusions

The following table summarizes all answers derived by the analysis to the identified key-questions regarding possible environmental impact at strategic level of the entire programme.

Derived guiding questions and **answers** for the assessment

Environmental Issues	Guiding questions	Answers
Ground and surface water	<p>Will the CBC Programme influence the surface and/or ground water quality in the sense of the Water Framework Directive ("good ecological and chemical status")?</p> <p>Will the CBC Programme affect the hydro-morphology of river systems?</p> <p>Will the CBC Programme create impact on the sustainable use of water resources?</p>	<p>The programme can indirectly affect ground and surface water if and when specific industrial cluster will be eventually been developed. The programme does focus on service sector and therefore the influence on depletion of surface and ground water will be limited, even in the case of very successful implementation for the tourism development sector. This is because the amount of resources allocated is too limited to have a large impact. This is true also for the use of water resources</p> <p>Hydro-morphology of river systems might be impacted only as a result of specific infrastructure projects which, even if considered as a main objective of the programme in the long-run, are not yet identified in their nature and type, and will anyway to comply with existing environmental regulation and control.</p>

Soil (and Subsoil)	<p>Will the CBC Programme help to protect soil attributes?</p> <p>Will the CBC Programme have effects on the state of contaminated sites?</p> <p>Will the CBC Programme promote sustainable waste management with focus on avoiding waste dumping and reducing land filling?</p>	<p>The Programme contains specific actions to protect the environment and foster environment awareness, thus increasing soil-protection measures.</p> <p>The programme does not specifically promote waste-management measures. However, the action designed to increase environment awareness will have a beneficial impact on sound waste management at least in terms of best-practice dissemination.</p>
Air, Climate	<p>Will the CBC Programme lead to reduction of air pollutants?</p> <p>Will the CBC Programme lead to reduction of GHG?</p> <p>Will the CBC Programme increase energy efficiency?</p> <p>Will the CBC Programme change the role of renewable energy sources?</p> <p>Will the CBC Programme lead to reduction of transport related emissions?</p>	<p>The above answers hold for Air and Climate. The Programme is too little in scope to have any measurable effect on Air and Climate, either positive or negative. However, the actions designed to increase environment awareness will help the perspective of reducing air pollutants, GHG, energy efficiency and the use of energy resources, as well as tackling in the best possible way the problem of transport-related emissions.</p>
Population, Human Health	<p>Will the CBC Programme support endeavours to reduce environmental related health risks?</p> <p>Will the CBC Programme catalyse the reduction of the share of population exposed to noise?</p>	<p>The actions designed to increase environment awareness will help the perspective of reducing air pollutants, GHG, energy efficiency and the use of energy resources, as well as tackling in the best possible way the problem of transport-related emissions, thus to a limited extent the Programme will also support endeavours to reduce environmental-related health risks.</p> <p>The Programme will not increase, nor sensibly reduce the share of population exposed to noise. However, since the Programme will have an effect in retaining population in rural areas it will help to curb the current trend of migration to noisy urban centres and large cities, such as Sofia and Skopje.</p>
Fauna, Flora, Biodiversity and natural habitats and protection from natural hazards,	<p>Does the CBC Programme support the EU objective to stop the loss of biodiversity?</p> <p>Will the CBC Programme improve the quality and/or quantity of protected areas, especially the NATURA 2000 Network?</p>	<p>Specific actions have been included in the programme for the objective of supporting EU environment policy, focusing on biodiversity protection and to increase the quantity of protected areas with special attention to the NATURA 2000 Network.</p>

Landscape, Cultural Heritage including Functional utilizations,	<p>Will the CBC programme facilitate protection of cultural heritage?</p> <p>Will the CBC programme support conservation or reconstruction of valuable cultural landscape?</p> <p>Will the CBC programme support sustainable urban and regional development?</p> <p>Will the CBC programme influence the demand of land take for urban development?</p> <p>Will the CBC programme enhance protection against natural hazards?</p>	<p>The programme should have a fairly sizeable impact on cultural heritage protection and re-qualification, as many actions are directly or indirectly aiming at this specific objective.</p> <p>This is true also for the support to conservation and reconstruction of valuable cultural landscape and for the objective of supporting sustainable and urban development.</p> <p>The programme will have also a beneficial redistributive and equality effect on land demand, as well as on retaining and developing human and IT resources in an eminently rural and peripheral zone. Awareness about natural environment and therefore against natural hazards will be also increased.</p>
Resource efficiency and conservation/ sustainable resource management including environmentally friendly transport	<p>Will the CBC programme support the resource efficiency concepts and innovation in the region?</p> <p>Will the CBC programme promote environmentally friendly transport?</p> <p>Will the CBC programme promote the use of the locally available renewable energy sources?</p> <p>Will the CBC programme promote the combination of Energy systems in the region?</p>	<p>The Programme will certainly support the resource-efficiency concepts and the innovation in the region thanks to innovative and creative actions designed to reduce the peripherality of rural areas.</p> <p>Environmental friendly transport might be developed at least at study level together with the development of locally available renewable energy sources and the specific combination of energy systems of the two countries.</p>

The preparation of SEA Report was on the agenda of consultation meetings with the following authorities (scheduled according to the road map agreed with the MA and the MOEW):

- Bulgaria: Ministry of Environment and Water (MOEW)
- The former Yugoslav Republic of Macedonia: Ministry of Environment and Physical Planning

The SEA was developed in the period October 2006 – March 2007 closely following the whole programming process. The following steps in elaboration of the SEA can be outlined along with the development of the programme itself:

Programming Steps	Timeline	Corresponding SEA steps
Workshop on the elaboration of the SWOT analysis with the participation of stakeholders at regional and local level in Bulgaria and former Yugoslav Republic of Macedonia	<p>5 October 2006 Kyustendil, Bulgaria and 10 October 2006 Skopje, former Yugoslav Republic of Macedonia</p>	The Ex-ante and SEA team leader took part in the meeting and gave his written comments on SWOT analysis and draft priorities afterwards.
<p>Determine objectives of the programme and the main needs of the cooperation area it should address.</p> <p>Programme draft version of 24 October 2006 has been sent to all JPC members for comments</p>	24 October 2006 – 17 October 2006	<p>The comments on the SWOT and draft priorities have been taken into account and incorporated in the draft CBC programme version of 8 November 2006.</p> <p>On 13 November 2006 Bulgarian Ministry of Environment and Waters informs with an official letter about the requirements regarding SEA.</p>

Programming Steps	Timeline	Corresponding SEA steps
Joint Programming Committee Meeting - approval of the SWOT analysis by both sides and discussion on the strategy (in terms of objectives and priority axes) and management and implementations arrangements	17 November 2006 Probishtip, former Yugoslav Republic of Macedonia	Determine environmental issues, objectives and characteristics that should be considered during the SEA process. Bulgarian MOEW consults partners from the Former Yugoslav Republic of Macedonia about necessary steps in elaboration of SEA on Bulgarian territory. Planning of public consultations in the eligible area on both sides of the border.
Workshop 1 under Ex-ante and SEA contract Training for Future Managing Structures in Bulgaria with a Specific Focus on Indicators and Implementation Management Issues for CBC Programmes of 2007 – 2013	13 December 2006 Sofia, Bulgaria	On 17 January 2007 a scoping report has been sent to the Bulgarian MOEW for statement on the scope, structure and content of the SEA.
Workshop 2 under Ex-ante and SEA contract Training for Local Authorities and Stakeholders Workshop in Instrument for Pre-accession Assistance (IPA) General provisions and components; new principles for cross-border co-operation, Lead Beneficiary principle	29 January 2007 Sofia, Bulgaria	Statement of Bulgarian MOEW on the structure scope and content of SEA (of 24 January 2007). 2 - 27 February 2007 preparation of the SEA report and non-technical summary of the report.
Joint Technical Meeting to further discuss the draft Programme of 14 January 2007; procedures and timeline for public consultations. SEA suggestions have been taken into account in the programming document.	27 February 2007 Sofia, Bulgaria	Present draft SEA Report of 27 February 2007. Amend the SEA report. The SEA report of 5 March 2007, the non-technical summary of the SEA report and a summary of the programme have been translated into Bulgarian language and published in the Internet on www.mrrb.government.bg .
Consultation with environmental authorities and public consultations on SEA and draft strategy of the Programme in Bulgaria started on 19 March 2007 and on 16 April 2007 in the former Yugoslav Republic of Macedonia in compliance with all requirements of national legislation of the two countries regarding environmental assessment of plans and programmes.	19 March 2007 – 27 April 2007	Statements on SEA report have come from Bulgaria - municipality of Petrich, municipality of Sandanski, municipality of Blagoevgrad, municipality of Nevestino, Ministry of Environment and Waters and from the West Aegean Basin Directorate at the Bulgarian MOEW. former Yugoslav Republic of Macedonia - municipality of Kratovo, Staro Nagoricane, Valandovo, Vinica, Lipkovo and Ministry of Environment and

Programming Steps	Timeline	Corresponding SEA steps
		Physical Planning
Reasonable SEA suggestions incorporated / taken into account into the last draft programme.	27 April 2007 – 21 May 2007	All comments incorporated in the final draft CBC programme before the JPC meeting for approval of the Programme.
JPC decision on the Draft CBC programme of 11 May 2007.	Joint Programming Committee Meeting to be held in Bulgaria on 21 May 2007	Take into account SEA report and results of consultations in decision-making.

Recommendations of the SEA:

With regard to the action **Alternative Tourist Development**

- It is recommended to have a strategic approach targeting the need of maintaining the existing bio-equilibrium of the region, especially for what concerns natural parks, river basins and protected areas.
- The implementing authorities and beneficiaries should keep also into consideration the fact that tourism development might have a detrimental impact on biodiversity, thus risking to jeopardize (if incorrectly implemented) the very attraction power of the region.
- On the other hand, it is also worth to mention that this option (actions on alternative tourism development) seems anyway the most appropriate to maintain a sustainable economic development approach, especially if compared to past experiences related to industrial-led local economies and income.

With regard to the action **Clusters of Entrepreneurship**

- Also in this case, it is worth to notice that clusters of entrepreneurship are to be monitored case by case in their impact on the environment because they tend to increase the amount of waste generation and the general anthropogenic pressure on the environment. The reuse of existing facilities and infrastructures is always to be preferred to the creation of new physical clusters. On the other hand, networks of immaterial clusters are in any case very welcome and perfectly in line to all environment and socio-economic EC policies, directives and framework guidelines.

With regard to the **Alternative Programme Solutions**

- To improve operational conditions, and increase probabilities of a beneficial impact on many environmental issues, and to facilitate the best success of the whole Programme, it is suggested to re-introduce the transversal provisions of the action: *Cooperation of Municipalities*, or the action itself possibly within the Priority Axis 2, Quality of Life.

Notwithstanding the above specific recommendations, the SEA concludes in general that

The programme will have a neutral or slightly beneficial strategic impact on the environment

Because of:

- The nature of actions planned in the programme, **with almost no actions and type of activities having potential threat** for the environment
- The existence of **a good number of actions having potential benefit for the environment**, even if limited in scope and reach-out due to small financial means allocated
- **The limited extent and scope of the Programme**, and therefore of all actions (beneficial and non-beneficial for the environment) due to a very limited budget to really affect environment equilibrium at local and regional scales

- The underlying "softness" of all actions implying that **no sizeable infrastructure is programmed in the near future.**

All recommendations of SEA report have been taken into account in elaboration of the final draft of the CBC Programme.

Public consultations

Public consultations have been carried out according to the requirements of the national law of Bulgaria and the former Yugoslav Republic of Macedonia.

Public consultations on the SEA report included:

- announcement on the web-site of the MRDPW and district administrations in Kyustendil and Blagoevgrad for conducting public consultations, containing following information: bodies responsible for implementation of the programme, place and time for access to the CBC Programme and SEA report, deadline for comments (14 days according Bulgarian legislation), way of submission of comments - via mail on paper or (but not only) via e-mail or other electronic devices;
- announcement on notice board at the MRDPW (Bulgaria) and MLSG (the former Yugoslav Republic of Macedonia);
- official letter to the environmental authorities at central and NUTS III level, to the mayors and municipal councils of all eligible municipalities in the CBC area;
- The necessary technical possibility and experts available for consultation were provided.

The following table shows the results of the public consultations:

Institution	Statement/Recommendation	Accepted/ Rejected	Comments
In Bulgaria			
Municipality of Petrich, Bulgaria	Accepts without remarks the priorities and spheres of intervention and suggestions of the SEA report. Suggests that one of the main factors for improving the condition of the environment is raising public awareness about protection of natural resources.	A	
Municipality of Sandanski, Bulgaria	Fully accepts the strategy of the programme and supports the recommendations made in the SEA report.	A	
Municipality of Blagoevgrad, Bulgaria	Accepts the strategy of the programme and agrees with the conclusions of the SEA report.	A	
Municipality of Nevestino, Bulgaria	Fully supports the strategy of the Programme and accepts the SEA report.	A	
Ministry of Environment and Waters, Bulgaria	Remarks on the SEA report: To point 4 of the report: CBC activities in some defined territories in view of flora and fauna to be specified and to be described how these activities will comply with the requirements of biodiversity protection.	R	One of the conclusions of the SEA is that the programme is focused entirely on "soft" actions (training, studies, services-cooperation, feasibility studies etc.) and thereof cannot have any remarkable environmental impact on the area in particular on biodiversity.

Institution	Statement/Recommendation	Accepted/ Rejected	Comments
	To point 5: Assessment of the compliance of the programme with other European, international and national strategic documents.	A	
	To point 6: to be clarified how have been chosen the environmental issues in the matrix of impact in relation to which the environmental assessment has been made.	R	This is described in the methodology of the assessment.
	To point 8: MOEW suggests as criterion for project selection to be accepted: Projects proposing investment plans or programmes to be approved only after fulfilling the requirements of the international, European and national legislations on environmental assessment.	A	The criteria for project selection will be subject for approval of the JMC and MA will prepare them fully taking into account the proposed criterion.
	Measures for monitoring and control of the impacts on the environment to be incorporated in the monitoring of the programme.	A	Such measures will be taken in the project generation and implementation process and will be regulated by the Internal Document.
	SEA to be part of Ex-ante Evaluation of the programme. Non-technical summary to be prepared as a separate document.	A	A summary has been made, translated into national languages of the partnering countries and used during public consultations.
	Remarks on the preparation of SEA and reflecting results of the consultations: MOEW acknowledges the possibility of wide participation of the public and all interested authorities.	A	
	A summary of the results of public consultations on draft SEA and draft Programme to be included as an annex.	A	
West Aegean Basin Directorate, Blagoevgrad, directorate at the Bulgarian MOEW	Comments on the Programme: The main priorities of the programme are in line with the priorities for sustainable management of waters. In that respect BD recommends Management of Waters to be added to the Sphere of intervention Utilisation of Eco Resources.	A	Joint management of the environment is an example of eligible operation under the Priority Axis 2.
	Comments on the SEA report: BD recommends to the sources of information to be added all directives on environment (in particular on waters) and Convention on Protection and Use of Cross-border Flows and Trans-boundary Lakes,	A	The former Yugoslav Republic of Macedonia is not a side on the Convention on Protection and Use of Cross-border Flows and Trans-boundary Lakes

Institution	Statement/Recommendation	Accepted/ Rejected	Comments
	Convention on Wet Zones of international importance (as habitats for birds etc.).		
	In 2009 the Programme to be consulted again with the Management Plan of River Flows in West Aegean Basin 2009 – 2015	A	In case it is possible.
In the Former Yugoslav Republic of Macedonia			
Municipality of Kratovo	Fully accepts the strategy of the programme and supports the recommendations made in the SEA report	A	
Municipality of Staro Nagoricane	Accepts the strategy of the programme and agrees with conclusions of the SEA report for the issues concerning the fauna, flora and the lost in the biodiversity; protection of the cultural heritage; and efficiency and protection of the resources. Because of the lack of financial assets, the impact of the CBC programme it could be only indirect for the issues raising from the protection of the characteristics of the land; reducing the air pollution; reducing the risk factors for the health of the people.	A	
Municipality of Valandovo	Fully accepts the strategy of the programme and supports the recommendations made in the SEA report	A	
Municipality of Vinica	Accepts the strategy of the programme and agrees with conclusions of the SEA report	A	
Municipality of Lipkovo	Accepts with remarks the priorities and spheres of intervention and suggestions of the SEA report and suggests the main priorities of the municipality	A	
Ministry of Environment and Physical Planning	Remarks on SEA Report: in the SEA Report to be added following text: „In the framework of the legal obligations for implementation of the Spatial Plan of the former Yugoslav Republic of Macedonia, it is foreseen to prepare a spatial planning documentation at local level, which would constitute the Strategy for spatial development of the municipality. The adoption of the spatial planning documentation for the municipalities is, on one hand, detailing of the Spatial Plan concept of the former Yugoslav Republic of Macedonia, altogether with other strategic documents adopted and related to the territory of the municipality, and on the other hand, a base for planning and realization of programmes within the bilateral cooperation with the neighbouring countries. The implementation of the programme goals is	R	

Institution	Statement/Recommendation	Accepted / Rejected	Comments
	possible only upon a planned space which would meet the requirements of environment protection, economic development and sustainable use of natural resources, multipurpose use of agricultural land, development of adequate infrastructure, protection of cultural heritage and establishment of higher level cooperation and connection with the neighbouring countries, which represent the very goals of the programmes. ^{//}		

Views and advices of potential stakeholders, including all local and regional authorities and partners have been incorporated in the programme. Preparation of the CBC programme has taken into account comments and main findings of ex-ante evaluation and the strategic environmental assessment that have been incorporated in the document, as well. Programme preparation process ensures transparency and open access to the relevant information.

Organisation	Comment/Recommendation	How the comment/recommendation have been integrated into the Programme
SEA Evaluators	It is recommended to have a strategic approach targeting the need of maintaining the existing bio-equilibrium of the region, especially for what concerns natural parks, river basins and protected areas.	This recommendation was incorporated into the Objectives and indicative activities of Priority Axis 2. The objective of the sphere of intervention 2.1. "Utilisation of eco resources" is to contribute to the preservation of natural resources biodiversity by applying environmental friendly approaches in all fields and increasing awareness to secure the sustainable use of resources. At least of three of proposed indicative activities are designed in response to this recommendation: "Networking and cooperation between the existing environmental institutions"; "Activities for joint management and protection of the environment"; "Elaboration and implementation of pollution prevention plans for the border area and training/educational programmes".
SEA Evaluators	The implementing authorities and beneficiaries should keep also into consideration the fact that tourism development might have a detrimental impact on biodiversity, thus risking to jeopardize (if incorrectly implemented) the very attraction power of the region.	This recommendation was taken into account during the elaboration of the final draft of Priority Axes 2 of the CBC Programme. One of the indicative activities to be supported within the sphere of intervention 2.1. is "Cross-border tourism (services, products, facilities, etc.) development based on the opportunities for sustainable use of natural resources"
SEA Evaluators	On the other hand, it is also worth to mention that this option (actions on alternative tourism development) seems anyway the most appropriate to maintain a sustainable economic development approach, especially if compared to past experiences related to industrial-led local economies and income	Under the development of the CBC Programme the cooperation potential in the field of eco- and cultural resources use for the development of the region was taken into account. Priority Axis 2 supports activities which intend development of alternative tourism (eco-, green-, rural and cultural): "Cross-border tourism (services, products, facilities, etc.) development based on the opportunities for

		sustainable use of natural resources” and “Activities for development of cultural tourism as a factor for increase of employment”
SEA Evaluators	Also in this case, it is worth to notice that clusters of entrepreneurship are to be monitored case by case in their impact on the environment because they tend to increase the amount of waste generation and the general anthropogenic pressure on the environment. The reuse of existing facilities and infrastructures is always to be preferred to the creation of new physical clusters. On the other hand, networks of immaterial clusters are in any case very welcome and perfectly in line to all environment and socio-economic EC policies, directives and framework guidelines.	<p>This recommendation will be incorporated into the project selection criteria to be developed by the Joint Monitoring Committee</p> <p>These criteria will also guarantee that there shall be no disaccord with existing European legal frameworks (like Water Frame Directive, Natura 2000 network).</p> <p>The impact on the environment will be monitored at project level in case of funding projects for creation of partnerships and clusters.</p> <p>At project application stage applicants will fill in a standard form regarding possible environmental impact of the proposed operation as an integral part of the application process.</p>
SEA Evaluators	To improve operational conditions, and increase probabilities of a beneficial impact on many environmental issues, and to facilitate the best success of the whole Programme, it is suggested to re-introduce the transversal provisions of the action: <i>Cooperation of Municipalities</i> , or the action itself possibly within the Priority Axis 2, Quality of Life.	All the municipalities in the eligible for this programme region are regarded as main potential beneficiaries. There are no obstacles or any unfavourable conditions limiting the cooperation between them in the process of implementation of the eligible programme actions. In this context adding new special action “ <i>Cooperation of Municipalities</i> ” seems unnecessary.
Municipality of Petrich, Bulgaria	Suggests that one of the main factors for improving the condition of the environment is raising public awareness about protection of natural resources.	One of the indicative activities within the Utilisation of eco resources sphere of intervention (Priority Axis 2) is designed in response to this recommendation, namely “Awareness raising campaigns for natural wealth and protection etc.”
Ministry of Environment and Waters, Bulgaria	CBC activities in some defined territories in view of flora and fauna to be specified and to be described how these activities will comply with the requirements of biodiversity protection.	<p>One of the objectives of sphere of intervention “Utilisation of eco resources” is to contribute to the preservation of natural resources and biodiversity by applying environmental friendly approaches in all fields and increasing awareness to secure the sustainable use of resources.</p> <p>One of the indicative activities under this sphere of intervention is “Joint solutions for great variety of biodiversity safeguarding”</p>
Ministry of Environment and Waters, Bulgaria	Assessment of the compliance of the programme with other European, international and national strategic documents.	The compliance of the programme with other European, international and national strategic documents is presented within Section 4.7 of the programme
Ministry of Environment and Waters, Bulgaria	MOEW suggests as criterion for project selection to be accepted: Projects proposing investment plans or programmes to be approved only after fulfilling the requirements of the international, European and national legislations on environmental	This recommendation will be incorporated into the project selection criteria to be developed by the Joint Monitoring Committee

	assessment.	
Ministry of Environment and Waters, Bulgaria	Measures for monitoring and control of the impacts on the environment to be incorporated in the monitoring of the programme.	Measures for monitoring and control of the impacts of the CBC Programme implementation on the environment are presented in Section 5.5.2 of the programme
Ministry of Environment and Waters, Bulgaria	A summary of the results of public consultations on draft SEA and draft Programme to be included as an annex	A summary of the results of public consultations on draft SEA and draft Programme is included in Section 5.5.2 of the programme
West Aegean Basin Directorate, Blagoevgrad, directorate at the Bulgarian MOEW	The main priorities of the programme are in line with the priorities for sustainable management of waters. In that respect BD recommends Management of Waters to be added to the Sphere of intervention Utilisation of Eco Resources.	Activities for joint management and protection of the environment are included in the Sphere of intervention Utilisation of Eco Resources
West Aegean Basin Directorate, Blagoevgrad, directorate at the Bulgarian MOEW	In 2009 the Programme to be consulted again with the Management Plan of River Flows in West Aegean Basin 2009 – 2015	Compliance of the CBC P with the Management Plan of River Flows in West Aegean Basin 2009 – 2015 will be assessed by the Joint Monitoring Committee
Municipality of Lipkovo	Accepts with remarks the priorities and spheres of intervention and suggestions of the SEA report and suggests the main priorities of the municipality	All the municipalities in the eligible for this programme region are regarded as main potential beneficiaries. There are no obstacles or any unfavourable conditions limiting the cooperation between them in the process of implementation of the eligible programme actions.

Monitoring of the environmental impact of the CBC Programme implementation

A quality and effective system of monitoring and evaluating of the environmental impacts of the CBC Programme implementation will contribute not only to preventing the programme's possible negative environmental impacts, but it will also help to enhance its positive effects, not only in terms of the environment, but also in terms of a higher quality of the projects submitted.

In order to ensure monitoring of environmental impact the following measures will be taken:

- To incorporate the environmental guiding questions / indicators into the overall system of monitoring the programme implementation impacts
- To connect the monitoring system to the system of evaluating and selecting the projects and also for further project monitoring;
- To link monitoring of the programme to monitoring of the single projects;
- To publish the results of monitoring;
- To ensure sufficient personnel and professional capacities for environmental areas within the programme monitoring;
- To involve the Ministry of Environment and Waters into the discussion about the overall system of monitoring and especially the way of incorporating environmental issues into the overall system before it is launched;
- To ensure that the applicants are informed sufficiently about environmental issues and about possible links of the draft projects to the environment;
- To invite environmental organizations to take part in the Joint monitoring committee established for the programme.

The whole monitoring system includes the following activities:

- Monitoring of environmental guiding questions / indicators with special attention to those related to NATURA 2000 Network;
- Examination of the monitoring results, i.e. revision of changes in environmental indicators

- Initiation of respective steps in case the programme negative environmental impacts were found
- Publishing of the results of monitoring;
- Selection and modifications of environmental guiding questions / indicators with respect to the character of the projects submitted;
- Communication with the respective assessment authority (Ministry of Environment and Waters) and other authorities working in environmental protection
- Providing environmental consulting to people working in the programme implementation structure, i.e. especially to the assessors;
- Providing advisory services to applicants submitting projects in the environmental field
- Providing information on environmental issues related to the programme to all parties interested

The above mentioned activities will ensure a quality and effective system to monitor environmental effects of the programme implementation.

5.5.3 Evaluations during the programme period

On-going evaluation is a process taking the form of a series of evaluation exercises. Its main purpose is to follow on a continuous basis the implementation and delivery of an operational programme and changes in its external environment, in order to better understand and analyse outputs and results achieved and progress towards longer-term impacts, as well as to recommend, if necessary, remedial actions.

During the programme period, Partner States participating in the programme will carry out evaluations closely linked to the monitoring of the programme, in particular where the monitoring of the programme reveals a significant departure from the goals initially set or especially where proposals are made for major changes of this programme (financial, content-related or implementation-related).

During the implementation of the programme, evaluations will be made. The scope of the evaluations will be targeted to specific needs of the programme identified in the monitoring, e.g. to impacts of the finalised operations and the programme.

The Joint Monitoring Committee shall decide on the execution of such evaluation. The evaluations shall be carried out by external experts. The results of the evaluations will be sent to the Commission.

6 PUBLICITY AND COMMUNICATION

The participating countries Bulgaria and the former Yugoslav Republic of Macedonia shall provide information on and publicise Programme and its operations. The information shall be addressed to the citizens and beneficiaries, with the aim of highlighting the role of the Community and ensuring transparency (see Article 62 Commission Regulation (EC) No. 718/2007 of 12 June 2007. The Managing Authority is responsible for carrying out the information and publicity measures.

The information and publicity measures are presented in the form of a communication plan. The information and publicity measures within the scope of the programme are designed:

- to target potential and final beneficiaries and serve the purpose of informing on the possibilities offered by the European Union, Bulgaria and The former Yugoslav Republic of Macedonia and guaranteeing the transparency of the joint interventions;
- to inform the general public of the role that the European Union plays together with Bulgaria and the former Yugoslav Republic of Macedonia in the respective interventions and of their results;
- to guarantee transparency vis-à-vis potential and final beneficiaries by a general information on the program. Furthermore to give an overview of competencies, organisation and project selection procedures as well as standardised information on project applications. Also the selection criteria and valuation mechanisms for tenders and project applications will be published. All the information will be available for downloading on the respective programme websites;
- to inform the public about announcements on the start of the programme in the media, giving an appropriate presentation of the participation of the European Union. Ongoing communication on the stages of a project's implementation throughout the entire programme planning period and the presentation of the final results of the program.

The general strategic goal of the information and publicity measures is to create a uniform public image which should achieve the status of a brand name or a "corporate identity" with time. To this end, a common logo is used on printed matter, publications, in the printed and electronic media. For the strategic implementation of the contents listed above, the following shall be used:

- A programme-specific website providing ongoing information to the general public, potential and final beneficiaries as well as structured networks in the Internet, which are to be prepared by the Joint Technical Secretariat in close co-operation with the Branch secretariat;
- Information material in the form of leaflets, information binders and brochures;
- Ad hoc press releases, press conferences to inform the national, regional and local media (e. g. on the start of the programme, best practices, project completions, Joint Monitoring Committee meetings, annual implementation reports, enlargement);
- Regional and local information events and networking of project organisers, financing institutions and funding bodies (kick-off event at the start of a programme at the regional level as well as information events at the regional level);
- Contributions to special-interest events, articles in special-interest magazines.

The application of the above-mentioned information and publicity measures are differentiated within the programme planning period by three phases each of which having different requirements:

- Information on the start and the announcement of program: The objective of this phase is to spread the information as widely as possible (potential and final beneficiaries as well as the general public) and to inform in general about the programme, contact partners, info points, procedures and decision-making structures, etc. Communication means: Kick-off events in Bulgaria and the former Yugoslav Republic of Macedonia; leaflet, press conferences, press releases on the start of the programme (as fast as possible after the programme has been approved by the EC);
- Ongoing information, communication and presentation: In this phase, the public is regularly informed on the current status of the implementation of the programme and on the completion of successful projects. Furthermore, clear information (homogenous) at the regional and local level on the administrative procedures and information on the selection criteria and valuation mechanisms are provided. Regular information and networking events by project organisers, financing institutions and funding bodies are crucial in this phase for the implementation of the joint programme planning document. Communication means: Brochures, information events, organisation of events to share experiences among projects, press releases on the status of the implementation, etc;
- Presentation of results and review: During the implementation of the Programme, a presentation of the completed projects and a review of the co-operation projects created are given. Communication means: brochures, final events, etc.

GLOSSARY OF ACRONYMS

Acronym	Description
AA	Audit Authority
CA	Certifying Authority
CADSES	Central, Adriatic, Danubian and South-East European Space
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBC P	Cross-Border Cooperation Programme
CC	Candidate Countries
CEFTA	Central European Free Trade Agreement
CSG	Community Strategic Guidelines on Cohesion 2007 – 2013
DIS	Decentralised Implementation System
EBRD	European Bank for Reconstruction and Development
EC	European Council / European Commission
ESF	European Social Fund
EGTC	European grouping of territorial cooperation
ERDF	European Regional Development Fund
EU	European Union
GDP	Gross Domestic Product
IPA	Instrument for Pre-accession Assistance
IAU	Internal Audit Unit
ISPA	Instrument for Structural Policies for Pre-accession
ICT	Information and Communication Technology
IUPN	The World Conservation Union was founded in October 1948 as the International Union for the Protection of Nature (or IUPN) following an international conference in Fontainebleau, France. The organization changed its name to the International Union for Conservation of Nature and Natural Resources in 1956.
LB	Lead Beneficiary
JMC	Joint Monitoring Committee
JPC	Joint Programming Committee
JSPF	Joint Small Projects Fund
JTF	Joint Task Force for programming
JTS	Joint Technical Secretariat
JWG	Joint Working Group for programming
MA	Managing Authority
MF	Ministry of Finance
MIFF	Multi-annual Indicative Financial Framework, former Yugoslav Republic of Macedonia
MIPD	Multi-annual Indicative Planning Document, former Yugoslav Republic of Macedonia
MIS	Management Information System
MOEW	Ministry of Environment and Water, Bulgaria
MLSG	Ministry of Local Self Government, former Yugoslav Republic of Macedonia
MRDPW	Ministry of Regional Development and Public Works, Bulgaria
MS	Member State/s
NATO	North Atlantic Treaty Organisation
NDP	National Development Plan
NGO	Non Governmental Organization
NP	Neighbourhood Programme
NSI	National Statistical Institute
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
PCC	Potential candidate countries
Phare CBC	Phare (Poland Hungary Aid for Reconstruction of the Economy) Programme for Cross-Border Cooperation
R&D	Research and Development

SAA	Stabilization and Association Agreement
SAPARD	Special accession programme for agriculture and rural development
SEA	Secretariat for European Affairs, former Yugoslav Republic of Macedonia
SF	Structural funds
SMEs	Small and Medium sized Enterprises
SWOT	Strengths, Weakness, Opportunities, Threats
TA	Technical Assistance
UNSCR	United Nations Security Council Resolution
ZELS	Association of the local self-government units, former Yugoslav Republic of Macedonia