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

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

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

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

STRATEGIC POLICY CONTEXT

The IPA CBC Programme Bulgaria – the former Yugoslav Republic of Macedonia 2014–2020 is designed in the framework of the European strategy for a smart, inclusive and sustainable growth and the relevant national and regional strategic documents. The main policy framework at European, macro-regional and national level as reflected in the programme are as follows:

The Europe 2020: A European Strategy for Smart, Sustainable and Inclusive Growth

The Europe 2020 strategy is shared among the European institutions, the Member States and the social partners in order to take the necessary action to reach the Europe 2020 targets. The strategy puts forward three mutually reinforcing priorities:

- **Smart growth:** developing an economy based on knowledge and innovation,
- **Sustainable growth:** promoting a more resource efficient, greener and more competitive economy and
- **Inclusive growth:** fostering a high-employment economy delivering social and territorial cohesion.

It sets focus on five overarching headline targets that have to be reached by 2020. These targets require a mixture of national and EU actions, utilising the full range of policies and instruments available.

In the context of the IPA CBC Programme Bulgaria – the former Yugoslav Republic of Macedonia 2014–2020 the synergy with the aforementioned national and EU actions is sought.

Common Strategic Framework

The Common Strategic Framework (CSF) is especially relevant for EU Member States like Bulgaria. The CSF addresses employment, demographic change and education as issues of cross-border relevance. Additionally, sustainable development, climate change mitigation and natural disasters (developing integrated cross-border natural risk management) as well as biodiversity are outlined as relevant issues.

The European Territorial Cooperation strategy and the role of Cross-Border Cooperation

The European Territorial Agenda 2020 identifies some key challenges and potentials for territorial development. These include increased exposure to globalisation, demographic changes, social and economic exclusion, climate change and loss of biodiversity, all relevant to the Programme area.

EU Strategy for the Danube Region

The EU Strategy for the Danube Region (EUSDR) is a macroregional strategy aiming at addressing the common challenges of the region by creating synergies and coordination between existing policies and initiatives. Geographically only the Bulgarian part of the Programme region is part of the EUSDR region. However, synergies between this IPA CBC Programme and the EUSDR are desired.

Partnership Agreement of the Republic of Bulgaria

The Partnership Agreement between the Republic of Bulgaria and the European Union sets the frames of the assistance to be received from the EU structural and investment funds in the period 2014-2020.

It highlights the country priorities in all sectors, also taking into consideration the role of the CBC programmes for the contribution to the EU development strategy.

In reference to the programme between Bulgaria and the former Yugoslav Republic of Macedonia, the Partnership Agreement states that “*the preferred priority areas for cooperation are in the field of environmental protection, promotion and development of natural and cultural heritage, tourism and education and social infrastructure.*”(BG PA, 2014: p.121)

EC Country Strategy Paper 2014-2020 for EU assistance to the former Yugoslav Republic of Macedonia (MK SP, 2013: p.20).

The Country Strategy Paper 2014-2020 for EU assistance to the former Yugoslav Republic of Macedonia define reforms in the rule of law and fundamental rights sector as crucial. The paper is the country's framework for the assistance to be received in the field of competitiveness and innovation, transport and the development, education, employment and social policies, the environment sector.

This Country Strategy Paper states that the country's cross-border cooperation programmes will focus on the socio-economic development of the border areas and that “*Continuation of people to people actions, human resource development and information sharing has to remain as an essential part of individual programmes*”.

National and regional strategies of the Republic of Bulgaria and the former Yugoslav Republic of Macedonia

When analysing the potentials and barriers, formulating the vision and the strategic goals of the IPA CBC Programme Bulgaria – the former Yugoslav Republic of Macedonia 2014 – 2020, the following main strategic documents, related to regional development, have also been taken into consideration:

- The National Strategy for Regional Development of the Republic of Bulgaria for the period 2012 – 2022
- The Strategy for Regional Development of the former Yugoslav Republic of Macedonia 2009-2019
- The Regional Development Strategies of Blagoevgrad and Kyustendil district for the period 2014 – 2020
- The Programmes for Development of the South-East, East and North-East Planning Regions 2009-2013

THE PROGRAMME AREA

The programme area is located in the South-Central part of the Balkan Peninsula. It covers a territory of 18 087 km² and has a population of 980 375 people (cf. BG NAT STAT, 2012; MK STATE STAT, 2012). The border line is 165 km of land border.

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

The territory on side of the former Yugoslav Republic of Macedonia comprises of the **North-East, the East and the South-East** NUTS III statistical regions (47,5% of the programme area, 33,4% of the country area), consisting of 27 municipalities, 597 settlements and a population of 527 402 people (53,8% of the total programme area population, 25.6 % of the country population).

More than half of the Programme area is mountainous, with forests occupying 46.5% of it, but also numerous valleys with fertile land. The climate is diverse, from moderate-continental, transitional-continental and mountainous to Mediterranean along the river valleys. The area is rich in water resources: rivers (the biggest are Struma, Mesta, Bregalnica, Strumica / Strumeshnica); lakes (part of Dojran Lake, Vodoca, Mantovo; 233 lakes in Rila and 186 in Pirin, of which the most popular are the Seven Rila lakes) and thermal waters, available across the whole cooperation area.

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

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

TERRITORIAL ANALYSIS

Employment, labour mobility, social and cultural inclusion

The labour market of the cross-border region is in an unfavourable situation with clear regional imbalances and more negative trends for the Bulgarian part of the region.

The **demographic development** of the region is characterized by low population density, decreasing birth rates and ageing population. For the period between 2007-2012 the population of the eligible border area has decreased by 2.5%, with more positive figures for the side of the former Yugoslav Republic of Macedonia (small growth registered for South-East and North-East regions), opposed to a strong negative tendency for Kyustendil district - Bulgaria (-10.98%), and depopulation extremes registered for the municipalities of Treklyano (-43.74%), Nevestino (-26.80%), Rila (-24.17%), Kocherinovo (-21.10%) and several others (cf. Comparative analyses 2007-2012, BG NAT STAT; MK STATE STAT).

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

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

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

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

Like in most EU countries, the border region has much higher unemployment rates compared to the years before the financial crisis. In 2012 **unemployment** in the cooperation area reached 20.3% in average, but the situation strongly differs across the region (from 10.4% for Blagoevgrad up to 52.8 % for North-East region). The gender structure in terms of unemployment is not a major issue for the region. Problems to be addressed relate to the much higher unemployment rates in the rural areas as opposed to urban centres (due to low economic activity, low educated work force) and the high youth unemployment which is a serious problem also on national level of both countries, with a strong negative trend for the Bulgarian regions. Unemployment among young people, especially those with higher educational levels is worrying, as it is a main reason for emigration thus worsening the already unfavourable demographic situation of the region.

Poverty levels are more worrying for the CBC side of the former Yugoslav Republic of Macedonia (where poverty rate in 2009 was 31.1%), though the Bulgarian CBC districts also show some negative trend in recent years. As opposed to these poverty ratios, Blagoevgrad district is a national leader, with the lowest share of people living below the poverty line (12.4% in 2011, compared to 21.2% for Bulgaria).

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

Challenges

- The continuous demographic crisis is a major challenge to the CBC region resulting in aging population, further isolation of remote areas, strong disproportion in employment between the regional centres and larger towns and the smaller municipalities, declining industries generating further unemployment.
- The out-migration, especially of younger and better educated people, presents a serious challenge and worsens the demographic situation of the region leading to depopulation extremes in several locations.
- Increasing levels of poverty, low income rates and social exclusion of vulnerable groups are challenges, especially relevant to rural and remote areas offering limited labour opportunities, mainly in primary sector.
- Irrespectively of the existing skills in traditional sectors, the regional labour force still lacks modern competences required by the developing industries thus creating a challenge for matching the labour market needs and demands.

Needs

- There is a need to develop the regional labour markets and reduce regional imbalances through undertaking joint local employment initiatives, information and advisory services as well as stimulating and promoting in-country labour mobility.
- There is a need to implement measures for adjusting the regional labour force to new labour market demands: developing qualifications and skills adequate to the needs of the local industries are required, as well as key competences relevant to the globalising economy which can also contribute to increasing the regional competitiveness.
- There exist an urgent need to create labour opportunities and new jobs for young people, women and other vulnerable groups, incl. stimulating business start-up and self-employment, in order to reduce migration and brain drain and stop regional depopulation.
- There is a need to fight poverty and social exclusion; possibilities to support social enterprises should be explored, in particular in the rural areas as well as exchange of experience between social service entities. Particular attention need to be paid to develop actions that address the needs of vulnerable groups such as disabled, elderly or Roma community.

Environment, climate change adaptation and mitigation, risk prevention and management

The CBC region provides unique features in terms of **landscape and biodiversity** which constitute one of its major strengths. The region benefits from rich forests with diverse flora and fauna, comparatively clean soil (except local spots in agricultural and industrial/mine areas where soil pollution was identified) and fertile land, as well as thermal waters (with the hottest mineral water geyser on the Balkans in Sapareva Banya, 103.5°C). The territory is a puzzle of numerous mountains (with Musala peak – the Balkan Peninsula's highest peak (2925 m)), valleys, river watersheds and lakes. Two of the three National parks of Bulgaria are located in the region (the National parks Rila and Pirin of which Pirin has been included in the UNESCO Convention on Protection of Cultural and Natural Heritage). Several nature reserves and numerous protected areas and natural landmarks are among the assets of the region: on Bulgarian side: Parangalitsa (the oldest nature reserve in the country), Bayuvi Dupki-Djindjirica (the biggest (2873 ha) biosphere reserve in the country), the seven Rila Lakes, the Stob Pyramids; on side of the former Yugoslav Republic of Macedonia the natural monuments: Dojran Lake (in Ramsar from 2008) Smolare and Kolesino Waterfalls on Belasica Mountain and Monospitovo Swamp near Strumica with presence of glacial relicts of fern (*Osmundaregalis*). The mountains Osogovo, Belasica, Malesevo and parts of Struma River watersheds are also recognized in the Strategy of the World Conservation Union (IUCN) as areas with high potential for CBC activities.

Most of the natural resources of the region are protected and well preserved. The share of the protected areas out of the total territory of the two Bulgarian districts of the region is 13.14% for Blagoevgrad and 11.94% for Kyustendil, compared to 5.2% average for Bulgaria (cf. RDP SWR BG, 2012). Though the majority of the protected territories located on the Bulgarian side of the cross-border region have been formally registered and included in the Natura2000 network, approved management plans currently exist only for few, thus work in this direction is still forthcoming. The protected areas on side of the former Yugoslav Republic of Macedonia are 25 out of a total of 86 locations registered in the country (cf. EEA EIONET, 2013).

The cross-border region also has a strong potential for **power generation from renewable sources** such as hydropower, solar, biomass, geothermal waters and wind. In Kyustendil the water energy is traditionally used since the year 1927 when the first hydropower station "Osogovo" has been built and more were constructed in the following years. EU funding available for Bulgaria has also stimulated the construction of solar and windmills. The total power generation capacity of RES in the two Bulgarian districts is almost 200 MWt, with the development potential still not reached. On side of the former Yugoslav Republic of Macedonia one hydropower plant Kalimanci is functioning.

RES capacities in this part of the CBC region are represented by 27 plants covering 29% from the total installed RES capacities in the country. Energy efficiency and renewable energy are topics where cross-border cooperation and exchange of good practices can further boost developments in the related fields.

The decline of the industrial production had a **positive influence on the environment** of the region where no big industrial polluters are currently operating. Negative effects on the air quality have the intense traffic in the bigger towns and major connection roads as well as the massive use of solid fuel (timber, coal) by the households. On Bulgarian territory only local spots of polluted soils are to be found in industrial areas and along the main transport lines. Disrupted territories are at the places of raw material extraction (coal, rocks, inert materials). On side of the former Yugoslav Republic of Macedonia the Buchim copper mine and Damjan iron mine (Radovish), Sala, Zletovo and Toranica zinc and lead-zinc mines represent "hot spots" indicating a high potential for soil and water contamination. The content of heavy metals does not reveal particularly high values. Re-cultivation of land around the mines is among the specific issues of the region. A major concern for the urban environment of the CBC area (as well as for both neighbouring countries) is the state of the old industrial territories within the towns, largely affected by the transition to market economy during the last decades, with existing crumbled and empty production buildings and brown-field sites requiring significant investments in order to be converted to modern industrial zones.

The biggest environmental problem of the border region is the **pollution of the rivers**. There are highly polluted river sections particularly within the catchment area of the Struma and Bregalnica River resulting mainly from the direct flow of waste waters from industry (and mine sites) and households, mine deposits and the use of pesticides and fertilizers in agriculture. Waste water treatment facilities are insufficient and despite the progress made in previous years, there are still many settlements (especially in rural and mountainous areas) that are not connected to sewage systems. Much investment is still required in relation to **solid waste collection and treatment**. A long-lasting problem are the illegal dump sites and the separate collection, separation and recycling of solid waste are activities which presently have limited scope and low coverage within the region.

Climate change is a significant threat to the border region bearing risks of droughts, land erosion, floods, temperature extremes, forest fires and increasing water temperatures. Bulgaria as a whole is among the countries in the EU that are expected to be most severely affected by climate changes and the former Yugoslav Republic of Macedonia is even higher on the scale for climate change affection. The border area is part of a region with the highest degree of vulnerability to climate changes. Sectors like agriculture, hydropower, tourism shall be amongst the most affected. Region's biodiversity (where the major negative effect is on wetlands and shrubs) and river basins management also require special attention.

Though adaptation to climate change is recognized of highest importance on EU and national levels, investments to address specific risks, ensuring disaster resilience and implementing disaster management systems have been scarce in previous cross-border cooperation.

Challenges

- Protection and preservation of the region's unique biodiversity and natural resources constitute a major challenge when it comes to its usage for the benefit of population and economy. Boosting of tourism development, forestry, power generation from renewable sources and other industrial activities could have a major negative effect on the regional ecosystems and the natural potentials of the area.
- Water and soil pollution due to industrial and agriculture activity and air pollution due to transport, remain an environmental challenge to be addressed, along with the issues related to solid waste management and recycling.
- The region is significantly vulnerable towards climate change while it is very weakly

prepared to adequately respond to natural hazards and disasters.

Needs

- A continuous policy, structured approaches, coordinated activities and further investment measures for the preservation of the region's beautiful nature are needed in order to prevent possible future destruction of the eco systems.
- Joint actions, integrated policies and concepts of land, water and solid waste management and pollution control are needed as well as related investments.
- Operational plans and measures for sustainable management, efficient and responsible resource utilisation is a necessity for the CBC region in view of reducing the pressure of economic activities and households on natural environment.
- Strong measures are needed to be jointly taken in the area of climate resilience, risk prevention and mitigation of climate change effects (e.g. early warning systems, disaster management plans and related investments).
- There is a continuous need for awareness raising campaigns and capacity building on all levels on topics like biodiversity preservation, resource and energy efficiency, pollution prevention, etc.

Sustainable transport and public infrastructures

Mainly due to its mountainous relief, the cross border region is characterised by an unbalanced development of the connecting infrastructures, with road transport being the main link between settlements and the only means connecting the two sides of the border. Good accessibility exists only around the economic and urban centres which are connected to international high level transport systems (e.g. the routes Sofia-Kulata-Thessaloniki (part of TEN corridor No. IV), Sofia-Kyustendil-Gyueshevo-Deve Bair-Skopje (part of TEN corridor No. VIII) and Kumanovo-Veles-Gevgelija (part of TEN corridor No. X). Railroads Sofia-Dupnitsa-Kulata-Thessaloniki and Sofia-Kyustendil-Gyueshevo also cross the region serving part of the area. There are currently 3 operating border crossing points at Gyueshevo - Deve Bair, Stanke Lisichkovo – Delchevo and Zlatarevo - Novo Selo, but opening more border crossings will facilitate and intensify cross-border integration of both sides. From a CBC perspective, the cross-border connectivity is inadequate and the transport networks of the two parts of the region are not well integrated. Furthermore, the roads network is unevenly distributed throughout the region thus hampering the access to mountainous and semi-mountainous areas. In the urban parts it is not sufficiently developed (many bottle necks) in order to meet the needs both of intense local and transit traffic. This limits the social and economic development of these areas. Despite the investments already made, the density of the road network is much below the EU average and the condition of II and III class roads is far from meeting the desired standards. Non-existence of good quality access roads to many touristic sites is also a problem.

The inter-regional public transport is not of adequate quality and in most cases there is a lack of connection services (bus-bus or bus-train). Insufficient public transport systems and disperse settlement structures are the main reasons for the growing tendency to substitute public transport with individual cars, which imposes considerable environmental effects.

Challenges

- The rugged terrain of the border area presents a serious challenge for the development of the connecting infrastructure. This hampers accessibility to peripheral locations and remote areas thus negatively affecting their social and economic development.
- The rehabilitation of existing public infrastructure requires substantial financial resources which constitutes a major challenge for the region and the countries as a whole.

- Infrastructure development and modernization of operation of cross-border points along with improved customs procedures remain an important challenge for increasing regional exchange between the communities and facilitating trade and economic development.
- The development of sustainable, energy saving public transport and communication systems is lagging behind as well as the extension of public transport links and improvement of operations and services.

Needs

- There is need to improve cross-border connectivity, incl. an increase of the number of border crossings and modernization of the existing ones.
- There is need to improve access to transport, information and communication networks and services, especially in smaller settlements.
- There is need for rehabilitation of II and III class roads as well as to renovate/develop the roads leading to tourist and industrial areas.
- There is need for modernization and expansion of the railway network, which will have positive effects on the safety level and travel times.
- Further mobility management and awareness raising for sustainable transport is needed.

Tourism, cultural and natural heritage

The rich natural resources (mountains, forests, lakes, biodiversity, unique natural forms, caves, geothermal and mineral waters, waterfalls), the favourable climate conditions, ecologically clean environment and the unique cultural and historical assets (churches and monasteries, festivals, carnivals; crafts, authentic ethno-ambiences) provide excellent opportunities for sustainable development of different forms of tourism.

The cultural/historical heritage of the cross-border region dates back to the traces left behind by Thracians, Romans and 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 can be found in almost all municipalities: ruins of castles and sanctuaries across the countryside of Bansko, Belica, Razlog, Satovcha, the ancient town of Nikopolis ad Nestrum, etc. on the Bulgarian side of the border; the ancient towns of Tiveriopolis (today Strumica), Astibo (nowdays Stip), Bargala (in the area of the river Kozjacka), archaeological sides "Vardarski Rid" near Gevgelija and "Isar" near Valandovo, etc. in the former Yugoslav Republic of Macedonia. In relation to the monuments of the Christian culture, the eligible cross-border area has a high density of churches and monasteries (Rozhen monastery, churches in Rupite and Brestovo etc. on the Bulgarian side of the border, as well as the church of the Holy Fifteen saints and the Veljusa monastery on the other side. The most famous sites are the Rila monastery (UNESCO heritage site) and the St. Joakim Osogovski monastery (near Kriva Palanka). The astronomic observatory Kokino is an incredible specificity located in the North-East region dated 1800 years B.C. The megalith observatory in Kokino is included among the most valuable ancient observatories in the world. In 2005, the American space agency NASA ranked Kokino at the fourth position in the list of 15 observatories of such kind.

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

Tourism activities are more intense on the Bulgarian part of the region with serious growth registered in 2006-2007 (+84%, Blagoevgrad district only +99%; (cf. BG NAT STAT and EUROSTAT), while on the side of the former Yugoslav Republic of Macedonia tourism is still in the

stage of development. Notwithstanding this fact, in the period 2007-2012 tourist nights on both sides of the border have increased: 33% in the Bulgarian part of the region, in the part of the former Yugoslav Republic of Macedonia the increase was 47% in the same period (East Region +72%, South-East Region 44%, North-East region +40%), compared with only 7% on national level (cf. MK STATE STAT). Figures also show substantial increase of 89% in nights spent by foreign tourists (South-East Region +93%, Kyustendil +111%).

Currently all forms of tourism can be found in the region: skiing (Bansko, Semkovo, Dobrinishte), spa (Sandanski, Sapareva Banya, Kyustendil, Dobrinishte, Kumanovo, Strnovac), cultural tours (Rila Monastery, Rozhen Monastery, Vodoca/Veljusa Monastery, Osogovski Monastery), summer and recreation tourism (Dojran), eco-tourism (Berovo, Panichiste), golf tourism (Razlog), wine/rural tourism (Melnik), festival/carneval tourism (Strumica, Blagoevgrad, Sandanski, Bansko), etc. However, of all listed, ski and spa tourism are most developed, both attracting foreign tourists, with Bansko recently becoming the most popular Bulgarian ski resort and Sandanski still a country leader in the balneology and spa sector. All other sub-sectors have great development potential, which is presently under-utilised. The region's rich cultural and natural assets are in many cases not properly managed and valorised. The quality of touristic services and tourist-related infrastructure is still largely below international standards. The sector and related industries lack sufficient and qualified labour-force. The tourist offer remains mostly seasonal and not widely-enough promoted; a joint strategic approach for development of regional tourist routes and products is currently missing.

Challenges

- The negative climate change, more particular the global warming trends present a major challenge to the region's winter/ski tourism, affecting mainly Blagoevgrad district where this is one of the leading economic factors. To this view, alternative forms of tourism should also be developed to compensate for any drawback in the performance of the leading sub-sectors.
- The high percentage of protected areas of the region is a major asset for attracting tourists but at the same time constitutes a challenge for the development of the tourism infrastructure.
- Migration of young and qualified people causes deficiency in skilled labour force which is strongly needed for the development of tourism sector in the area.
- The unbalanced development of tourism in the region and on its both sides is a challenge for creating and presenting a strong integrated regional offer able to compete on international tourism markets.

Needs

- There is need to develop new forms of tourism, new tourism products in order to utilise the region's potential.
- In order for the whole cross border area to participate in the region's tourism offer, there is need to develop a unified strategy, joint regional tourist routes and products.
- Touristic facilities and their management need to be further improved; access to tourist sites need to be extended. There is great need for improving tourism promotion infrastructure (tourist information centers, marking tourist routes) and ensuring adequate touristic services.
- Investments are needed for protection, valorisation, conservation and further promotion of the cultural/historical heritage.
- There is need of intensified promotion of the tourism brands and offers which will contribute

to tourism growth and overall social and economic development of the area.

Youth, education and skills

"Europe's future depends on its youth. Yet, life chances of many young people are blighted". (EU COM, 2008).

Having in mind the negative demographic trends, the young people living in the border region should be viewed as its greatest value. Like many others, they face various difficulties related to education, employment, health, housing or transport and on a general basis lack the resources and opportunities to fully integrate into society. Youth unemployment has been identified as a major future threat for the cross-border area thus leading to an out-migration of young and educated people who are seeking better job opportunities. To this view, youth policies and actions should be a focus future interventions, thus providing more and equal opportunities in education and on the job market and foster their social inclusion.

The process of educational training and development in the eligible cross-border area is bound with the established network of educational and vocational training institutions at all levels (life-long learning, primary, secondary and higher education). The existing basis has an adequate system for ensuring the necessary general and higher education. A continuous tendency exists for increasing the qualifications and the educational level of the population, though the number of students in schools constantly decreases (due to demographic and economic reasons). There are villages where the reduced number of children endangers closure of schools. Furthermore, the infrastructure at all levels of education is outdated and in most cases inadequate. The most serious shortcomings are in the area of information technologies and foreign language competences.

Since quality education is crucial for economic growth and development, the most pressing challenges are to address the needs of the private sector. Delivering the right skills for employment, increasing the efficiency and inclusiveness of the education and training system must be supported by strong collaboration between all relevant stakeholders. Access to enterprise training is good, with a well-developed training network operated by the employment authorities, but it is not clear to what extent this meets the specific needs of businesses since there is lack of systematic information on the skills needed and there is still significant mismatch between demand and offer on the labour market. Assessment of training needs should become regular practice and be carried out systematically.

Challenges

- The increasing youth unemployment presents a major challenge to the region being more intense among young people with higher education thus leading to out-migration and brain-drain.
- A decreasing number of students might lead to closing of schools in some areas.
- Matching education and vocational training practices and programmes to labour market demands still constitutes a major challenge for the region.
- There are existing cases of segregation in the education of Roma youth and challenges to keep Roma children in schools.

Needs

- There is an urgent need for investment in the education and activities of young people and focus on solutions to tackle youth unemployment.
- There is need to upgrade the educational and training programmes so that they respond to the current and future needs of the economy.
- There is a need to improve the educational infrastructure and the access to schools and

kindergartens for the children living in remote areas.

Local and regional governance

In Bulgaria, the main responsibility for carrying out state policy and achieving a balance between national and local interests at district level rests with the district governor. He conducts the State policy within the district; coordinates 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 plans, strategies and programmes and establishes relations with the local government bodies. Besides the district administrations, there are decentralised government services located in the districts (regional directorates of education, agriculture, employment, forests, construction, etc.). Based on the Law on Local self-government and local administration, adopted in 1991, municipalities are the self-government administrative-territorial units operating on local level. 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 former Yugoslav Republic of Macedonia has a one-level local government system where units of local self-government are the municipalities. With the laws of local self-governance the competences of municipalities devolved along with a large number of administrative functions, resources and the delivery of a substantial range of services. As a result of the decentralisation process, the local self-government units (LSGUs) gained serious administrative, financial and human resources for implementation of their competencies.

Strengthening local governance and enhancing local economic development, in accordance with the agreement and the principles of subsidiarity and participatory development, is conducive to social cohesion, democratic development and good inter-community relations. The Copenhagen criteria require functioning and adequately resourced institutions with sufficient administrative capacity to effectively transpose and implement EU legislation. In the case of the former Yugoslav Republic of Macedonia, issues to be addressed are linked to the fragmentation of the sector (into civil and public services), the professionalism of public administration, the need to respect the principles of independence, merit and equitable representation, while enabling democratic institutions to provide stable and predictable services to all citizens. As an EU Member Country Bulgaria has taken a number of steps to adequately fulfil its commitments to the EU in the area of public reforms and good governance. However, despite the administrative reforms initiated, Bulgaria is still in the group with the lowest indicators for good governance in the EU (cf. EU DG REGIO, 2010). The major drawbacks of the country are the comparatively unattractive administrative environment and ineffective juridical system, incl. "share of the grey economy and corruption", as well as yet uncompleted reforms in the sectors of juridical system and public administration (cf. EU COM, 2013, SWOT analysis).

E-government, open governance, optimised and competent public administration are key leading factors for competitiveness and growth on which policies also on regional level shall be focused.

Challenges

- Activating the non-government sector in the CBC region, the business and the citizens to participate in consultation, coordination and decision-making processes presents a challenge for achieving their contribution to planning and policy development.

Needs

- There is need for intensifying the coordination and cooperation among all relevant actors (both governmental and non-governmental) to jointly address local and regional development challenges.

- There is need to increase the professional capacity and motivation of civil servants.
- There is need for strengthen institutional capacity and the efficiency of public administrations and public services; future actions towards introducing e-governance need also to be explored and supported.
- There is need for public measures and information resources to promote the economic potential of the region.

Competitiveness, business environment, SMEs, trade and investment

The border region is characterized by diverse economic structure and development as well as by sectoral disparities on different levels: there are regions with structural problems which have lost their competitiveness over the years, regions where the traditional agricultural sector is dominating and some more advanced centres relying on industries with growth potential.

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

The economic leader of the programme area is the South-East region with a clear positive development trend for the period 2007-2011, the highest GDP per capita, compared to the other regions and above (115.6%) the national average for 2011. Blagoevgrad district is 2nd in terms of GDP development, but with very moderate growth through the years and a GDP per capita of 65% of the national average for 2011. The region lagging behind is the North East region with GDP per capita of about 56% compared with the region' leader, followed by Kyustendil district. Both regions are showing draw backs and fluctuations in their development and remain far below the national levels. (cf. BG NAT STAT; MK STATE STAT 2007-2011)

The sectoral structure of the CBC regions shows certain differences between the countries, with **agriculture** being particularly important in the former Yugoslav Republic of Macedonia part. In 2011 the share of the agricultural sector in the region's GVA accounted for 15% which was much above the national averages. In the South-East region it is as high as 33%. On the other end is Kyustendil district, once called the "orchard of Bulgaria" where now the primary sector accounts for only 5.5% of the GVA. The region has traditions in farming and local climate is especially favourable for fruit and vegetable growing. However, problems exist particularly with uncontrolled use of underground waters and polluted surface waters as well as uncontrolled use of fertilizers/pesticides on the side of the former Yugoslav Republic of Macedonia and on Bulgarian side with much fragmented land, old equipment and technologies and ruined irrigation systems. Other problems relate to quality standards, marketing and realisation of the products and the presence of extensive sub-sectors (e.g. tobacco-growing) which brings social tension. Despite the negative features, the development trends in recent years are positive with more investment and technologies introduced to the sector. Organic farming presents a strong potential for the region, with positive tendency in the number of bio-farms registered (e.g. 30% growth in Blagoevgrad for 2012 compared with 2011), though this sector is still in its early stage of development on both sides of the border. **Forestry** is also a sub-sector with considerable potential for the region based on the rich natural resources available. However, its contribution to the regional GDP is modest and far beyond the possible returns. Measures and cooperation for efficient and sustainable economic use of the region's forests can boost regional performance. **Manufacturing** (36% of the regional GVA) is most important in East region (45%) and in Kyustendil district (40%). The dominance of the industrial sector is much higher in the Bulgarian part of the region. The main industrial fields of activity are apparel and shoe-making

industries, food-processing, pharmaceutical, machinery and electronics, energy generation and mining. The problems of the sector relate to a loss of competitiveness, resulting from the on-going restructuring processes, loss of traditional markets, lack of modern technologies, low resource efficiency, lack of managerial skills and technical staff and low investments in R&D. The **service sector** of the region has been expanding faster, compared to the trends on national level in both countries. **Tourism**, though showing steady growth and being well unfolded in certain locations, still has a modest share in the regions GDP.

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

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

Challenges

- Depopulation of the villages, aging of the population, particularly in the rural areas as well as the partition, remoteness and small size of arable land is an obstacle for implementing modern technologies and presents a real challenge to the future sustainable development of the agricultural sector.
- The low productivity and resource efficiency of the local SMEs is a challenge which hampers their abilities to withstand the competitiveness of the neighbouring and EU countries.
- Difficult access to financial resources is a challenge to the SMEs to develop and successfully compete with their European counterparts.

Needs

- Focused policies and actions are needed for the reduction of interregional economic disparities between the more dynamic urban centres and the region's rural areas.
- There exist the need for capacity building of regional SMEs in order to increase productivity and overall performance. Cooperation for exchange of ideas, managerial and technical skills, modern technologies in agriculture (particularly bio-farming), RES, tourism, industry, cluster development, will contribute towards strengthening economic activities, creating of new jobs and boosting the region's competitiveness.
- It is necessary to bring agricultural producers closer to the markets and to develop agribusiness services for better flow of information on new technologies and practices.
- There exists the need to promote the economic strengths of the region and attract inward investments.
- Facilitating and enhancing the access of SME's to international markets is also needed.

Research, technological development, innovation and ICTs

Research and development activities are not among the main strengths of the region. In general the

capacity for innovations and R&D remains very low on national level, compared to EU-27. In 2012 the average R&D expenditure per inhabitant for EU countries has been 529.6 EUR. For Bulgaria this figure is 34.6 EUR and for the former Yugoslav Republic of Macedonia even less (7.52 EUR). (cf. EUROSTAT, 2012; MK STATE STAT, 2012) None of the CBC regions are among the national leaders in R&D; they are substantially lagging behind.

The majority of the existing enterprises have low level of technological development and limited potential for applied research. They lack know-how and qualified personnel to be able to drive innovative growth forward. There are not enough dynamic internal generators for R&D which can accelerate the potential for innovations of the region. Research activities are concentrated in the university centres of Blagoevgrad and Stip (East region) and there are two more research institutes, specialised on agriculture in the towns of Kyustendil and Strumica (South East region). The region has not managed to take full advantage from the proximity to the capitals (e.g. Sofia) where the national R&D capacity is concentrated, neither has it gained much from transfer of innovative practices and technologies from foreign investors, as FDIs have been limited and focused in extensive production sectors (e.g. ready-made wear).

Public or non-profit organisation can play an important role in the field of applied research, innovation and transfer of technologies, but they have not been very active in this respect. There are existing cluster initiatives in the region that can be seen as an excellent starting point for co-ordination on institutional level and for the formation of similar cross border enterprise networks.

The CBC area has a comparatively good position in terms of ICT connection and usage, but again with some regional disparities manifested. The two main statistical indicators: “Internet usage of households” and “Individuals regularly using Internet” place the CBC region a little lower than the national averages of both countries, all of which still far from the same indicators for EU-27. (The share of households using Internet in EU-27 for 2012 has been 76%, compared to 58% for the Republic of Macedonia, 51% for Bulgaria and 49% for the CBC region. Source: EUROSTAT). ICT usage in mountainous and remote areas is rather limited.

Challenges

- There is limited capacity (financial, human, managerial) and very low innovative potential of the existing enterprises to implement new technologies having in mind the predominantly international character of applied research.
- Motivating young and qualified specialists and scientists to stay/move to work in the region is a challenge providing the lack of career opportunities available to them.
- The rapid developments in scientific and technological research and innovation globally impose a serious challenge to local stakeholders.

Needs

- There is a need for strengthening research, technological development and innovation in the region in order to enhance efficiency of production processes and renovation of equipment in all sectors.
- There is need for technology transfer from more advanced countries as well as qualified specialists, engineers, managerial staff able to introduce innovative products and processes.
- There is need to enhance the development of broadband connection infrastructure and establish public places for use of ICTs in smaller/remote settlements.

POTENTIALS AND BARRIERS OF THE CROSS-BORDER REGION

The identified **potentials** and **barriers** mainly deal with issues such as competitiveness, tourism, coherence of the education system with the regional labour market needs, as well as environment

protection and improving the region's preparedness regarding hazards and disasters prevention.

Existing Potentials

1. **Good foundation for regional cooperation:** Accumulated cross-border cooperation experience, similar challenges and similarities in languages and mentality provide good foundation for regional cooperation. Opportunities for institutional capacity building and cross-border cooperation will enhance mutual confidence and partnerships and further develop institutional support mechanisms as well as sharing of good practices and experiences in different fields.
2. **Sound basis for environmental sector improvements:** The region displays sound environmental conditions with significant natural resources and mechanisms for nature preservation and management. High interest for better natural resources preservation and biodiversity are manifested in the on-going CBC programme and are good potential for more responsible and sustainable use of natural resources.
3. **On-going developments in the fields of transport:** Recent road and rail infrastructure developments will strengthen the region strategic position in the TEN-T network. These opportunities provide the potential to improve transport efficiency, travel time and safety.
4. **Sustainable tourism and natural and cultural heritage utilization:** Tourism was identified as a main opportunity to balance regional disparities and for job creation. This potential combines internal strengths such as natural resources richness and unique cultural heritage as important potentials for cross-border development from the social, economic and environmental aspect. High interest for strengthened tourism development potentials and sustainable use of cultural and eco resources of the border region is manifested in the past and on-going CBC. Increased tourism opportunities as an economic activity foster cultural exchange and natural heritage promotion and sustain people-to-people and civil society dialogue.
5. **Wealthy education system:** Presence of higher educational centers provides favorable environment for optimizing educational, professional qualification and re-qualification structures, which is reflected in the increasing share of population with a higher level of education. Large number of SMEs and growth of the service sectors provide new employment opportunities and increased demand for qualified work force that are opening opportunities for educational institutions and illustrate development potential of the region.
6. **Improving competitiveness:** The economic situation in the region is diverse and economy focuses on sectors and activities which require comparatively low qualification and technologies. The competitiveness of the region is formed on the basis of low costs for baseline factors – labour and natural resources. Development of skills and capacities and collaboration on all levels may contribute to the competitiveness of regional SMEs.

Possible Potentials

1. **Educational cooperation improving regional employment:** Diverse set of opportunities for cooperation in the field of education and training exists in the region. A specific development potential is the better combination of the education system with the particular needs of businesses and the labour market. These opportunities can target the existing weaknesses of the area of high unemployment rates, brain drain occurrences, limited career services and career information.
2. **Improving environmental protection and sustainable use of common natural resources:** Diverse natural environment, biodiversity and favourable climate conditions provide huge potentials for protection and preservation of the region's biodiversity and natural resources. Water, soil and air pollution remain environmental issues for joint activities, along with the

possibilities related to solid waste management and recycling. Awareness raising campaigns and capacity building on topics like biodiversity preservation, resource and energy efficiency, pollution prevention, preparedness of the region concerning hazards, risk prevention and climate resilience are possible areas for support. Insufficient use of natural resources for electricity generation and low level of RES use may be targeted with small scale investments in RES and energy efficiency in public infrastructure.

3. **Joint action for improving the transport situation:** Existing cooperation in the transport infrastructure (railway, gas, cross-border crossings) provides potentials to improve the low accessibility of the area. Additional potential is to further improve security and quality of transport facilities (rail network, public transport, etc.).
4. **Utilisation of natural/cultural heritage for tourism development and employment:** Natural and culture heritage are important potentials for sustainable tourism and require responsible development. There is unbalanced tourism development in the region which provides possibilities for creating and presenting a complementary and strong integrated regional offer, routes and internationally competitive products. Small-scale investments and info-centres may enhance accessibility and valorization of natural and cultural/historical sites for increasing tourism attractiveness of the region. Weaknesses with under-developed tourist products and networks of suppliers/services businesses for the sector, lack of souvenirs/handcrafts, and inappropriate touristic services may target activities for improved visibility, variety and quality of the tourist offer in the region through joint researches, tourism product and service development and promotion, training and consultancy. Cooperation and networking are important for development of the sustainable tourism potentials and may be targeted through joint promotional events, awareness raising and networking.
5. **Involvement of young people, women and vulnerable groups:** Migration/emigration of young highly educated people to more developed regions or abroad, depopulation, demotivation of young people as well as high level of youth unemployment with low level of youth participation in decision making and entrepreneurship together with high unemployment among vulnerable groups may be targeted with activities for creating labour opportunities, networks for enhancing employment potential and creating new jobs for young people, women and other vulnerable groups, stimulating business start-up and self-employment, peer learning and exchanges of experiences. Joint youth initiatives for active citizenship promotion, social innovation, participation in democratic life and entrepreneurship also may be supported. The involvement of young and creative people is essential for reducing brain-drain, increasing market competition and economic productivity and to address challenges from depopulation and demographic change.
6. **Improving administrative and institutional capacity:** Continuation and improvement of the cross-border and inter-regional cooperation including partnerships, support and sharing of good practice and experiences will improve and strength the administrative/institutional capacity and efficiency of public administrations/services related to regional development and utilisation of EU funds. Intensifying the coordination and cooperation among relevant governmental and non-governmental actors to jointly address local/regional cross-border development challenges will improve administration functioning and performance.
7. **Increasing competitiveness of regional businesses:** Joint actions to enhance the access of local businesses to international markets and to stimulate the cooperation networks and collaboration between SMEs for growth and increased competitiveness based on cluster approaches may improve SMEs technical standards, productivity and competitiveness. Support for increasing business capacities, innovation and know how transfer and strengthening the capacities of the education system will be equally important.
8. **Promotion of R&D:** Support to innovative products and services through technological and

applied research, as well as connecting the academic research institutions with the economy and opportunities for development clusters in innovative industries and business centres with R&D development facilities will improve generally the situation in the field of research and development.

Existing Barriers

- 1. Unemployment and lack of opportunities leading to out-migration and loss of qualifications:** The region is characterised by negative demographic processes, brain drain occurrences and out-migration of mainly young and well-educated people. This is further reinforced by high levels of unemployment and limited employment opportunities in rural areas, leading to the concentration of business activities in urban areas. Young people, which poorly participate in the labour market, show the risk of losing their qualifications.
- 2. Discrepancy between education system and labour market needs:** Visible are discrepancies between the education system and labour market needs as the education system cannot adequately respond to the dynamic changes of economy and labour market. This reinforces increasing poverty and low income levels especially of young and vulnerable groups. The quality of education in the cross-border area varies and limited information and services in the field of careers exist which further intensifies the situation of the education system not fitting to the economy where growth rates and productivity are lagging behind.
- 3. Environmental quality and hazards request common approaches:** Pollution, declining diversity of spaces, decrease of biological resources, increasing pressures on the environment resulting from urbanisation, transport, tourism and industrialized agriculture are hampering environmental quality. Also water and soil pollution is increasing. The combination of underdeveloped waste collection/treatment and recycling systems, waste-water facilities and low level of disaster management systems and emergency preparedness with insufficient state budgets for financing environmental infrastructure and the related inefficient prevention and management of climate risks in the border region create additional barriers. Comparatively high risk of floods, forest fires, land erosion and extreme temperatures including droughts are important burdens for the area. These have major effects on the economic, social and environmental situation of the region.
- 4. Difficult accessibility due to low level of transport infrastructure investments:** The area shows a low accessibility where road transport is the only way of countries connectivity and major differences between urban and rural areas. This situation is aggravated by the low level of investments in infrastructure.
- 5. Research and productivity lagging behind:** Low levels of productivity and competitiveness, insufficient economic growth rates and a low level of investments in the field of R&D are further intensified by interregional economic disparities especially between urban and rural areas, missing financing instruments for SMEs and the raising importance of connections to global knowledge networks, which are not a main focus of the area.

Possible Barriers

- 1. Protected areas threatened by increasing pollution levels:** The region is characterised by rich natural assets and moderately good condition of environmental media which are the basis for number of protected areas. These assets are endangered by external factors, including natural hazards and pollution from various external sources. Improving cooperation capacity between relevant institutions in the region is needed.
- 2. Decline of environmental quality affects tourism attractiveness:** Touristic potentials are based on nature richness, diversity and its cultural heritage. Those potentials are endangered by natural disasters, climate change and its effects and the unsustainable use of environmental

resources. This affects the entire natural and cultural heritage, which represents an important location factor for tourism.

- 3. Positive developments limited by global pressure and strong economic disparities:** In the last years the economic activity in the region has improved and the number of SMEs has increased. Even due to these positive developments, there still exist insufficient economic growth rates compared to the EU average and major interregional economic disparities are visible. Financing instruments for SMEs are also missing and the generally low level of R&D expenditure hampers further development.

PROGRAMME STRATEGY

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

The Program's strategy and the selection of priorities is based on the relevance of the topic regarding CBC, the identified potentials of the Programme area, the main needs and challenges that are impacting sustainable and socio-economic development of the region as well as budget constraints and lessons learnt from previous periods. In addition, the selected thematic priorities encompass subject matters and types of interventions of common interest, benefiting a broad spectrum of institutions and organisations located on both sides of the border and also having good potential for benefitting youth, women and vulnerable groups.

Of main relevance are those priorities, aiming at combating climate change and risk management, protection of the environment, development of tourism (including natural and cultural heritage) and SME support and competitiveness. Budget constraints stress the need to focus on a limited number of priorities with the highest expected value added from CBC and to exclude important areas where projects would require high budgets (like transport).

Thus the overall objective of the IPA CBC Programme Bulgaria – the former Yugoslav Republic of Macedonia 2014 – 2020 has been defined as

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

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

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

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

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

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

A **cross cutting issue** of the Programme is the support for youth, women and vulnerable groups. This issue can be especially addressed under the thematic priorities (b) Encouraging tourism and cultural and natural heritage, and (g) Enhancing competitiveness, business environment and the development of SMEs, trade and investment, are reflected in the eligible activities and will also be reflected in the selection criteria when assessing project proposals under the Calls for Proposals. This approach should help improving the framework and the labour and social conditions for young people, women and vulnerable / marginalized groups in the region.

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

Table 1: Justification for the selection of thematic priorities

Selected thematic priority	Justification for selection
<p>Thematic Priority (b) Protecting the ENVIRONMENT and promoting CLIMATE CHANGE adaptation and mitigation, RISK PREVENTION and management</p>	<p>This thematic priority relates directly to a main priority of EU2020 where CSF defines this area as specific relevant for CBC. For both countries these issues are relevant for PA and EU accession respectively. National Strategies for Regional Development in both countries see joint risk management and environmental protection as key topics for CBC.</p> <p>Ex-ante evaluation considers the selection of this priority as highly coherent with all the three frameworks (EU, BG, MK) and strategies.</p> <p>Both countries face similar problems concerning environment and nature protection and resource efficiency and needs have been identified to address issues related to conservation of nature and biodiversity, sustainable utilisation of natural resources, environment protection and risk management on CBC level.</p> <p>Climate change is very relevant for both sides, adequate measures are EU and national priorities and needs exist to raise awareness and implement measures to mitigate climate change effects.</p>
<p>Thematic Priority (d) Encouraging TOURISM and CULTURAL and NATURAL HERITAGE</p>	<p>Promotion of culture, tourism and people to people contacts are priority areas of EUSDR and both countries consider the development of joint tourism and cultural initiatives crucial to support protection and valorization of the natural and cultural heritage and for people to people contacts.</p> <p>EaE considers this priority as highly coherent with all three policy frameworks (EU, BG, MK).</p> <p>Stakeholder consultations and experience in past CBC Programmes show huge interest in the region for activities in tourism and cultural/natural heritage.</p> <p>Related activities have potential for involving young and female population and having positive employment effects. The area is rich in natural and culture heritage resources and (joint) valorisation, protection, conservation and further promotion is required. Tourism infrastructure, services, management and human capacities need to be improved and common and alternative touristic products may generate new business opportunities and increase the competitiveness of the region.</p>
<p>Thematic Priority (g) Enhancing</p>	<p>This TP relates to a main priority of EU2020 and national strategies for Regional Development in both countries support joint economic</p>

Selected thematic priority	Justification for selection
COMPETITIVENESS, BUSINESS environment and the development of SMEs, TRADE and INVESTMENT	<p>activities.</p> <p>Both analysis and regional stakeholders consider very important to strengthen this sector. There is need to intensify CBC business contacts and the development of cooperation and clusters. Needs have been identified to enhance the competitiveness of SMEs and their access to new markets. Joint actions are needed for promoting entrepreneurship, cooperation, exchange of ideas, skills and technologies and fostering the creation of new firms. Needs have also been identified to increase business capacities, innovation, know how transfer and to better connect the education system to market demands.</p> <p>Strengthening businesses has positive effects on employment and also initiatives for youth, vulnerable groups and professional training can be included.</p> <p>EaE considers the selection of this priority as highly coherent with EU and national aims.</p>

1.2 Justification for the financial allocation

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

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

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

Priority axis 1 Environment (Thematic Priority (b))

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

Priority axis 2 Tourism (Thematic Priority (d))

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

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

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

Priority axis 3 Competitiveness (Thematic Priority (g))

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

Priority axis 4 Technical Assistance

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

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

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

NB. Methods for establishment of RIs baseline and target values:

- *Quantitative result indicators:*
 - *Baselines for quantitative result indicators concerning joint/common/networking initiatives/interventions (specific only for territorial cooperation programmes) have been established on the basis of information (survey) from previous cross border programmes in the region (IPA CBC 2007-2013 and PHARE/CARDS Neighbourhood programmes).*
 - *Baselines for quantitative result indicators concerning general achievements (influenced by various EU and national financial instruments/programmes) have been established on the basis of relevant regional statistical data.*
 - *Target values for above indicators have been identified based on an assessment of the available budget under each SO and the achieved results will measure only the Programme impact to the cross-border region.*
- *Qualitative result indicators: baselines and target values will be further established through surveys based on relevant Methodology.*

II. PRIORITY AXES

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

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

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

2.1.1 Priority axis 1

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

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	Not applicable
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	Not applicable
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	Not applicable

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

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

2.1.3 The specific objectives of the thematic priority and expected results

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

Specific objective	<p>The Programme seeks to achieve two specific objectives under this Priority, namely</p> <p>SO 1.1 Environmental protection and sustainable use of the common natural resources of the CBC area</p> <p>SO 1.2 Risk prevention and mitigation the consequences of natural</p>
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	<p>and manmade hazards and disasters in the CBC region</p>
<p>The results that the partner States seek to achieve with Union support</p>	<p>The CBC region has a large number of protected areas. However, most of these areas do not provide over adequate management plans and they are under increasing environmental pressure of different economic activities. For this reason, negative environmental effects have intensified and consistently contributed to the deterioration of local environmental pollution levels. These negative effects need to be tackled by implementing a set of complementary measures.</p> <p>The people’s capacity for a sustainable interaction with the environment should be improved, including also issues like climate protection and raising people’s awareness for aspects related to high energy consumption and the usage of fossil fuels, etc. The major effect of climate change on economy and life needs to be highlighted. Therefore it’s the CBC region’s aim to foster its capacity and to increase knowledge transfer across borders aiming at reaching the vision of a low-carbon economy and a high level of environmental protection and management. On the other hand the specific objective targets to improve the condition of natural areas and to improve the partly negative environmental development of the last decades, including amongst others urbanisation, intensified agriculture and transport.</p> <p>In order to reach the envisaged change a set of different measures – including for example investments in the improvement of green infrastructure as well as training and capacity building activities for authorities of different levels – will be implemented.</p> <p>Floods and fires are classical CBC issues: river basin management and protection of fires are cross-border issues that can hardly be only tackled in the absence of cooperation across borders. There is also the CBC region’s especially high vulnerability towards the intensified effects of climate change.</p> <p>Therefore actions should be taken to reduce the risks of floods and fires through the establishment of real cooperation across borders (with partners establishing joint initiatives and actions).</p> <p>By improving of the river basin management the damage from floods will be reduced and the river basins in the cross-border region can be sustainably managed (river banks restored, zoning and regional / local planning adapted to the river basin and the flooding areas). Also, risks will be mitigated by implementing comprehensive fire protecting initiatives.</p> <p>A set of different measures, including early warning and disaster management systems, the sanitation and reforestation of river banks or rather soft measures, like training and awareness raising of the civil society, will be set in order to reach the envisaged change.</p> <p>A mix of “investment” measures and “soft” measures could be incorporated and might be established through the guiding principles for selection of operations.</p> <p>Thus the Programme envisages achieving the following results:</p>

	R 1.1.1	Better protected environment and biodiversity in the cross-border region
	R 1.1.2	Improved capacity for nature protection and sustainable use of common natural resources in the CBC area
	R.1.2.1	Improved preparedness of the region concerning natural and manmade hazards and the consequences of climate change
	R 1.2.2	Improved capacity for joint interaction in case of fires, floods and other emergency situations

2.1.4 Elements of other thematic priorities added to the priority axis

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

not applicable

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

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

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

Thematic Priority	TP (b): Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management
<p><u>Types of actions:</u></p> <p>The following two types of actions are envisaged under this Priority Axis to contribute to the Specific Objectives:</p> <p>1) <u>investments</u></p> <p>projects that have a predominant investment character with only a minor part of accompanying soft activities</p> <p>2) <u>soft measures</u></p> <p>projects that are mainly oriented at preparing studies, establishing networks, providing trainings, developing concepts, providing services for certain target groups, raising awareness on specific themes, etc. These projects may only have a minor investment part that is needed for delivering the soft measures in an effective way. Soft measures also include people-to-people type of actions, e.g. small scale initiatives among civil society institutions that aim at increasing direct contacts and cooperation across the border among the people and their associations in the region</p> <p>Under the Calls for Proposals project applicants may address one of the two types of actions (investments or soft measures) and slightly different evaluation criteria may apply.</p> <p><u>Examples of actions:</u></p> <p>The following examples of action are a non-exhaustive list that is illustrating the range of possible actions under this Thematic Priority:</p> <p>Actions that are appropriate to contribute to SO 1.1 of this Priority Axis may include:</p> <p>Environmental friendly small-scale investments:</p>	

- Joint environmental friendly initiatives and investments in small infrastructure, equipment and technologies for air, water and soil pollution control/monitoring and rehabilitation of rivers, contaminated lands, brown fields, etc.;
- Small scale investments in recycling, waste collection, waste separation, remediation of illegal dumping sites and improving public hygiene;
- Small scale investments for improving the management of Natura2000 and nature protected sites;
- Small scale investments in RES and energy efficiency in public infrastructure;
- Joint initiatives towards the protection and restoration of ecosystems and endangered / protected species;

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

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

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

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

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

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

- Joint approaches for promoting risk prevention awareness, adaptation and mitigation (e.g. risk mapping of accident risk spots, hazard and risk assessment and evaluation exercises, joint databases, joint plans and methodologies);
- Joint activities for improving cooperation and capacity for disaster management;
- Exchange of experience and good practices (study visits, round-tables, conferences, trainings) for

public authorities and other concerned target groups on management of environmental emergencies;

- Awareness-raising campaigns in the field of risk prevention and management for all population groups (including young people and marginalised groups), the negative effects of climate change and possible mitigation measures;
- Conducting joint theoretical-tactical exercises and field trainings for emergency situation management with special focus on young people;

Main target groups supported under the priority

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

- Population in the region
- Regional and local authorities

Types of beneficiaries supported under the priority

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

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

Specific territories targeted under the priority

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

2.1.5.2 Guiding principles for the selection of operations

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

Thematic Priority	TP (b): Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management
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The selection of operations will be made at the level of 'specific objectives', e.g. potential applicants should apply with project application focusing on only one specific objective (SO) under Priority Axis 1.

The following guiding principles will be observed when selecting project applications:

- Strategic coherence - coherence and contribution of each project application to the relevant Programme's specific objective, while addressing in a coherent way the achievement of the Programme's specific results envisaged. Furthermore, the cross-border added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context;
- Operational quality - design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved;
- Compliance to horizontal principles - coherence and contribution of each project application to the Programme's horizontal principles and the demonstration of their integration and advancement within the project proposal intervention logic;

This PA will be implemented through Calls for Proposals and/or strategic projects. The detailed selection criteria will be adopted by the Joint Monitoring Committee (see Section 5.4). A clear demarcation and complementarity of the Bulgaria – former Yugoslav Republic of Macedonia IPA CBC Programme 2014-2020 with other programmes is to be ensured. This concerns the articulation with: 1) other ETC/IPA strands, (in particular the ETC Programme Greece-Bulgaria 2014 -2020, the Bulgaria-Serbia IPA CBC Programme 2014 2020, The former Yugoslav Republic of Macedonia-Kosovo IPA CBC Programme 2014-2020, the Balkan-Mediterranean Programme 2014-2020; 2) other EU programmes or funds (for Bulgaria: ESIF OP Environment 2014 – 2020, OP Rural development 2014 – 2020; for the former Yugoslav Republic of Macedonia: IPA II Operational Programme for Environment and Climate Change 2014-2020, IPA II Operational Programme in the area of local and regional competitiveness - part of competitiveness and innovation 2014-2020 and 3) other programmes/projects with national/regional and other funding of each of the partnering countries. In this respect functional collaboration across above mentioned programmes should be made possible and largely maintained during each stage of Programme Cycle Management (PCM). A coordination mechanism will be set up in order to detect and avoid possible overlapping and duplication as well as to foster synergies between complementary programmes being implemented in 2014-2020 (see Section 5.4).

The INTERACT Programme will remain an important coordination tool between ETC Programmes. It will support the exchange between the programme bodies and will gather information about funded projects in all Europe, which will allow applicants and decision makers to investigate previous and on-going projects cooperating on similar themes.

2.1.5.3 Planned use of financial instruments (where appropriate)

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

not applicable

2.1.6 Common and programme specific indicators

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

2.1.6.1 Priority axis 1 result indicators (programme specific)

Table 3: Programme specific result indicators

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
RI 1.1.1.	Increased supported nature protected sites	Percentage	32	2013	30%	<p><u>Baseline value :</u> PHARE/CARDS Implementation Progress and Annual Implementation Reports of IPA CBC 2007-2013</p> <p><u>Achieved results:</u> Progress and Annual Implementation Reports of IPA CBC 2014-2020</p>	2018 2023
RI 1.1.2.	Increased level of capacity in using of common natural resources	Scale	To be established	2013	Increase	Survey	2018 2023
RI 1.2.1.	Increased joint interventions in the field of risk prevention and management	Percentage	6	2013	80%	<p><u>Baseline value :</u> PHARE/CARDS Implementation Progress and Annual Implementation Reports of IPA CBC 2007-2013</p> <p><u>Achieved results:</u> Progress and Annual Implementation Reports of IPA CBC 2014-2020</p>	2018 2023

RI 1.2.2.	Increased joint initiatives related to risk prevention and management	Percentage	13	2013	50%	<p><u>Baseline value :</u> PHARE/CARDS Implementation Progress and Annual Implementation Reports of IPA CBC 2007-2013</p> <p><u>Achieved results:</u> Progress and Annual Implementation Reports of IPA CBC 2014-2020</p>	2018 2023

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

Table 4: Common and programme specific output indicators

ID	Indicator (name of indicator)	Measurement unit	Target value (2023) ³²	Source of data	Frequency of reporting
OI 1.1.1	Number of supported investments for improving the environmental conditions in the programme region	Number	15	AIRs	Annually
OI 1.1.2	Number of nature protected areas addressed by supported interventions	Number	5	AIRs	Annually
OI 1.2.1	Number of supported joint mechanisms for environmental protection, promotion of biodiversity and sustainable use of natural resources	Number	5	AIRs	Annually
OI 1.2.2	Number of institutions/organizations involved in environmental related activities	Number	20	AIRs	Annually
OI 1.2.3.	Number of participants in environmental related trainings and campaigns	Number	300	AIRs	Annually
OI 1.3.1	Supported investments for improving disaster management and risk prevention	Number	5	AIRs	Annually
OI 1.3.2	Supported investments for adaptation and mitigation of climate change consequences	Number	5	AIRs	Annually

ID	Indicator (name of indicator)	Measurement unit	<i>Target value (2023)</i> ³²	Source of data	Frequency of reporting
OI 1.4.1	Supported joint mechanisms for disaster management and risk prevention and for promotion of climate change awareness	Number	3	AIRs	Annually
OI 1.4.2	Number of institutions/organizations involved in initiatives related to risk prevention and management	Number	10	AIRs	Annually
OI 1.4.3	Number of participants in trainings and campaigns in the field of risk prevention, (including marginalized communities and other vulnerable groups)	Number	300	AIRs	Annually

2.1.7 Categories of intervention

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

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

Table 5: Categories of intervention - Dimension 1 Intervention field

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

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

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

Table 7: Categories of intervention - Dimension 3 Territory type

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

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

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

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

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

Priority axis	PA 1 - Environment
<i>not applicable / not envisaged</i>	

2.2.1 Priority axis 2

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

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	Not applicable
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	Not applicable
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	Not applicable

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

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

2.2.3 The specific objectives of the thematic priority and expected results

ID	2
Specific objective	<p>The Programme seeks to achieve three specific objectives under this Priority, namely</p> <p>SO 2.1 Enhancing the tourism potential of the region through better preservation and sustainable utilization of natural and cultural heritage</p> <p>SO 2.2 Raising the competitiveness of the CBC region's tourist offer</p> <p>SO 2.3 Promoting cooperation among regional actors in the area of sustainable tourism</p>
The results that the partner States	The relationship between tourism and the Programme area's natural and cultural heritage is of crucial importance for increasing tourist

<p>seek to achieve with Union support</p>	<p>attractiveness of the border area. The quality of the natural and cultural heritage is, in most areas, fundamentally important to the generation of economic prosperity through tourism, to the quality of life of local communities and to the visitor experience.</p> <p>In order to unleash the tourism potential of the cross-border region the programme seeks supporting conservation of natural and cultural heritage, linked where appropriate to tourism, including the restoration of heritage buildings and the maintenance of traditional landscapes. It also seeks to improve the accessibility to touristic sites in the region, in line with the overall concept for sustainable tourism development.</p> <p>For sustainable tourism development it is furthermore essential to adopt visitor management plans ensuring that tourism does not damage natural and cultural resources.</p> <p>The improved possibilities for sustainable touristic services in the CBC region are another core result that the partner States seek to achieve with Union support. For this it is necessary to have a proper knowledge about market trends, develop new tourism products and services and to support the upgrading of skills and knowledge of the workforce.</p> <p>Sustainable tourism also provides an optimal contribution to local/regional economy in interaction with other activities through fostering a multi-sectoral and participative approach to development. Sustainable tourism, interaction with complementary activities is seen as direct contribution to the rise in employment and growth of the border economy, seriously affected by depopulation and economic crises.</p> <p>The tourism sector may offer many job opportunities to people of all ages and skills. Particularly for young people, a job in tourism often represents the first contact with working life, supplying them with interpersonal and social competencies highly needed in a customer-minded service industry. Increasingly, there is scope for tourism to add value to cross-border employment in other sectors, through multiple occupations and to provide new opportunities for employment in fields related to the environment and heritage.</p> <p>Tourist product quality and innovation are important factors to avoid the decline of destinations. Since a tourist usually takes a decision in favour of the destination that offers to satisfy a bundle of wishes (accommodation, events, activities) the competitiveness of CBC destinations can only be maintained or improved when the respective stakeholders in the border region are working together.</p> <p>Thus the Programme envisages achieving the following results:</p> <ul style="list-style-type: none"> R 2.1.1 Increased tourism attractiveness of the CBC region R 2.2.1 Improved visibility, variety and quality of the tourist offer in the CBC region R 2.3.1 Enhanced cooperation and networking for sustainable tourism development potential
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2.2.4 Elements of other thematic priorities added to the priority axis

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

not applicable

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

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

Thematic Priority	TP (d): Encouraging tourism and cultural and natural heritage
<p><u>Types of actions:</u></p> <p>The following two types of actions are envisaged under this Priority Axis to contribute to the Specific Objectives:</p> <ol style="list-style-type: none"> 1) <u>investments</u> projects that have a predominant investment character with only a minor part of accompanying soft activities 2) <u>soft measures</u> projects that are mainly oriented at preparing studies, establishing networks, providing trainings, developing concepts, providing services for certain target groups, raising awareness on specific themes, etc. These projects may only have a minor investment part that is needed for delivering the soft measures in an effective way. Soft measures also include people-to-people type of actions, e.g. small scale initiatives among civil society institutions that aim at increasing direct contacts and cooperation across the border among the people and their associations in the region <p>Under the Calls for Proposals project applicants may address one of the two types of actions (investments or soft measures) and slightly different evaluation criteria may apply.</p> <p><u>Examples of actions:</u></p> <p>The following examples of action are a non-exhaustive list that is illustrating the range of possible actions under this Thematic Priority:</p> <p>Actions that are appropriate to contribute to SO 2.1 of this Priority Axis may include:</p> <p>Small-scale investments, ICT and GIS platforms, info-centres, touristic transport schemes:</p> <ul style="list-style-type: none"> - Restoration and maintenance of touristic sites of historical and cultural importance, including conservation and protection of tangible and intangible natural, historical and cultural heritage; - Improvement of accessibility to natural, cultural and historical touristic sites through rehabilitation of access roads, building of new and/or reconstructing or upgrading of existing cycling routes and walking paths (including the accompanying elaborating a common standard for road signs and information tables, as well as a joint travel guides etc.); - Building of new and/or rehabilitation and upgrading of tourist attractions, info-centres, kiosks to guide potential visitors, etc. - Public utilities upgrade (electricity, water-supply, sewage, etc.) related to touristic sites; - Development of cross-border transport schemes to touristic sites; - Development of facilities for access to or in the tourist sites for disabled people; 	

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

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

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

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

Joint promotional events, awareness raising and networking:

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

Main target groups supported under the priority

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

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

Types of beneficiaries supported under the priority

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

Types of Beneficiaries	Investment projects	Soft Measures
Local and regional authorities and organisations established and managed by local and regional authorities	X	X
National authorities and organisations established and managed by national authorities	X	X
Regional and sector development agencies		X
Civil Society / Non-governmental organisations		X
Regional touristic associations / NGOs in the field of tourism		X
Business support structures - chamber of commerce, business association, business cluster		X
Education institutions / Training Centres	X	X
Cultural institutes (museum, library, art gallery, community centres, etc.)	X	X

Specific territories targeted under the priority

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

2.2.5.2 Guiding principles for the selection of operations

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

Thematic Priority	TP (d): Encouraging tourism and cultural and natural heritage
<p>The selection of operations is to be made at the level of 'specific objectives', e.g. potential applicants should apply with project application focusing on only one specific objective (SO) under Priority Axis 2.</p> <p>The following guiding principles will be observed when selecting project applications:</p> <ul style="list-style-type: none"> - Strategic coherence - coherence and contribution of each project application to the relevant Programme's specific objective, while addressing in a coherent way the achievement of the Programme's specific results envisaged. Furthermore, the cross-border added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context. - Operational quality - design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved. - Compliance to horizontal principles - coherence and contribution of each project application to the Programme's horizontal principles and the demonstration of their integration and 	

advancement within the project proposal intervention logic.

This PA will be implemented through Calls for Proposals and/or strategic projects. The detailed selection criteria will be adopted by the Joint Monitoring Committee (see Section 5.4). A clear demarcation and complementarity of the Bulgaria – former Yugoslav Republic of Macedonia IPA CBC Programme 2014-2020 with other programmes is to be ensured. This concerns the articulation with: 1) other ETC/IPA strands, (in particular the ETC Programme Greece-Bulgaria 2014 -2020, the Bulgaria-Serbia IPA CBC Programme 2014 2020, The former Yugoslav Republic of Macedonia-Kosovo IPA CBC Programme 2014-2020, the Balkan-Mediterranean Programme 2014-2020; 2) other EU programmes or funds (for Bulgaria: ESIF OP Environment 2014 – 2020, OP Rural development 2014 – 2020; for the former Yugoslav Republic of Macedonia: IPA II Operational Programme for Environment and Climate Change 2014-2020, IPA II Operational Programme in the area of local and regional competitiveness - part of competitiveness and innovation 2014-2020 and 3) other programmes/projects with national/regional and other funding of each of the partnering countries. In this respect functional collaboration across above mentioned programmes should be made possible and largely maintained during each stage of Programme Cycle Management (PCM). A coordination mechanism will be set up in order to detect and avoid possible overlapping and duplication as well as to foster synergies between complementary programmes being implemented in 2014-2020 (see Section 5.4).

The INTERACT Programme will remain an important coordination tool between ETC Programmes. It will support the exchange between the programme bodies and will gather information about funded projects in all Europe, which will allow applicants and decision makers to investigate previous and on-going projects cooperating on similar themes.

2.2.5.3 Planned use of financial instruments (where appropriate)

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

not applicable

2.2.6 Common and programme specific indicators

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

2.2.6.1 Priority axis 2 result indicators (programme specific)

Table 9: Programme specific result indicators

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
RI 2.1.1	Increase of nights spent by tourists in the cross-border region	Percentage	1 618 655	2013	1%	<u>Baseline value and achieved results:</u> Statistical Data	2018 2023
RI 2.2.1	Increased created/supported joint tourism products and services	Percentage	16	2013	50%	<u>Baseline value and achieved results:</u> <u>Baseline value:</u> PHARE/CARDS Implementation Progress and Annual Implementation Reports of IPA CBC 2007-2013 <u>Achieved results:</u> Progress and Annual Implementation Reports of IPA CBC 2014-2020	2018 2023
RI 2.3.1	Increased public awareness regarding sustainable use of natural and cultural heritage and resources	Scale	To be established	2013	Increase	<u>Baseline value and achieved results:</u> Survey	2018 2023

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

Table 10: Common and programme specific output indicators

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
OI 2.1.1	Number of cultural and historical touristic sites reconstructed / restored / covered by conservation and protection actions	Number	25	AIRs	Annually
OI 2.1.2	Length of new or reconstructed or upgraded access roads to natural, cultural and historic tourism sites, cycling routes and walking paths	Km	5	AIRs	Annually
OI 2.1.3	Number of newly built or reconstructed or upgraded tourist related facilities and attractions	Number	10	AIRs	Annually
OI 2.1.4	Number of created/reconstructed facilities for disabled people for access to or in the supported touristic sites	Number	5	AIRs	Annually
OI 2.2.1	Number of joint touristic products, services, brands, thematic routes	Number	10	AIRs	Annually
OI 2.2.2	Number of actions, tools and initiatives developed and/or implemented for promotion of sustainable tourism potential of the eligible border area	Number	10	AIRs	Annually
OI 2.2.3	Number of participants in joint training and qualification initiatives in the field of sustainable tourism	Number	50	AIRs	Annually
OI 2.3.1	Number of cross-border networks established or strengthened in the field of sustainable tourism	Number	5	AIRs	Annually
OI 2.3.2	Number of cultural events held for promoting the region's cultural identity	Number	15	AIRs	Annually
OI 2.3.3	Number of participants in youth initiatives	Number	150	AIRs	Annually

2.2.7 Categories of intervention

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

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

Table 11: Categories of intervention - Dimension 1 Intervention field

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

Table 12: Categories of intervention - Dimension 2 Form of finance

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

Table 13: Categories of intervention - Dimension 3 Territory type

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

Table 14: Categories of intervention - Dimension 6 Territorial delivery mechanisms

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

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

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

Priority axis	PA 2 - Tourism
not applicable / not envisaged	

2.3.1 Priority axis 3

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

<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments	Not applicable
<input type="checkbox"/> The entire priority axis will be implemented solely through financial instruments set up at Union level	Not applicable
<input type="checkbox"/> The entire priority axis will be implemented through community-led local development	Not applicable

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

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

2.3.3 The specific objectives of the thematic priority and expected results

ID	3
Specific objective	SO 3 Improving the competitiveness of regional businesses
The results that the	A competitive local economy that is based on regional assets and that

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

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

not applicable

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

2.3.5.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate,

identification of the main target groups, specific territories targeted and types of beneficiaries

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

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

- Education and training institutions
- Regional and local authorities

Types of beneficiaries supported under the priority

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

Types of Beneficiaries	Investment projects	Soft Measures
Local and regional authorities and organisations established and managed by local and regional authorities		X
National authorities and organisations established and managed by national authorities		X
Business support structures – chamber of commerce, business association, business cluster		X
Regional and sector development agencies		X
Education and training centres		X

Specific territories targeted under the priority

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

2.3.5.2 Guiding principles for the selection of operations

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

Thematic Priority	TP (g): Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment
<p>The selection of operations is to be made at the level of ‘specific objectives’, e.g. potential applicants should apply with project application focusing on only one specific objective (SO) under Priority Axis 3.</p> <p>The following guiding principles will be observed when selecting project applications:</p> <ul style="list-style-type: none"> - Strategic coherence - coherence and contribution of each project application to the relevant Programme’s specific objective, while addressing in a coherent way the achievement of the Programme’s specific results envisaged. Furthermore, the cross-border added value of the operation, its territorial dimension and the relevance of the partnership will also be assessed in this context. - Operational quality - design of the project application in relation to clarity and coherence of the operational objectives, activities and means, feasibility, efficiency, communication of the project and its specific results, potential for uptake and embedment into operative procedures of the partners involved. - Compliance to horizontal principles - coherence and contribution of each project application to the Programme’s horizontal principles and the demonstration of their integration and 	

advancement within the project proposal intervention logic.

This PA will be implemented through Calls for Proposals and/or strategic projects. The detailed selection criteria will be adopted by the Joint Monitoring Committee (see Section 5.4). A clear demarcation and complementarity of the Bulgaria – former Yugoslav Republic of Macedonia IPA CBC Programme 2014-2020 with other programmes is to be ensured. This concerns the articulation with: 1) other ETC/IPA strands, (in particular the ETC Programme Greece-Bulgaria 2014 -2020, the Bulgaria-Serbia IPA CBC Programme 2014 2020, The former Yugoslav Republic of Macedonia-Kosovo IPA CBC Programme 2014-2020, the Balkan-Mediterranean Programme 2014-2020; 2) other EU programmes or funds (for Bulgaria: ESIF OP Environment 2014 – 2020, OP Rural development 2014 – 2020; for the former Yugoslav Republic of Macedonia: IPA II Operational Programme for Environment and Climate Change 2014-2020, IPA II Operational Programme in the area of local and regional competitiveness-part of competitiveness and innovation 2014-2020 and 3) other programmes/projects with national/regional and other funding of each of the partnering countries. In this respect functional collaboration across above mentioned programmes should be made possible and largely maintained during each stage of Programme Cycle Management (PCM). A coordination mechanism will be set up in order to detect and avoid possible overlapping and duplication as well as to foster synergies between complementary programmes being implemented in 2014-2020 (see Section 5.4).

The INTERACT Programme will remain an important coordination tool between ETC Programmes. It will support the exchange between the programme bodies and will gather information about funded projects in all Europe, which will allow applicants and decision makers to investigate previous and on-going projects cooperating on similar themes.

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

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

not applicable

2.3.6 Common and programme specific indicators

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

2.3.6.1 Priority axis 3 result indicators (programme specific)

Table 15: Programme specific result indicators

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
RI 3.1.1	Increased cross-border business networks created or extended	Percentage	29	2013	10%	<u>Baseline value :</u> PHARE/CARDS Implementation Progress and Annual Implementation Reports of IPA CBC 2007-2013 <u>Achieved results:</u> Progress and Annual Implementation Reports of IPA CBC 2014-2020	2018 2023
RI 3.1.2.	Increased level of awareness on the business opportunities offered by the region	Scale	To be established	2013	Increase	<u>Baseline value and achieved results :</u> Survey	2018 2023

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

Table 16: Common and programme specific output indicators

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
OI 3.1.1	Supported joint start-up and self-employment initiatives	Number	2	AIRs	Annually
OI 3.1.2	Number of participants (split into men and women) in supported training and qualification initiatives	Number	150 (balanced participation of men and women)	AIRs	Annually

OI 3.2.1	Supported initiatives for economic development and investment promotion	Number	10	AIRs	Annually
OI 3.2.2	Number of cooperation networks	Number	7	AIRs	Annually

2.3.7 Categories of intervention

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

Table 17: Categories of intervention - Dimension 1 Intervention field

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

Table 18: Categories of intervention - Dimension 2 Form of finance

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

Table 19: Categories of intervention - Dimension 3 Territory type

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

Table 20: Categories of intervention - Dimension 6 Territorial delivery mechanisms

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

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

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

Priority axis	PA 3 - Competitiveness
not applicable / not envisaged	

2.4 Description of the priority axes for technical assistance

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

2.4.1 Priority axis 4

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

2.4.2 Fund, calculation basis for Union support

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

2.4.3 The specific objectives of the thematic priority and expected results

ID	4.1
Specific objective	PROGRAMME'S ADMINISTRATION To maximise the effectiveness and efficiency of the management and implementation of the IPA CBC Programme Bulgaria - the former Yugoslav Republic of Macedonia (2014-2020)
The results that the partner States seek to achieve with Union support¹	Not applicable

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

Priority axis	Technical Assistance
<p>The Technical assistance will support on one hand actions that enhance the capacity of applicants and beneficiaries to apply for and to use the programme funds and on the other hand, actions to support Programme management and implementation.</p> <p>The technical assistance costs will mainly be composed of preparatory, management, monitoring,</p>	

¹ Required where the Union support to technical assistance in the cooperation programme exceeds EUR 15 million.

evaluation, information and control activities.

In accordance with Article 35 of COMMISSION IMPLEMENTING REGULATION (EU) No 447/2014 of 2 May 2014, the limit for Technical Assistance is set at 10% of the total amount allocated to the cross-border cooperation programme.

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

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

Management and implementation

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

Monitoring, control and audit

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

Communication and information

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

Evaluation

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

2.4.5 Programme specific indicators

2.4.5.1 Programme specific output indicators expected to contribute to results

Table 21: Programme specific output indicators

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

2.4.6 Categories of intervention

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

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

Table 22: Categories of intervention - Dimension 1 Intervention field

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

Table 23: Categories of intervention - Dimension 2 Form of finance

Priority axis	Code	Amount (EUR) EU (ERDF+IPA)
PA 4	01 - Non-repayable grant	1.654.243

Table 24: Categories of intervention - Dimension 3 Territory type

Priority axis	Code	Amount (EUR) EU (ERDF+IPA)
PA 4	05 - Cooperation across national or regional programme areas in national context	1.654.243

2.5 Overview table of indicators per priority axis and thematic priority

Table 25: Table of common and programme specific output and result indicators

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

Priority axis	Thematic priority	Specific objective(s)	results indicators	Selected output indicators
PA 2	TP d)	SO 2.1: Enhancing the tourism potential of the region through better preservation and sustainable utilization of natural and cultural heritage	RI 2.1.1: Increase of nights spent by tourists in the cross-border region	<p>OI 2.1.1 Number of cultural and historical touristic sites reconstructed / restored / covered by conservation and protection actions</p> <p>OI 2.1.2 Length of new or reconstructed or upgraded access roads to natural, cultural and historic tourism sites, cycling routes and walking paths</p> <p>OI 2.1.3 Number of newly built or reconstructed or upgraded tourist related facilities and attractions</p> <p>OI 2.1.4 Number of created/reconstructed facilities for disabled people for access to or in the supported touristic sites</p>
		SO 2.2: Raising the competitiveness of the CBC region's tourist offer	RI 2.2.1: Increased created/supported joint tourism products and services	<p>OI 2.2.1 Number of joint touristic products, services, brands, thematic routes</p> <p>OI 2.2.2 Number of actions, tools and initiatives developed and/or implemented for promotion of sustainable tourism potential of the eligible border area</p> <p>OI 2.2.3 Number of participants in joint training and qualification initiatives in the field of sustainable tourism</p>
		SO 2.3: Promoting cooperation among regional actors in the area of sustainable tourism	RI 2.3.1: Increased public awareness regarding sustainable use of natural and cultural heritage and resources	<p>OI 2.3.1 Number of cross-border networks established or strengthened in the field of sustainable tourism</p> <p>OI 2.3.2 Number of cultural events held for promoting the region's cultural identity</p> <p>OI 2.3.3 Number of participants in youth initiatives</p>
PA 3	TP g)	SO 3.1: Improving the competitiveness of regional businesses	RI 3.1.1: Increased cross-border business networks created or extended	<p>OI 3.1.1 Supported joint start-up and self-employment initiatives</p> <p>OI 3.1.2 Number of participants (split into men and women) in supported training and qualification initiatives</p>
			RI 3.1.2: Increased level of awareness on the business opportunities offered by the region	<p>OI 3.2.1 Supported initiatives for economic development and investment promotion</p> <p>OI 3.2.2 Number of cooperation networks</p>

Priority axis	Thematic priority	Specific objective(s)	results indicators	Selected output indicators
PA 4	Technical Assistance	N/A	N/A	N/A

III. FINANCING PLAN

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

3.1 Financial appropriation from the IPA (in EUR)

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

Table 26: Financial appropriation

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

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

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

Table 27: Financial Plan

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

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

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

3.2 Breakdown by priority axis and thematic priority

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

Table 28: Breakdown by priority axis

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

IV. INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT (WHERE APPROPRIATE)

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

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

The IPA CBC Programme Bulgaria – the former Yugoslav Republic of Macedonia 2014-2020 follows an integrated approach in order to address common territorial challenges. This is in line with the EU2020 perspective for smart, sustainable and inclusive growth and contributes with a consistent and complementary approach towards the Partnership Agreement of the Republic of Bulgaria and the Country Strategy Paper for the former Yugoslav Republic of Macedonia. It seeks to intensify cross-border cooperation between the people and institutions of the region in order to jointly address common challenges and exploit untapped potentials to foster, in a resource efficient way, the development of the cross-border region.

In this integrated context the 3 Priority Axes complementarily contribute to these aims:

Priority axis 1 “Environment” (TP b)

The region is highly exposed to climate change risks and natural disasters such as flooding and fires. It is necessary to ensure a high level of risk prevention through cross-border cooperation. This programme priority should increase the overall low mitigation capacity and rescue services delivery. This priority axis contributes to the EU Strategy on adaptation to climate change.

The second aspect addressed by this priority axis relates to conservation of ecosystems and biodiversity, sustainable utilisation of natural resources and environment protection. This is both interrelated with the first aspect of this priority axis and contributes to the substance of priority axis 2 that seeks to valorise the region’s natural and cultural heritage for tourism development.

Priority axis 2 “Tourism” (TP d)

The area is rich in natural and culture heritage resources and tourism and capitalising the region’s natural and cultural heritage are included in main national development strategies of both countries – the PA therefore follows the overall national objectives of development.

Tourism as an economic sector is strongly dependant on the environment-related factors, therefore it needs to be treated not in a narrow sector-specific perspective, but as an element of the integrated territorial planning.

The actions of this PA are valorising the region’s unique natural and cultural values and supporting the sustainable development of tourism sector. Thus this PA is also interrelated with PA 3. Activities in this field have the potential for involving young and female population and having positive employment effects which are cross-cutting issues of this Programme.

Priority axis 3 “Competitiveness” (TP g)

Actions under this PA strongly relate to EU2020 aims and national development priorities by enhancing the competitiveness of SMEs, promoting entrepreneurship, cooperation, exchange of ideas, upgrading skills and technologies and fostering the creation of new firms.

Increasing business capacities, innovation, know how transfer and better connecting the education system to market demands will strengthen businesses and has positive effects on employment and opens perspectives for youth and vulnerable groups.

4.1 Community-led local development (where appropriate)

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

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

not applicable

4.2 Integrated Territorial Investment (ITI) (where appropriate)

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

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

not applicable

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

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

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

The EU Strategy for the Danube Region (EUSDR) is a macroregional strategy aiming at addressing the common challenges by creating synergies and coordination between existing policies and initiatives taking place across the Danube region. Out of the 11 EUSDR Priority Areas six are relevant and overlapping with this Cross-border Programme. These are:

- PA 02 Energy "To encourage more sustainable energy"
- PA 03 Culture & Tourism "To promote culture and tourism, people to people contacts"
- PA 04 Water Quality: "To restore and maintain the quality of waters"
- PA 05 Environmental Risks: "To manage environmental risks".
- PA 06 Biodiversity, landscapes, quality of air and soils: "To preserve biodiversity, landscapes and the quality of air and soils"

- PA 08 Competitiveness "To support the competitiveness of enterprises"
- PA 09 People & Skills "To invest in people and skills"

However, geographically only the Bulgarian side of the Programme area is part of the EUSDR region. Thus synergies between this IPA CBC Programme and the EUSDR are desired (mutual information), but no specific mechanisms for co-financing EUSDR relevant activities on the Bulgarian part of the programme area are envisaged.

V. IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME

5.1 Relevant authorities and bodies

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

Table 29: Programme authorities

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

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

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

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

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

Table 30: Body or bodies carrying out control and audit tasks

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

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Body or bodies designated to carry out control tasks	<u>For the Republic of Bulgaria:</u> Ministry of Regional Development of the Republic of Bulgaria	Minister of Regional Development of the Republic of Bulgaria

	<p><u>For the former Yugoslav Republic of Macedonia:</u></p> <p>The Ministry of Local Self-Government of the former Yugoslav Republic of Macedonia</p>	Minister of Local Self-Government of the former Yugoslav Republic of Macedonia
Body or bodies designated to be responsible for carrying out audit tasks	<p><u>For the Republic of Bulgaria:</u></p> <p>Audit of European Union Funds Executive Agency at the Ministry of Finance of the Republic of Bulgaria</p>	Executive Director of Audit of European Union Funds Executive Agency within the Ministry of Finance of the Republic of Bulgaria
	<p><u>For the former Yugoslav Republic of Macedonia:</u></p> <p>Representing group of auditors – Government of the former Yugoslav Republic of Macedonia Audit Authority for audit of instrument for pre-accession assistance</p>	General IPA Auditor – head of the former Yugoslav Republic of Macedonia Audit Authority for audit of instrument for pre-accession assistance

5.2 Joint Monitoring Committee

Table 31: Indicative list of Joint Monitoring Committee members

Name of authority/body and department or unit	Role in the programme	Contact details of the authority/body
EU Commission	Advisory	European Commission, Directorate Regional and Urban Policy
NIPAC	Decision	
Managing Authority	Decision	<p>Ministry of Regional Development of the Republic of Bulgaria</p> <p>17-19 Kiril and Methodii Str.1202 Sofia, Bulgaria Tel. +359 2 9405 487, Fax +359 2 9870 737 www.mrrb.government.bg</p>
National Authority	Decision	<p>Ministry of Local Self-Government of the former Yugoslav Republic of Macedonia</p> <p>Ss. Cyril and Methodius Str. No. 54, 1000 Skopje, former Yugoslav Republic of Macedonia Tel: +389 (0) 2 3253 921, Fax: +389 (0) 2 3253 920 http://www.mls.gov.mk/</p>
Macro-regional strategy representative (where the programme is overlapping a macro-region covered by an EU Strategy)	Decision	<p><u>For the Republic of Bulgaria:</u></p> <p>Ministry of Regional Development of the Republic of Bulgaria</p> <p>17-19 Kiril and Methodii Str.1202 Sofia, Bulgaria Tel. +359 2 9405 487, Fax +359 2 9870 737 www.mrrb.government.bg</p>

		For the former Yugoslav Republic of Macedonia: N/A
Regional authorities	Consultative	
Local authorities	Decision	
Competent public central administration authorities	Decision	
Social and economic partners	Decision	
Civil society organisations (environmental, equal opportunities, non-discrimination)	Decision	
Academic and scientific society	Decision	
EIB	Consultative	
Other (as agreed by the partner countries)	Consultative	<p>Certifying Authority - "National Fund" Directorate at the Ministry of Finance of Republic of Bulgaria <i>102 "G. S. Rakovski" Str., 1040 Sofia, Bulgaria tel: +359 2 9859 2781, +359 2 9859 2790</i></p> <p>Audit Authority - Executive Agency "Audit of European Union Funds" to the Minister of Finance of the Republic of Bulgaria <i>4, Slavianska Str., 1040 Sofia, Bulgaria tel. +359 2 9859 5200; fax: +359 2 9859 5202</i></p>

5.3 Procedure for setting up the joint secretariat

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

In accordance with Article 23 (2) of Regulation (EU) No 1299/2013, the Managing Authority in cooperation with National Authority (NA) shall set up a Joint Secretariat (JS).

The Joint Working Group decided to maintain the JS at the same location in Kyustendil (Republic of Bulgaria) with a branch office located in Strumica, the former Yugoslav Republic of Macedonia for the 2014-2020 programming period as it was the case during the 2007-2013 Bulgaria – the former Yugoslav Republic of Macedonia, due to the following arguments:

- the experience of one entire programming period will allow to start the implementation of the new Programme as soon as possible, (quick launch of calls for proposals after the Programme's approval in order to ensure a high level of absorption),
- the Kyustendil and Strumica offices are already existing administrative bodies with entirely functional management structures and with experience in programme management. This will ensure reduced operational costs such as staff training costs.
- the working procedures of the current JS were audited and can be easily updated according to the provisions of the new EU regulations and the lessons learned,

The costs of the tasks of the JS will be financed from the programme's Technical Assistance budget. The JS will have a staff fluent in English as well as in one of the official languages of the partner countries (Macedonian or Bulgarian).

The branch office in Strumica will have as a main role to serve as local contact point for project beneficiaries or potential beneficiaries.

As the staff of the JS for the Bulgaria – the former Yugoslav Republic of Macedonia IPA Cross Border Programme is already trained and experienced, it will take over additional responsibilities, according to each person's expertise for the 2014-2020 Bulgaria – the former Yugoslav Republic of Macedonia IPA Cross Border Programme.

Recruitment of the new JS's staff (main and branch offices) shall be organised through a public and transparent procedure, ensuring balanced number of experts from the two countries by promoting equal opportunities among the candidates.

The staff selection procedure will be carried out by MA and/or NA in accordance with the relevant national decrees and/or regulations, and will consist of four phases: – (1) administrative compliance of submitted application and eligibility of the applicant, (2) assessment of submitted documentation, (3) written exam and (4) interview. The JS's costs will be covered by the budget of the PA 4 "Technical Assistance". The staff number and the job descriptions of the JS will be subject of approval by the JMC.

5.4 Summary description of the management and control arrangements

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

I. Institutional arrangements

Joint Monitoring Committee

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

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

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

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

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

The JMC shall examine and approve:

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

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

The JMC will be headed by a Chair (MA) and a co-Chair (NA). The JMC meetings shall be chaired by the representative of the hosting country or MA. Decisions shall be taken by consensus.

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

Managing Authority

Directorate General "Territorial Cooperation Management" at Ministry of Regional Development of the Republic of Bulgaria is designated to perform the functions of single Managing Authority under Bulgaria-former Yugoslav Republic of Macedonia IPA Cross-border programme.

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

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

data on individual participants in operations, where applicable;

- ensuring that the data referred to in above point is collected, entered and stored in the Management Information System (MIS).

As regards the selection of operations, the MA is responsible for:

- drawing up and, once approved, applying appropriate selection procedures and criteria that:
- ensure the contribution of operations to the achievement of the specific objectives and results of the relevant priority axis;
- are non-discriminatory and transparent;
- ensuring that operations are selected for funding in accordance with the criteria applicable to the cross-border programme and that they comply with applicable Community and national rules for the whole of their implementation period;
- ensuring that the beneficiaries are provided with documents setting out the conditions for support for each operation including the specific requirements concerning the products or services to be delivered under the operation, the financing plan, and the time-limit for execution;
- satisfying itself that the beneficiaries have the administrative, financial and operational capacity to fulfil the conditions referred to the above point before approval of the operation;
- ensuring that operations selected for support from the Funds do not include activities which were part of an operation which has been or should have been subject to a procedure of recovery in accordance with Article 71 of Regulation (EU) No 1303/2013 following the relocation of a productive activity outside the programme area;
- determining the categories of intervention and the measures to which the expenditure of an operation shall be attributed.

As regards the financial management and control of the operational programme, the MA is responsible for:

- ensuring verification that the co-financed products and services have been delivered and that expenditure declared by the beneficiaries has been paid and that it complies with applicable law, the operational programme and the conditions for support of the operation;
- making payments to the lead beneficiaries;
- ensuring that beneficiaries involved in the implementation of operations reimbursed on the basis of eligible costs actually incurred maintain either a separate accounting system or an adequate accounting code for all transactions relating to an operation;
- putting in place effective and proportionate anti-fraud measures taking into account the risks identified;
- setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of point (g) of Article 72 of Regulation (EU) No 1303/2013;
- drawing up the management declaration and annual summary referred to in points (a) and (b) of Article 59(5) of the Financial Regulation.

National Authority

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

The competencies and responsibilities of the National Authority are as follows:

- Supporting the MA in the implementation of the Programme;
- Ensuring the availability of the amounts from the national co-financing for the budget of the Technical Assistance priority;
- Ensuring access to information for the MA and AA in order to fulfill their respective tasks;
- Organizing a selection procedure and appointing assessors from the side of the former

Yugoslav Republic of Macedonia;

- Ensuring the compliance of the expenditures with Programme rules, Community rules and with the Programme's procedures, through an adequate control system;
- Designating the controllers responsible for carrying out the first level control for the partners located in the former Yugoslav Republic of Macedonia;
- Nominating the representatives of the former Yugoslav Republic of Macedonia in the JMC;
- Ensuring an adequate audit trail for the system concerning the implementation of the Programme in the former Yugoslav Republic of Macedonia;
- Preventing, detecting and correcting the irregularities committed by beneficiaries from the former Yugoslav Republic of Macedonia;
- Informing the MA, during a period of 15 working days, about any irregularity discovered or presumed to have happened on the territory of the former Yugoslav Republic of Macedonia, concerning the Programme;
- Ensuring the necessary funds in case of funds decommitment at Programme level, proportionally with the approved projects budget and performed activities by the former Yugoslav Republic of Macedonia beneficiaries
- ensuring that beneficiaries involved in the implementation of operations reimbursed on the basis of eligible costs actually incurred maintain either a separate accounting system or an adequate accounting code for all transactions relating to an operation;
- putting in place effective and proportionate anti-fraud measures taking into account the risks identified;
- setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of point (g) of Article 72 from the Regulation (EU) No. 1303/2013.

Certifying Authority

With Decision of the Council of Ministers the National Fund Directorate at the Ministry of Finance of Republic of Bulgaria has been designated as a Certifying Authority and Body, responsible for receiving funds from the European Commission under the IPA CBC Programmes along the external border of the EU for the period 2014-2020. In compliance with Article 126 of Regulation (EU) No 1303/2013, the Certifying Authority is responsible for:

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

- keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the budget of the Union prior to the closure of the Programme by deducting them from the subsequent statement of expenditure.

Audit Authority

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

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

The Audit Authority is also responsible for:

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

In addition, the Audit Authority shall draw up:

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

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

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

Joint Secretariat

The JS is a common structure, guaranteeing the impartiality of the Programme implementation.

The JS will have a two-fold function (according to Article 23(2) ETC Regulation): assisting the MA and the JMC in carrying out their respective functions and providing relevant information on the Programme to the potential beneficiaries.

The tasks of Joint Secretariat shall be the following:

1) General tasks:

- Managing, under MA’s co-ordination, the implementation of the operational programme, preparing the necessary materials for the implementation of the operational programme/projects; performing on-the-spot visits; offering support and assistance for the project partners regarding the implementation of the activities and financial management;
- Collaborating with the beneficiaries/potential beneficiaries in order to collect the necessary data and information in the revision process of the programming documents, elaboration of the reports, and other documents which are necessary to monitor the progress of the programme;
- Collecting and processing the information received from the beneficiaries;

2) Administrative arrangements:

- Contributing to the manual of procedures of the programme (approved by MA);
- Ensuring the proper training of the staff in order to ensure the correct implementation of the Programme;
- Fulfilling the task of secretariat for the JMC;
- Ensuring the secretariat of any other committees set up within the programme;
- Organising, under MA's co-ordination and in collaboration with it, any other meetings, seminars, conferences, etc. related to the implementation of the programme;
- Fulfilling in the deadlines any instruction given by the MA regarding the implementation of the programme, instructions that become mandatory from the date of their written communication.

3) *Launching of the call for proposals, evaluating, and selecting the operations:*

- Participating, under MA's co-ordination, in the elaboration of project eligibility and evaluation criteria, in the elaboration of the Applicant's Guide as well as in the establishment of the calendar on the calls for proposals;
- Supporting the preparation and the development of the projects;
- Organising events related to the launching of the calls for proposals in the eligible area of the Programme; ensuring the publicity for the call for proposals; stimulating the partnerships in the eligible area;
- Managing the submission of the application forms; participating in the preparation of for the respective templates for the evaluation;
- Participating in the assessment process; Ensuring the notification of the beneficiaries on the results of the evaluation and selection process.

4) *Contracting*

- Participating in the preparation of subsidy contracts' templates;
- Preparing the subsidy contracts, gathering data from the beneficiaries, and submitting the contracts to MA for signing;
- Performing the pre-contracting on-the-spot visits for selected operations (where applicable);
- Participating in negotiation procedure of the selected projects (where applicable);
- Providing clarifications to the beneficiaries on their obligations stipulated in the subsidy contracts.

5) *Financial management and audit*

- Being the contact point for all the beneficiaries, receiving the documents related to the operations implementation and analysing them according to procedures;
- Notifying the MA of any potential irregularity within the respective deadlines;
- Undertaking irregularities' prevention, finding, and monitoring measures;
- Taking all the necessary measures to combat fraud;
- Providing any information or documents available to the MA regarding the financed projects, within the stipulated deadlines and facilitating the control and audit activities;
- Assisting MA in the observation and implementation of all the recommendation coming from the EC audit and from the Audit Authority, according to the deadlines established.

6) *Programme and projects monitoring*

- Monitoring the implementation of the operations, analysing and verifying the progress reports, the on-the-spot visits results, etc.;
- Drafting and submitting any other reports or documents requested by the MA;
- Collecting and updating the technical, financial, and statistics data at project level, ensuring the incorporation of these data into the electronic system.

7) Information and Publicity

- Implementing the relevant (for the JS) activities from the Communication Plan of the Programme;
- Supporting the MA in preparing and delivering the informational materials to the beneficiaries;
- Updating the information on the website of the programme.

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

II. Programme management, implementation and control arrangements

Selection of operations

The Bulgaria - the former Yugoslav Republic of Macedonia IPA CBC Programme shall support operations, which have direct cross-border impact, understood in terms of respecting the following conditions: joint development, joint staffing, joint implementation and joint financing. Cross-border projects under IPA CBC programme imply that project partners from two participating countries need to cooperate obligatory in joint development and joint implementation. In addition, they should choose one of the following partnership principles as well: joint staffing or joint financing.

The selection of the operations shall be made through calls for proposals and/or strategic projects upon decision of the JMC:

- **Calls for Proposals** refer to the mechanism whereby a selection process is launched to choose candidates on a competitive basis.
- **Strategic projects** shall address key specific objectives that can be achieved only through the involvement of large partnerships, and be based on a larger financial size than common project applications under call for proposals.

Geographical eligibility

In accordance with Article 39 (2) of Commission Implementing regulation (EU) No 447/214 of 2 May 2014, the selected operations shall involve beneficiaries from both partnering countries, at least one of which shall be from Bulgaria as a Member State. The beneficiaries and operations should be located in at least one of the NUTS level III regions (or equivalent regions in the non-MS) covered by the cross-border programme and specified above. An important exception to this rule is the eligibility of beneficiaries that are located outside the eligible cross-border regions ensuring that the operations are for the benefit of the programme area and the conditions of the Article 44(2) of Commission Implementing regulation (EU) No 447/214 of 2 May 2014 are satisfied. The total amount allocated under the programme to operations located outside the programme area shall not exceed 20 % of the support from the Union at programme level.

Beneficiaries

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

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

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

Project generation/preparation

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

Eligibility and selection criteria

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

Eligibility and administrative compliance criteria will be formulated in order to ensure the administrative and formal compliance of projects to be submitted. These will include: submission before a deadline, completeness of submitted documentation, cross-border character of the composition of the partnership, formal compliance of applicants with the criteria, etc.

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

The quality of the projects, as reflected in their compliance with the selection criteria, is very important in order to ensure that the Programme delivers concrete and visible outputs and results that tackle, in a cross-border and integrated manner, the challenges and needs affecting the programme area. Projects focusing on pure research (with no applicative output), including just exchanges of experience or not indicating the concrete and sustainable follow-up of "soft" activities (studies, surveys, etc.) will not be supported by the Programme.

Assessment

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

- Opening session
- Administrative compliance and eligibility check, and
- Technical/quality assessment.

Administrative compliance and eligibility check shall be carried out by a formally designated group of MA/NA/JS representatives.

Quality assessment shall be carried out by external assessors from Bulgaria and the former Yugoslav Republic of Macedonia appointed by the MA/NA.

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

The criteria for appointment of the external assessors will be formulated in order to ensure the fair competition, equal opportunities and qualitative selection of the candidates. The selected external assessors shall possess the minimum required knowledge and experience on the issues covered by the Bulgaria – the former Yugoslav Republic of Macedonia IPA Cross-border Programme.

For each call for proposals equal number of assessors from the two countries will be assigned for the technical/ quality evaluation of the received projects proposals.

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

Projects selection and approval

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

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

During the selection procedure under a definite call for proposals, measures to avoid double financing

of the proposed for funding operations shall be carried out through:

- JMC members - representatives of different institutions and organisations in charge of managing national level funded programmes/schemes in fields related to those financed by the Programme will ensure lack of overlapping of activities;
- Documentary check of overlapping of activities supported by other financial sources (national, EU, other);
- Performance of on the spot visits for investment projects which aim to check whether: (1) the object, subject to the proposed investment, really exists and is in a physical condition as described in the project proposal (no other investment activities have been performed during the assessment phase); and (2) the object, subject to the proposed investment, has already been implemented / partially implemented or is currently under implementation.

Contracting

Based on the JMC decision, the MA shall proceed with conducting the procedure for concluding subsidy contracts with the lead beneficiaries. The MA and JS shall carry out the pre-contracting visits on the investments proposed for financing and shall organize negotiations to all projects proposals approved for financing.

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

Management and control system

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

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

First Level Control system

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

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

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

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

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

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

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

Financial management

The MA shall be responsible for managing the operational programme in accordance with the principle

of sound financial management.

The Managing Authority shall make payments to the Lead Beneficiary in accordance with Article 132 of Regulation (EU) No. 1303/2013 (the Lead Beneficiary is then responsible for transferring the IPA financing to its project partners).

The MA shall set up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 72 (g) of Regulation (EU) No. 1303/2013.

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

Monitoring

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

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

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

Programme Evaluation

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

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

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

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

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

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

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

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

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

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

5.6 Use of the Euro (where applicable)

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

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

In accordance with the ETC Regulation, Article 28, expenditure incurred by project partners located in countries, which are outside of the Euro zone, shall be converted into euro. The conversion is to be made by the beneficiaries using the monthly accounting exchange rate of the Commission for the month during which the expenditures was submitted for verification to the Managing Authority or the controller in accordance with Article 23 of this Regulation.

5.7 Involvement of partners

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

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

The drafting of the IPA CBC Programme Bulgaria – the former Yuoslav Republic of Macedonia 2014-2020 was organised in compliance with the partnership approach as referred to in Article 5 of Regulation (EU) No 1303/2013. The Directorate General "Territorial cooperation management" at the Ministry of Regional Development of Republic of Bulgaria, as future MA of the Programme coordinated the process together with JS support.

Maintaining a broad partnership was a guiding principle during the entire programming process. A Joint Working Group (JWG) was established in November 2013, based on partnership and balanced representation of the public authorities (national, regional and local), economic and social partners, relevant bodies representing civil society, including environmental partners, non-governmental organisations, and bodies responsible for promoting social inclusion, gender equality and non-discrimination has been guiding the Programme development process and was approving the main stages of the programme preparation and the Programme as a whole. An programming Task Force (TF) for discussing particular topics and draft proposals was also established in November 2013.

The OP was developed in an iterative, consultative process and the involvement of stakeholders was organized in several stages:

- An on-line survey among national and regional stakeholders was conducted in February 2014 with 142 respondents as a first step in the programming consultative process. The survey aimed also at gathering the respondents' expectations related to the scope, the content and other important aspects of the programme, as well as their preferences for thematic priorities for cooperation for the 2014-2020 period. It helped to identify specific demands and expectations towards the new programme among potential target groups.
- Two rounds of regional consultative forums were organized. The first round was held in February – March 2014 in the towns of Strumica, Stip, Kumanovo, Kyustendil and Blagoevgrad with 182 participants. Findings of the SWOT and the territorial analysis were presented and discussed, and the expectations related to the future programme were explored. During the second round a joint regional consultative forum on the draft Programme strategy with 52 participants was held In June 2014 in Strumica. The draft investment strategy of the programme within the selected by the JWG thematic priorities was presented. The stakeholders gave their input in terms of specific objectives, results, examples of activities as well as the prospective types of beneficiaries. Reports from the on-

line survey and the two rounds of regional consultative forums were published on the Programme website and also communicated to the JWG members.

- Reports from the on-line survey and the two rounds of regional consultations were published on the Programme website and also communicated to the JWG members.
- Relevant draft programme documents and publications as well as information about the programming process have been published regularly on the Programme's website.
- The draft programme was made available for public consultations on the Programme website and considerable feedback was received and integrated into the OP where appropriate.

The draft Programme was elaborated according to inputs from the Joint Working Group and from regional and local stakeholders, thus ensuring the ownership of planned interventions by stakeholders and building on the experience and know-how of relevant actors.

During Programme implementation, the Programme bodies will foster the active participation of stakeholders through both on-line instruments and periodic events aiming at sharing information about the programme's implementation progress and inviting stakeholders to actively participate in Programme implementation.

VI. HORIZONTAL PRINCIPLES

6.1 Sustainable development

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

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

Within all axes of the programme strategy, sustainable development is seen as a cross-cutting issue with all three pillars (economic, social and environmental) equally represented in the Programme priority axes. Programme's Priority Axis 1, which targets cooperation on natural resources for sustainable growth, takes into account environmental protection, resource efficiency, climate change (include both mitigation and adaptation) as well as natural hazards, disaster and risk resilience, prevention and management. In these fields, the Programme mainly contributes to the generation and dissemination of knowledge and capacities on the protection and sustainable use of natural resources and addresses issues of resource management. Priority Axis 2, which deals with sustainable tourism, targets cooperation on the creation of sustainable tourist services and tourism attractiveness will support the responsible development and sustainable valorisation of the existing natural and cultural resources, which shall be managed and preserved in a sustainable way. Priority Axis 3, which targets competitiveness especially targets economic and social sustainability. Additionally the cross-cutting focus on youth, women and vulnerable groups addresses the social dimension of sustainability.

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

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

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

Additionally, all projects funded by the Programme should:

- contribute to the implementation of the reviewed European Union Strategy for Sustainable Development (2009), which shall be proved by each project applicant in a conclusive and transparent way. This shall be assessed as project selection criterion.

- consider the principles of the Community Policy regarding the protection and improvement of natural heritage and biodiversity as well as related amendments, such as the Flora-Fauna-Habitat directive and the Birds directive being the “cornerstone of Europe’s nature conservation policy” (EU COM online, 2013).
- consider greater use of renewable energy

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

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

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

6.2 Equal opportunities and non-discrimination

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

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

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

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

For the programming period 2014-2020, the main focus of the Programme has been aligned to improve the living conditions within the border regions. Priority Axis 2 targets cooperation on natural and cultural resources and improvement of skills and services for sustainable tourism development. It is one main objective of Priority Axis 3 to increase the competitiveness of businesses in the cross-border region thus creating new employment opportunities for all groups of the population. Special focus will also be put on generating job opportunities for young people, people from vulnerable groups and people in rural areas.

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

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

- actively tackle concerns of demographic change
- actively tackle concerns of peripheral location
- actively focussing on and involving youth, women and people from vulnerable groups

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

The consideration of the principle of equal opportunities and non-discrimination will be ensured throughout all stages of the programme implementation. Additionally it will be guaranteed during the realisation of the financial support and its impact evaluation.

6.3 Equality between men and women

Same as for sustainable development, the promotion of equality between men and women is one of the general principles of the CSF Funds (cf. EU PAR, 2013) and one of the EU's founding principles. In the Union treaty it has been mentioned, that the Union "*shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child*" (EU Treaty, 2007, Art. 3).

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

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

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

Programme has been aligned to improve living conditions in the area.

Especially the Programme's Priority Axis 2 (Tourism) and Priority Axis 3 (Competitiveness) provide a frame to foster opportunities for equality between men and women. Besides specific actions within the Programme priorities a number of activities have been identified which may be implemented in projects submitted under any chosen priority axis.

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

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

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

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

VII. ANNEXES

- 7.1 Ex-ante evaluation report and an executive summary of the report**
- 7.2 Confirmation of agreement in writing to the contents of the cooperation programme (Reference: Article 8(9) of Regulation (EU) No 1299/2013)**
- 7.3 A map of the area covered by the cooperation programme**
- 7.4 A "citizens summary" of the cooperation programme**
- 7.5 Strategic Environmental Assessment and an environmental statement**
- 7.6 Situation and SWOT analyses**
- 7.7 Stakeholders involvement**
- 7.8 Thematic concentration**
- 7.9 List of abbreviations**
- 7.10 List of implemented changes – comments Ex-ante evaluation**
- 7.11 Concept note on the methodology for result indicators establishment**