

TEMPLATE FOR INTERREG PROGRAMMES

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Strand	A

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1. Joint programme strategy: main development challenges and policy responses

1.1 Programme area (not required for Interreg C programmes)

Reference: point (a) of Article 17(3), point (a) of Article 17(9)

The beneficiaries of this programme are the Republic of Bulgaria, hereinafter referred to as Bulgaria, and the Republic of North Macedonia, hereinafter referred to as North Macedonia. The Programme area is located in South East Europe and covers 5 NUTS III (or equivalent) territorial units, namely: 2 districts from Bulgaria – Blagoevgrad and Kyustendil and 3 regions from North Macedonia – North-East, East and South-East.

The border is 165 km long with three operating border crossings (Zlatarevo-Novo Selo, Stanke Lisichkovo-Delchevo and Gyueshevo-Deve Bair). The total programme area covers 18 087 km² – in Bulgaria representing 8,6% of the country territory while in North Macedonia it represents 33,8%.

The population of the programme area is 942 157 inhabitants. The population of the part of Bulgaria is 417 757 inhabitants (6,03% of the country population) while on the side of North Macedonia is 524 288 inhabitants (25,34 % of the country population).

The settlement structure of the area is characterized by presence of 5 medium-large cities: Blagoevgrad and Kyustendil from Bulgaria and Kumanovo, Stip and Strumica from North Macedonia.

More than half of the programme area is mountainous with forests occupying over 40% of the territory. The geographical structure of the programme area includes also numerous valleys with agricultural lands, which favour the development of tourism, agriculture and organic farming.

The programme area is rich in water resources: rivers, the biggest of which are Struma, Mesta, Bregalnica, Strumica, Pchinja, Kriva Reka; lakes, part of Doyran lake, Vodoca, Mantovo, Kalimanci, Berovo Lake, Gratche, Pishica, Knezevo and other numerous smaller lakes in the three border regions in North Macedonia; numerous lakes in Rila and Pirin mountains, of which the most popular are the Seven Rila lakes); groundwater (both springs and thermal waters).

The climate is diverse, from moderate-continental, transitional-continental and mountainous to Mediterranean along the river valleys and Doyran Lake. The cross border region of both sides is assessed as having rich cultural and natural heritage and a high level of environmental sensitivity in terms of climate change.

1.2 Joint programme strategy: Summary of main joint challenges, taking into account economic, social and territorial disparities as well as inequalities, joint investment needs and complimentary and synergies with other funding programmes and instruments, lessons-learnt from past experience and macro-regional strategies and sea-basin strategies where the programme area as a whole or partially is covered by one or more strategies¹.

Reference: point (b) of Article 17(3), point (b) of Article 17(9)

1. ECONOMIC, SOCIAL AND TERRITORIAL DISPARITIES

¹ The narrative below is structured in a way to provide evidence-based summary of the latest socio-economic challenges, developmental setbacks and economic drivers of the CBC area with the aim to define the cooperation programme strategy for the next programme period. The summary, however, confronts data limitation due to the lack of comparable and equivalent NUTS 3 data in both countries. The timeliness and sources of data reveals another methodological concern. It is often the case where important indicators are not evenly present in both territories. When all this limitation occurs, upper spatial scale (NUTS 2-1, nation-level) data are used instead, accounting for comparability (in terms of sourcing, measurement and timeliness), reciprocity and relevancy in the CBC context so as to better capture territorial dimension of sector policies at all governance levels, whose need for that is highlighted in the Territorial Agenda 2030. The narrative is built up on data for 2020, and when this is not possible latest available data are used instead.

Multifaceted factors collide and shape the specific context of the cross-border cooperation at EU external borders. It is impossible for one to shadow the dividing lines on the EU external borders whose particularities can be traced in every policy domain and institutional setting. One such factor is the lasting negative impact of the historically rooted detachment of the two neighbouring countries on the programme area, which continues to overwhelm the prosperity of the region.

Another factor is the divergent institutional governance structures in both countries, which often jeopardize attempts to joint and integrated actions and solutions. The simultaneous implementation of the EU enlargement and cohesion policy often gets in conflict while pursuing their individual goals. All these are only few of the preconditions that determine different strategic focus and implementation approaches in Interreg programs of external and internal borders.

While most EU internal programs provide support for solutions to global challenges, the IPA territories are still confronted with the need to catch up in their socio-economic development. Therefore, the main joint challenge of the programme area for 2021-2027 is to leave the group of lagging regions (as the European Regional Competitiveness Index shows) and take on more advanced course of development while still facing persistent risk of poverty and income inequalities issues urged by negative demographic change, underdeveloped cross-border regional value chains and entrepreneurship, low technological specialization, unattractive and uncompetitive business setting. When these economic pushbacks take place in a weak cross-border institutional context and in the absence of carbon-free practices, the prospects for territorial cohesion in line with EU objectives (Territorial Agenda 2030; Green Deal) are further challenged.

The carried out Territorial Analysis for programming purposes and its updated version allows for structuring main findings into the following groups of policy areas, viewed from the perspectives of obstacles and driving forces for development:

1.1. Negative demographic change

The programme area is sparsely populated having population density below the national average of the corresponding country due and far from the EU-28 average. In overall, the programme area is characterised by a negative natural population change (both countries experienced population decline by more than 5% in a decade), negative net migration and high proportion of population aged 65 years and more (as compared to EU average).

1.2 Poverty and income inequalities

Low income levels and inequalities continue to drawback the economic development of the CBC area. Eurostat data² show that the cross-border territory falls within the groups of regions with the second highest rate of poverty risk and social exclusion. Nearly one quarter of the total population (Bulgaria – 32,8%, North Macedonia– 39,9%) and at least half of the unemployed (Bulgaria – 58,7%, North Macedonia – 41,7%) were viewed as being at risk of poverty in 2019. Bulgaria holds the third highest rate (24%) of retired persons in the EU-27 at risk of poverty in 2019, while reciprocal data for North Macedonia place the country in a better position (4%). In terms of income inequalities, latest data (EU-SILC) places Bulgaria on top of all Member states with the biggest income gap between the poorest and the richest (8 times bigger gap than the EU average of 5,2 times). The main factor increasing the risk of poverty is the lack of job prospects.

1.3 Disparities in educational and employment outcomes

² https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_statistics_at_regional_level#Poverty_and_deprivation

The share of attained primary and secondary education level in the whole CBC area is slightly above or very close to the national average of the respective country. The drop out of school rates have been decreasing every year.

For 2020 the Eurostat ‘Early leavers from education and training (% of population aged 18-24)’ indicator reveals important disparities between both countries, as follows: 12,8% (Bulgaria), 5,7% (North Macedonia), 9,9% for EU28. Data show that Bulgaria does not meet the ET 2020 (Strategic framework for European cooperation in education and training) benchmark of 10% share of early leavers from education and training, while North Macedonia not only meet the ET 2020 target, but it also marks a remarkable improvement of this key determinant for economic prosperity (12,5% in 2014).

Both countries underperform in adult education with slight differences as for Bulgaria placing the country in a better off position. The participation rate in education and training (25-64 years) for 2020 (measured by Eurostat) ranks Bulgaria (1,6%) and North Macedonia (2,6%) at the bottom of the European classification (EC28: 11,3%).

Both countries face two main employment-related challenges. The first one is the low employment and high unemployment rates in North Macedonia (compared to Bulgaria and EU average), particularly the ones in the North-East region (37% employment and 32,4% unemployment rate in 2020, which are also below the CBC average amounting to 51,06% employment and 11,3 unemployment rates). These data indicate structural economic deficits. The second challenge is the need to struggle with the high rate of youth NEETs. The relative cumulative data for the period of 2013-2020 is 13,6% (EU28), 17,5% (Bulgaria) and 26,7% (North Macedonia). The lack of equal employment opportunities for youth in the CBC area gives rise to concerns that the regional structural economic deficits may further deepen by making a whole generation of young people excluded from the CBC labour market for years to come.

1.4 Inequalities in access to healthcare

The health challenges in cross-border region are mainly related to: (1) inequalities in the supply of health services across urban and rural areas; (2) the quality of health services, (3) shortages of medical professionals, (4) high relative share of individual health costs. The remoteness of some small municipalities from urban agglomerations from the point of view of medical assistance delivery (primary, specialist, hospital, urgent and emergency) remains a serious CBC challenge in healthcare.

1.5 Disparities in competitiveness and business environment

In the 2018-2019 edition of the Global Competitiveness Index (GCI), Bulgaria ranks 49th out of 141 countries analysed, advancing from 51st place in the previous edition, while North Macedonia is at 82nd globally, but it has also advanced with two places from the previous edition. The enterprise environment in both countries resembles a distinct dual structure. At one extreme there exist a few large modern capital-intensive, resource-based, import-dependent and assembly-oriented enterprises, while at the other extreme there are small and micro enterprises that use very simple and traditional technologies and serve a limited local market.

The Eurostat data on business demography³ shows a steady growth, between 2014 and 2018, of active enterprises in Bulgaria operating in the programme area (Blagoevgrad and Kyustendil districts), while the National Statistics of North Macedonia shows opposite trend – a decline in the total number of active enterprises. Active enterprises in the service sector prevail in the programme area, followed by the number of enterprises in the industry and the construction. The business demography data exhibits more intensive economic activities that take place on the Bulgarian part of the programme area despite the better conditions

³ https://ec.europa.eu/eurostat/databrowser/view/BD_HGNACE2_R3_custom_692265/default/table?lang=en

for doing business in North Macedonia. The country takes 17th place out of 190 countries in the 2020 World Bank 'Doing Business' ranking, while Bulgaria is ranked 61st.

1.6 Weak digital and innovation adoption

Ever since DESI index⁴ has been built, Bulgaria has been ranked last in every edition of the index in its all indicators – connectivity, digital skills, use of internet services, integration of digital technologies, digital public services. North Macedonia also scores low (2.4 out of 5) in the OECD Competitiveness Outlook (2021) with regards to digitalisation.

The European Innovation Scoreboard 2021 assesses Bulgaria and North Macedonia as modest innovators. In both countries there is a lack of innovation infrastructure and cooperation and coordination among academia, the private sector and the government. In terms of entrepreneurship, the performance of North Macedonia is below the EU average, with the exclusion of entrepreneurial intentions who are more than 10% higher than the EU average. Opportunity-driven entrepreneurial activity in the country is the lowest compared to all EU and non-EU countries. Identical underperformance is observed in Bulgaria as well. The country performs far below the EU average in entrepreneurship, with the lowest score of all Member States.

Despite the underperformance of Bulgaria and North Macedonia in topical rankings, ICT Industry in both countries has been progressively developed over the last decade. The internet connection and usage are other important preconditions for implementing digital transformation policies and practices. Eurostat provides comparable information (2020 data) on the share of households with access to the internet and both countries reports similar scores - North Macedonia (79%) and Bulgaria (78,9%). Fixed broadband penetration remains limited in both countries which negatively impacts digital transformation and competitiveness. According to the 2021 Digital Government Factsheets⁵ both countries perform below the EU average, yet indicating different degrees of digital improvements. North Macedonia is more advanced in the digitalization of health, while Bulgaria performs better in administrative servicing.

The share of knowledge-intensive sectors in the economy of both countries is lower than the EU average which correlates with lower R&D investments and productivity performance. Most jobs created by new firms emerged in less-productive sectors of the economy.

1.7 Underdeveloped year-round tourist infrastructure

The variety of natural and cultural assets in the programme area is a key precondition for defining target-oriented tourist offer. However, findings indicate a lack of cross-border competitive year-round tourist products and untapped tourism potential. Apart from the emphasized seasonality of the tourist offer, there is still no developed interaction of the tourist function across the border.

In overall, the CBC area represents invaluable potential for development of tourism and for preservation of rich biodiversity of national and pan-European importance. The CBC region is part of the diagonal road of the Cultural Corridor connecting Southeast Europe with Asia. In addition to these factors, it should be mentioned the diversity of historical periods and relevant cultural values. The CBC area does not enjoy positive trends in the enhancement of the tourism attractiveness of the region - the number of nights spent in the area is below the respective national average with the exception of Blagoevgrad district being home of two popular year-round tourism centres – Bansko (ski and mountainous resort) and Sandanski (spa centre). Despite the enabling factors and preconditions, tourism in the region "recognizes" insurmountable weaknesses: underdeveloped tourism product as a whole, underdeveloped network of companies for services and offers in tourism, insufficiently qualified staff in the field of tourism services, poor condition and limited access to natural and

⁴ <https://ec.europa.eu/digital-single-market/en/digital-economy-and-society-index-desi>

⁵ <https://joinup.ec.europa.eu/collection/nifo-national-interoperability-framework-observatory/digital-government-factsheets-2019>

cultural-historical heritage sites. The COVID-19 impact on tourism raises additional challenges. Along with the need to develop tourism-driven local industries due to untapped tourism potential, parallel multilateral efforts and policy responses to rebuild the tourism linkages with local stakeholders, other economic sectors and natural resources and ecosystems should be strategically comprehended and practically addressed in an integrated and resilient manner.

1.8 Lack of ecosystem-based practices and services to handle natural hazards and biodiversity loss

The link between biodiversity and the provision of ecosystem services has not yet been built in the programme area, despite the large amount of natural areas that enjoy various national and international protection statuses. The Territorial Analysis outlines the pollution of rivers, floods, landslides and fires as the biggest environmental problems of the border region. There are highly polluted river sections particularly within the catchment area of the Struma, and Bregalnica, Strumica and part of the Vardar 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. Since the ecological infrastructure in the CBC area is generally assessed as underdeveloped, the absence of ecosystem-based practices and services to deal with various environmental challenges, weakens efforts for addressing climate change issues. The factors expected to adversely affect human health, environment, biodiversity, and economic growth include: (1) frequent floods, (2) powerful convective storms, which have caused serious material damage and casualties in a number of regions of Bulgaria, (3) severe droughts; (4) landslides; (5) increasing frequency of forest fires due to insufficient afforestation, self-ignition of dry grass near forests, careless handling of fire, uncontrolled burning of household waste; (6) relatively high seismic hazard.

1.9 Limited preparedness for green transition

Both national economies are highly energy-intensive. Because of the dominant use of domestic lignite for electricity production, North Macedonia has a potential for greenhouse gas (GHG) emissions reductions. Solid waste disposal is by far the greatest contributor to the GHG emissions of the waste sector, which is also the highest growing category in terms of emissions along with very high transport-related GHG emissions amounting to 15% of country's total emissions. Since 2008, the country has made little progress in developing waste management infrastructure. The existing non-compliant municipal landfills do not meet even the basic conditions for safe waste disposal. Despite developments in the establishment of regional waste management systems and progress in the preparatory work, none of the regional landfills has been completed. Bulgaria remains the most energy-and greenhouse gas-intensive economy in the EU by a wide margin. The Country Report Bulgaria 2020 states that, in 2017, the country needed 3.8 times more energy and produced 4.4 times more carbon emissions per unit of GDP than the EU average. However, the country is still on track to achieve its targets for GHG emissions and renewable energy. It is not progressing, though, towards its energy efficiency indicative targets and the gap between the current and target levels of energy consumption is widening.

Although policy actions promoting green transition have been taken in Bulgaria, the country continues lagging behind the EU in all components of the circular economy⁶. The scale of resource productivity of North Macedonia also is far below the EU28's average. Both countries lack a circular economy strategy. North Macedonia does not even collect data on recycling and circular material use and that indicates these practices are insufficiently developed.

Other important targets of the EU Green Deal concern agricultural and food-processing practices. The GVA share of agriculture in the CBC are has been gradually shrinking over the last decade with the South-East and East regions of North Macedonia holding the largest shares. There are no reliable data on the use of chemical pesticides and antimicrobials, as well as on the scale of nutrient losses and the level of development of organic farming - all these components have green targets up to 2030. Corresponding indicators are not expected to

⁶ <https://ec.europa.eu/eurostat/web/circular-economy/indicators/main-tables>

exhibit significant contribution to the green targets, but there is a potential for encouraging sustainable and environmentally friendly production of safe and quality food and developing organic value chains which can have a greater impact in terms of biodiversity conservation and food security.

1.10 Limited cross-border connectivity and intraregional mobility

The lack of railway, high-speed road and/or highway connection between the two countries, the increasing cross-border traffic, the prospects of expanding the access to core TEN-T network result in insufficient border-crossing possibilities and hamper freight and passenger transport. There are only 3 operational border checkpoints along the border, servicing a population of about 1 million people. All these missing links and the untapped mobility potential in the scope of connectivity have urged the need to improve border and TEN-T access taking also into account the prospects of EU integration process.

One of the European cycling routes, namely the EuroVelo 13 Trail Iron Curtain Trail runs in the cross-border region. The EuroVelo routes have a tourist purpose, so they do not connect large cities, but they facilitate tourism mobility, which has an impact on the overall economic growth of the border region. None of the segments of the EuroVelo corridor passing through North Macedonia and Bulgaria, however, is developed or at least marked.

2. DRIVING FORCES

2.1 Favourable macroeconomic background and SME performance

The pandemic of COVID-19 has disrupted lives across all countries and communities and negatively affected global economic growth in 2020 beyond anything experienced in nearly a century. However, estimates indicate the outbreak reduced global economic growth in 2020 to an annualized rate of around -3.2%, with a recovery of 5.9% projected for 2021. Therefore, this section emphasizes on the macroeconomic stability and growth potential that both countries exhibited until COVID-19. In terms of Bulgaria, GDP has hovered around 3% since 2016, with total factor productivity the main factor behind its expansion, alongside with growing export market share, increasing cost of labour per unit of output produced and continued integration in global value chains. Driven by strong exports and increased domestic demand, GDP of North Macedonia increased by 3.2% in 2019.

However, at the CBC level, some discrepancies in regional GDP shares for 2019, as % of the national GDP, shape the current economic outlook of the area: Blagoevgrad district (2,62%), Kyustendil district (0,93%), South- East region (8,92%), East region (8,17%), North-East region (5,03%). Due to the limited market size of North Macedonia, the GDP shares of its programme regions are higher than those of the Bulgarian regions.

In terms of GVA, the highest share of produced economic output is recorded in Blagoevgrad district in the service sector, followed by East and South-East Region of North Macedonia having been specialized in agriculture. Industry is the sector with the lowest cumulative share of GVA. In overall, the CBC regional specialization resembles low economic development and uncompetitive economic performance with limited opportunities for domestic companies to join global value chains. Bulgaria is among the biggest trading partners of North Macedonia, and that is a key enabling prerequisite for building regional value chains. According to data of the Customs Agency of Bulgaria, the freight traffic and movement of people between the two countries has been annually increased by an average of 10%.

2.2 Rich biodiversity with a strong impact on economic growth

The programme area enjoys a very rich and diverse natural heritage. Bulgaria ranks third EU country in the National Ecological Network (NEN) having covered 34.4% of its national territory under Natura 2000 network. The CBC area on the Bulgarian side abounds of natural parks and reserves that enjoy various forms of protection. A number of natural habitats, on the border side of North Macedonia, have been officially

nominated as candidate Emerald Network sites. The National Emerald Network in North Macedonia includes 16 sites which represent about 80% of the whole network. Important ecological corridors of geomorphological, ornithological and botanical importance pass through the border side of North Macedonia. As of September 2021, Osogovski Mountains has been gained protection status covering an area of 48 829.26 hectares. Few more areas are on their way to become protected under the Emerald Network- these are Dolna Bregalnica and Maleshevo Mountains with the latter covering 11,460.89 hectares of protected areas. The programme area also belongs to the Balkan Green Belt which is the southernmost section of the European Green Belt.

Despite the various ecological protection that the programme area enjoys, there are areas in the region with loss, fragmentation and modification of habitats, reduced or destructed ecosystems. Basic reasons for that are: weak control systems, low level of education, lack of information, high vulnerability to natural and man-made hazards, lack of integrated planning and ecosystem-based practices and services etc. According to the Commission and the EU 2030 biodiversity strategy, development of green infrastructure (GI) is best example for ecosystem-based practices that contribute to resilient communities and result in multiple benefits for a given territory. These ancillary benefits include improved human health and wellbeing, enhanced environmental services and economic growth. GI aims at strengthening and restoring degraded ecosystems by strengthening integrated land management. As highlighted in the EU Green Infrastructure Strategy, investments in GI have significant potential to strengthen regional and urban development, including by maintaining or creating jobs. The rich biodiversity of the region is a base for development and diversification of different forms of tourism.

3. JOINT INVESTMENT NEEDS

- Investments for multidimensional integrated territorial measures addressing income gap, the relatively high poverty risk, social exclusion and inequalities through community-based services and integrated employment, improved access to and quality of general services for people and enterprises;
- Investments for development and implementation of attractive job prospects and comprehensive digital upskilling programmes, including measures of the silver economy;
- Investments for improving the quality, labour market relevance, and inclusiveness of education and training;
- Investments for technological modernization, adoption of circularity models, digitalization, internationalization, entrepreneurship, accessing and setting up regional value chains, facilitating cross-border enterprise networking, etc.
- Investments for introduction and dissemination of the ‘tech-with-a-purpose’ approach who would leverage R&I to create the solutions that match the urgency of the cross-border environmental and social challenges;
- Investments for development of ecosystem-based approaches and greening solutions in handling environmental issues as well as for joint conservation and preservation techniques;
- Investments for integrated development of sustainable tourism practices;
- Investments in improving cross-border connectivity and mobility.

4. COMPLIMENTARITIES AND SYNERGIES WITH OTHER FUNDING PROGRAMMES AND INSTRUMENTS

The IPA III programme between Bulgaria and North Macedonia compliments other funding instruments and programmes as Interreg VI-A IPA Greece North Macedonia programme and Interreg VI-B IPA Adriatic-Ionian programme. Close coordination between the Managing Authority and the EU Delegation in North Macedonia will be maintained in order to maximise the effect of the assistance with other EU activities in the

overlapping areas of support. The synergy and cumulative effect of this complementarity can be outlined per IPA III programme's priorities, as follows:

PRIORITY 1 GREENER BORDER REGION (green infrastructure)

Those topics are covered in *Environmental Programme* and *National Priority Framework for Action for Natura 2000* for programming period 2021-2027. In pursuant with Article 5(1) of Regulation (EU) 2021/1060 at least 60 % of the ERDF contribution of the programme is allocated to policy objective 2 "Greener border region" and two other policy objectives. The Territorial Analysis outlines the pollution of rivers, floods, landslides and fires as the biggest environmental problems of the border region. According to the EU 2030 biodiversity strategy, ecosystems and their services can be maintained and enhanced by establishing Green Infrastructure (GI) and restoring degraded ecosystems. In order to provide a lasting impact on the ecological infrastructure, the current Programme interacts with the *Environmental Programme 2021-2027* in fostering strengthening biodiversity, "green" infrastructure in the urban areas and reducing pollution. This decision also takes into account the demarcation with the significant financial resources under the Just transition fund, which will be invested in green measures in the cross-border region. Just Transition Fund as a new financial instrument of the EU will support the territories most affected by the transition towards climate neutrality and for preventing an increase in regional disparities. The *National Priority Framework for Action for Natura 2000* focuses efforts on ensuring effective management of the *National Ecological Network and protection of natural habitats and species* of European and national importance to halt biodiversity loss by improving the nature protection and conservation, biodiversity and green infrastructure. The new Euro-Med Transnational programme 2021-2027 that has been recently joined by North Macedonia and Bulgaria envisages implementing a green infrastructure concept that can gradually improve the availability of ecosystem services and support the vision of the biodiversity conservation as an economic value for the regions. Same purposes are also pursued by the ADRION programme, in which North Macedonia also takes part. The experience accumulated during the implementation of the 2021 EU-North Macedonia bilateral document "EU for Environmental Standards and Clean Air" in the field of legal, institutional and administrative framework for ecological transition towards a modern and resource-efficient economy is expected to lead to a more competent and fully-fledged addressing of environmental issues under the Programme. The bilateral programme envisages the provision of support for creating Green belts. At the same time, the (Interreg VI-A) IPA Bulgaria North Macedonia 2021-2027 programme provides support for green infrastructure, and together, both instruments are seen to produce important complementary effects for the CBC efforts to address the climate emergency. Thus, the individual participation of Bulgaria and North Macedonia in different, wide-ranging EU funded programmes, creates important synergies with the IPA III programme. Most cross-programmes synergies take place in the environmental domain where joint efforts to improve the ecological aspect of the socio-economic development and to sustain healthy and protected environment collide and thus produce greater impact, efficiency and positive footprint on the environment.

PRIORITY 2 MORE CONNECTED BORDER REGION (communication links, extended access to core TEN-T)

The project for "Establishment of a new Border crossing check point (BCCP) Strumyani - Berovo" between Bulgaria and North Macedonia under the current Programme supplements the interventions under the *Transport Connectivity Programme 2021-2027* for the development of relations with neighbouring countries. Implementation of a railway connection is set between Bulgaria and North Macedonia, as well as modernization of section Sofia-Pernik-Radomir and completion of modernization of section Elin Pelin-Kostenets. The envisaged expansion of access to the main TEN-T network by providing a direct road connection to the Struma Motorway in Bulgaria, and connection with main *Orient/East-Med Corridor VIII* will strengthen regional connectivity and cross-border mobility.

Complementarities and synergies are also sought with the activities under the Border Management and Visa Policy Instrument (BMVI) and the IPA III Individual measures to strengthen the response capacity to manage migration flows and border management in the Western Balkans. As the strategic project is not mature enough at the stage of programme preparation, once the parameters of the BCCP and the technical design of the project are made available, a protocol will be signed between the managing bodies of Interreg VI-A IPA Bulgaria-North Macedonia, BMVI and IPA III with a view to establish clear complementarities and ensure lack of duplication, while respecting the eligibility rules as per the respective regulations guiding the work of the instruments referred above. Funding of large-scale IT systems as regards the strategic project is not planned under the Interreg VI-A IPA Bulgaria-North Macedonia.

PRIORITY 3 INTEGRATED DEVELOPMENT OF THE CROSS-BORDER REGION (Integrated territorial development of the regions)

Intervention in the *Regional Development Programme 2021-2027* under *Priority 1: Integrated urban development* and *Priority 2: Integrated territorial development of the regions* for the implementation of infrastructure measures aimed at improving and developing culture, tourism, sustainable urban mobility, digital and safe transport connectivity, measures to improve the quality of the environment such as green infrastructure, measures to foster economic activity investments in technical infrastructure for the development of industrial zones or other infrastructure for the development of economic activities and support for innovation and development of SMEs. The Interreg VI-A IPA Greece North Macedonia Programme (South-East planning region of North Macedonia) envisages measures focused on supporting entrepreneurship and start-ups, oriented toward cross-border products and services, tourism, knowledge transfer and ICT.

The Instrument for Pre-Accession assistance (IPA) III⁷ Instrument provides important assistance to North Macedonia complementing the vast EU funded support in the region. In the context of the IPA III funded programme “EU for Prespa”⁸ programme is seen as an instrument intensifying the joint engagement of the two countries to accelerate the Green Agenda on their territories. Despite the fact that the geographical coverage of the programme “EU for Prespa” does not overlap with the programme area, the added value of the Prespa initiative complements the ongoing work in the entire neighbouring region and the created synergies are of a benefit for the whole area. The policy domain, where the two programmes complement the most, is the Green Agenda where various pillars of biodiversity are put on central. A proper instrument of building the synergies between the two programmes might be the implementation of parallel or successive actions on different, but neighbouring territories, with the aim to improve ecological permeability and extend ecological corridors from east to west, and to support the development of sustainable tourist products.

The Customs Control Equipment Instrument will not overlap with the current programme’s activities. Each of these programmes will focus on different types of support to customs: the EU Anti-fraud Programme will support, among other, the purchase of equipment, including small customs equipment for customs and non-customs authorities, where it is specifically targeted at the protection of the Union's financial interests, while the new Customs Control Equipment Instrument is meant to finance the acquisition of larger customs equipment in order to improve uniformity in the performance of customs controls throughout Member States. For example, the following types of equipment could fall under the EU Anti-Fraud Programme's remit without overlapping with the Customs Control Equipment.

The Instrument for Pre-Accession will support enlargement countries in preventing and tackling organised crime and corruption and in strengthening their law enforcement and migration management capabilities, including border management will not overlap with the current programme’s activities. It will support cooperation on migration, including border management, ensuring access to international protection, sharing

⁷ OJ L 330, 20.09.2021

⁸ C(2021)9732 Commission Implementing Decision of 16.12.2021

relevant information, strengthening the development benefits of migration, facilitating legal and labour migration, enhancing border control and pursuing our effort in the fight against irregular migration, trafficking in human beings and migrant smuggling.

The Programme has a potentially strong impact on the progress of implementation of 5 out of 6 flagship initiatives of the EU-Western Balkans Strategy. Business development is seen by large as the most favourable area for cumulative EU policy and funding interventions in the Western Balkans (the so called WB6) and the CBC area to take place. By providing support to border businesses to internalize and join international value chains, the Programme complements the efforts of the Western Balkans 6 Chamber Investment Forum (WB6 CIF) to facilitate inter-business contacts and promote the Western Balkans as one investment destination. Therefore, the programme enlarges the opportunities for networking of business communities between the CBC area and the WB region and thus create prospects of emerging Balkan value chains (highlighted in the Border orientation paper, as well). The Programme plays crucial role in the WP6 Connectivity agenda, and partially on the security and migration flagship initiative, by laying the foundations for easier and faster movement of citizens, businesses and capitals between Western Balkans and EU through the construction of new border crosscheck point (BCCP Strumyani-Berovo) at the border of Bulgaria and North Macedonia. Under Priority 3 Integrated development of the cross-border region, the Programme will seek to expand the land connectivity by supporting the development of alternative mobility, including a grid of bicycle lanes, 'dirt' forest and country roads, helipads, etc. The Programme touches upon priorities of the Green agenda of WB6 in relation to protection and restoration of ecosystems. The contribution of the Programme on that objective go under the form of small projects supporting the development of green infrastructure with the aim to increase ecological permeability and prevent biodiversity loss. The strategic foundations (Digital Agenda for the Western Balkans) and the Programme concentration build strong synergies (in the area of digital economy and society) and take on identical paths to make citizens of WP6 region and CBC area capable of fully reaping the benefits of the fast-paced and inevitable digital transformation. Last, but not least, despite the continuous political disputes between Bulgaria and North Macedonia, the Programme sends a positive message to all concerned that regional cooperation and good neighbourly relations can contribute to growth and prosperity.

In terms of implementation of an interprogramme coordination approach to address geographical and thematic challenges and to facilitate interprogramme synergies, the managing bodies will take on two paths: 1) Invite representatives of managing bodies of all relevant (those whose geographical coverage overlaps with the CBC area) EU funding programmes to the JMC/JWG of the Programme; and 2) Set up interprogramme thematic working groups and staff/experts exchange at the stage of development of Guidelines for applicants. Furthermore, close coordination between the Managing Authority and the EU Delegation in North Macedonia will be maintained in order to maximise the effect of the assistance with other EU activities in the overlapping areas of support.

5. LESSONS-LEARNT FROM PAST EXPERIENCE

Despite the thematic concentration imposed by the EU Regulations in 2014 -2020 period, the areas of intervention defined under INTERREG-IPA CBC Programme 2014 -2020 still remained quite diverse and without any interdependence. Opposite to limited (even reduced in 2014-2020 period) financial resources, the interest in the programme remained high during both programming periods. In 2007-2013 period – under the 3 open calls 320 projects were submitted and 100 contracts signed while in 2014-2020 period – under the 2 open calls 379 projects were submitted and 73 contracts signed. This comes to show that more than 75 % of the project proposals were not financed and that the scattered sectoral investments based on open calls have led on one hand to severe competition and high expectations of potential beneficiaries and on the other hand to fragmented and dot-like interventions, some of which were not directly linked to the actual needs and potential of the cross-border region. Despite the demonstrated high interest, the low competence of some beneficiaries in terms of project implementation of certain measures and the low level of partnership between public and non-governmental sectors contributed to insufficient capitalization of the project results. In addition

exhaustion in generation of project ideas was observed – e.g. increased number of projects, with already financed similar ideas/objectives and in all calls most of the applicants are one and the same organizations/institutions. In order to improve the weak capacity of some beneficiaries to prepare and implement projects the new Programme will use Technical Assistance (TA) funds for organisation of the information days and training sessions for potential beneficiaries after the launch of the Calls for proposals and Partnership forums for identification of the project partners and also for trainings during the implementation period of the projects.

The Impact Evaluation of the 2007-2013 Programme, as well as the Midterm evaluation of 2014-2020 Programme, showed that, in correspondence to the diversity of the spheres of intervention, a wide number and range of outputs were delivered. From a financial perspective, it was observed a drastic discrepancy between available, requested and contracted funds - in average, the total budget of all applications exceeds with 345 % the available one, while only 20 % of the total requested funding has been contracted. Often, such financial disproportion is a precondition for weak programme effects in terms of efficiency and sustainability. That is why it is difficult for the programme to bring out benefits for the communities, to intensify its effects for the region and especially its value added achieved through cooperation. In that respect, in order a visible impact to be achieved, a new, more results-oriented approach in the implementation of the future programmes was recommended. It is expected that a better programme focus would strengthen linkages between needs and resources (through concentrating more funds to most demanded intervention areas) thus generating proportionate and sustainable effects on the territory.

6. MACRO-REGIONAL STRATEGIES (MRSs)

The territorial challenges that the Programme addresses (e.g. environmental threats, uneven socio-economic development, uncoordinated education, research and innovation systems) have been also recognized as such in the Danube Region Strategy (EUSDR) (Bulgaria) and in the Adriatic and Ionian Region Strategy (EUAIRS) (North Macedonia). This opens up possibilities to align relevant priorities of the Programme with the two MRSs and to embed the latter into the strategic framework of the reference programme. The programme area, however is not in proximity to either Danube or Adriatic and Ionian seas basins. This circumstance allows for MRSs embedding mainly from the perspective of indirect synergies and contributions. In particular, the synergies and coordination of actions between the Programme and the two MRSs can be potentially projected in the area of institutional capacity and exchange of practices/knowledge/solutions in the following MRSs priorities:

Priority Area 3 “To promote culture and tourism, people to people contacts” (EUSDR) and Pillar 4 “Sustainable tourism” (EUAIRS)

A substantial scope of the Programme actions that are going to be supported under priority ‘Integrated development of the border region’, will be focused on tourism. Investments are expected to improve tourism-related infrastructure and services, branding and marketing as well as to strengthen inter-institutional coordination and policy development while fostering the preservation of and re-connecting with natural ecosystems in pursuit of a sustainable tourism cross-border community. People to people relations are at the heart of this community.

Priority Areas 5 “Environmental Risks”, 6 “Biodiversity, landscapes, quality of air and soils” and 10 “Institutional capacity and cooperation” (EUSDR) and Pillar 3 “Environmental Quality” (EUAIRS)

Under priority 1 “Greener border region” the Programme will seek to improve green infrastructure as a means to protect and expand ecological connectivity as well as to prevent biodiversity loss and ecosystem collapse. Public authorities have been increasingly recognized as key providers of ecosystem services in building and restoring green spaces, therefore putting forward practices for strengthening institutional capacity for climate

change adaptation along with the dissemination of greening solutions would add on valuable impact to the achievement of EUSDR and EUAIRS targets.

7. PROGRAMME STRATEGY: main development challenges and policy responses

The policy and strategic framework of the programme came out as a result of a three-year long elaboration process. It first started in 2019 with regional consultations on both sides of the border complemented by a parallel study of cross-border territorial needs and potentials - both provided the bottom-up data and trends. During the meetings with the regional stakeholders some well-known territorial challenges have been confirmed as continuing and still unresolved (such as lack of diverse possibilities for work, high unemployment, low income, unevenly developed conditions for year-round tourism across the CB area, etc.). It has been confirmed that tourism is the most suitable sector for building strong cooperation links, but persistent mobility obstacles hamper sector's potentials to flourish and expand, partially because of the limited participation of tourism service providers in the programme (in most cases these are SMEs). The need to provide SMEs with equal access to programme resources and perceive the enterprises as change boosters addressing, however, their specific needs, particularly in the field of competitiveness and internationalization, was stressed out. The prospective of establishing cross-border added value chains in certain sectors was positively assessed. Extensive discussions on the need for institutions to do more to stop the loss of biodiversity have taken place during the regional consultations, because biodiversity is widely considered one of the biggest assets of the programme area. It has been expressed that classical restoration and preservation activities, that involve large amount of greening initiatives, could be extended to urban areas so that to achieve city green transformations which create positive impact on environment, health and well-being in general.

Most of the discussed territorial needs and potentials have found their evidence support in the Territorial analysis and have further been linked with key EU policies such as green and digital transition, TA2030, EU enlargement with the Western Balkans. In line with the Council Conclusions, good neighbourly relations and regional cooperation remain essential elements of the Enlargement process, as well as of the Stabilisation and Association Process. The abundant possibilities of PO5 for territorial development, particularly from the perspective of functioning of democratic institutions and economic reforms, which are part of the 'fundamentals', have been fully incorporated in the programme strategy and its implementation arrangements. Therefore, the programme is expected to contribute to the EU accession process and at the same time to the strengthening of the territorial cohesion. Having regard to all this, as well as taking into account the need for preservation of cultural, social and economic links between the regions of both countries, the JWG agreed on the following overall objective of the Programme:

To strengthen the territorial cohesion of Bulgaria - North Macedonia Cross-border region

The programme goal is ambitious – sharp territorial divergences are observed between the programme regions having extreme ranges of socio-economic development, while the overall economic performance of the programme area remains lower than the EU and corresponding national average. The programme response to this challenge is the delineation of programme priority “Integrated development of the cross-border region” with 20% budget earmarked for SMEs to improve their competitiveness and to lay the foundations for establishing cross-border value chains (cooperative cross-border market). The implementation of the priority through the PO5 specific objective “Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban” addresses few other territorial challenges such as depopulation, aging, high unemployment (particularly youth one), low income level. The integrated development aligns fully with the programme objective, because both concepts precondition strong collaboration and cooperation between territorial actors. The promotion of genuine cooperation under that priority has been done at three levels: programming (JWG), implementation (through Interreg indicators preconditioning cross-border dimension of the investments) and management (joint committee will be set up to participate in the project selection process).

Furthermore, the programme responds to one of the biggest territorial challenges that creates considerable mobility and connectivity obstacles – the lack of enough border checkpoints to handle the increasing traffic of people and goods between the two countries. Since this is important for the EU enlargement process and requires extensive amount of inter-institutional coordination and participation, as well as large funding, the JWG has agreed the programme solution (establishment of new BCCP within PO3 ‘A more connected Europe by enhancing mobility’) to go under the form of strategic project in order to link more accurately the programme support with the sought effect. This top-down approach to programming reaffirmed the EU accession process of North Macedonia while confirming the commitments between the two countries to further strengthen their neighbourly relations and the regional cooperation. In addition, the implementation of this project is expected to partially fill in the gaps in the cross-border road transport network, as being highlighted in the Border Orientation Paper as a need for joint actions.

The new EU cohesion legislative package made the policy actions arising from the Green Deal imperative for all EU funded programmes. Thus, the selection of PO2 as a priority in the programme was top-down driven. Even in the absence of this obligation, however, the collected bottom-up data from the regional consultations and the Territorial analysis in the area of environment unequivocally confirm the need for joint actions in the protection and preservation of the cross-border biodiversity. The interest of territorial actors to invest joint efforts in this field has been traditionally strong. Biodiversity loss is, again, identified as a key environmental issue in the programme area. The EU 2030 Biodiversity Strategy pinpoints biodiversity loss and ecosystem collapse as one of the biggest threats facing humanity in the next decade. Number of projects have been supported from 2007 to 2020 to tackle with this complex challenge. Most of the supported solutions have addressed the protection aspect of the problem, under the form of one-off joint initiatives, leaving, however, the preservation components of the biodiversity policy behind. The chosen PO2 SO (vii) represents a thematic continuation of activities of the 2014-2020 programming period of the activities under PA1 Environment, specifically SO1.1 “Environmental protection and sustainable use of the common natural resources of the programme area. Therefore, building on the achieved results in the field, the 2021-2027 programme will seek to support actions that either combine both practices (protection and preservation) or put a focus on the sustainable solutions for biodiversity preservation. An example for that is the development of green infrastructure (GI) which has been increasingly recognized as a common solution to various environmental issues due to its wide positive effects on all components of the environment, as well on the human well-being.

8. HORIZONTAL PRINCIPLES

The CBC programme will scrutinize each project approved for funding whether it contradicts the principles described here. From the view point of the EU Charter of Fundamental Rights the MA will seek to ensure gender balance in the composition of JMC, as well as it will require from project promoters to adhere to the EU Charter and provide evidence for that. The MA will take any possible action throughout the preparation, implementation, monitoring, reporting and evaluation of the CBC programme to positively influence poverty eradication, social exclusion and any form of inequality and discrimination by promoting social inclusion and encompassing the principles and objectives of the EU Charter. All supported project activities, regardless of their sectoral focus, must contribute to the achievement of at least one of the selected 7 SDGs that are most likely to be tackled by the programme. These SDGs are: (7) Affordable and Clean Energy, (8) Decent Work and Economic Growth, (9) Industry, Innovation and Infrastructure, (10) Reduced inequalities, (12) Responsible Consumption and Production, (13) Climate Action, (15) Life On Land.

The environmental dimension of the sustainability is rooted across the entire programme. To ensure maximum adherence to the principles and targets of the Green Deal, each project supported by the programme, should have a green component that contribute to at least one of the environmental objectives set out in Article 9 of the Taxonomy Regulation. Such approach provides for broad promotion and applicability of the Do No Significant Harm (DNSH) Principle. The programme will also promote the New European Bauhaus (NEB) principle by requiring applicants and project promoters to align their project activities with the surrounding

environment in order to provide for harmonious co-existence with nature, social inclusion and accessibility the objectives of this principle. Supported projects should ideally contribute to the regeneration of the environment and ecosystem functions and services, climate neutrality as well as the sustainable management and enhancement of cultural landscapes.

A programme contribution to EU climate and biodiversity targets is envisaged. The Programme will take into account the importance of combating the decline of biodiversity and will address the Biodiversity Strategy for 2030, estimating an indicative contribution to biodiversity objectives representing approximately 16% of its ERDF allocation (based on related calculation methodology). The Programme estimates an indicative contribution representing approximately 30,11% of its ERDF allocation to support climate change objectives and approximately 41,99% to meet environmental objectives.

All supported by the programme entities and undertakings should strive to ride the digital transformation wave and propose digital solutions under the concept of "one standard for all" and thus account for the applicability of the e-Cohesion principle.

Any CBC programme-related PP practice that is going to be carried out on the territory of Bulgaria, regardless of the type of procuring entity, will be aligned with the Strategic public procurement principle. This is so because the new EU Procurement Directives have been already transposed into the national PP legislation and thus the procuring organization will be legally encouraged to achieve greater incorporation of innovative, green and social criteria in awarding public contracts.

The Durability of results principle is embedded in the implementation of the programme through regular monitoring practices of supported projects to make sure the provided funding is strongly linked with the sustainability of the achieved results and bring in the desired territorial effect.

1.3. Justification for the selection of policy objectives and the Interreg specific objectives, corresponding priorities, specific objectives and the forms of support, addressing, where appropriate, missing links in cross-border infrastructure

Reference: point (c) of Article 17(3)

Table 1

Selected policy objective or selected Interreg-specific objective	Selected specific objective	Priority	Justification for selection
<i>PO2 A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition,</i>	<i>Enhancing protection and preservation of nature, biodiversity, and green infrastructure, including in urban areas, and reducing all forms of pollution</i>	<i>Greener border region</i>	<i>The programme area enjoys a great biological diversity. However, due to its highly varied geological, topographic and hydrologic conditions, the area is vulnerable to biodiversity harmful practices. According to the EU 2030 Biodiversity Strategy, biodiversity loss and ecosystem collapse are one of the biggest threats facing humanity in the next decade. That makes preserving nature and restoring healthy ecosystems a European priority. Central to this priority is the establishment of green infrastructure (GI) whose wide effects positively impact human health and wellbeing, support a green economy, create job opportunities and enhance biodiversity. Regional and local authorities have been increasingly recognized as key providers of ecosystem services in building and restoring</i>

<p>green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility</p>			<p>green spaces. The 2019 ESPON interim report 'State of the European Territory' highlights that the CBC area enjoys high potential GI network coverage. As the green space coverage on urban scale is generally decreasing, policies addressing that deficit should focus on greening urban and peri-urban areas, improving the connectivity of urban spaces and on transforming land uses, dominated by non-vegetated open spaces, into green spaces with improved ecological qualities. These are only part of the measures the programme will seek to support in order to enhance biodiversity by setting up ecological corridors to prevent genetic isolation, allow for species migration, and maintain and enhance healthy ecosystems. In this context, the EU 2030 Biodiversity Strategy encourages investments in green infrastructure to be implemented through cross-border cooperation among Member States, including through the European Territorial Cooperation. The EU strategy for promoting GI has also underlined the regional/cohesion dimension of the GI promotion. The projects supported under this SO will be in the form of grants considering the nature of the operations (cross-border dimension and relative reduced budget).</p>
<p>PO3 A more connected Europe by enhancing mobility</p>	<p>Developing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility</p>	<p>More connected border region</p>	<p>In the CBC area there are currently 3 BCCP operating, servicing (BCCP Gyueshevo – Deve Bair, BCCP Logodazh - Delchevo and BCCP Zlatarevo – Novo Selo) a population of nearly 1 million people by providing direct access to Struma highway in Bulgaria which is part of the core TEN-T Orient/East-Med Corridor. The EU enlargement process has called on Bulgaria and North Macedonia to rise to the challenge of facilitating the annually increasing traffic of freight and movement of people between the two countries, either by enlarging the service capacity of the current border check-points or by opening a new BCCP between the two countries whose need for that has been recognized back in 1999 when Bulgaria and North Macedonia have signed a Bilateral Agreement for establishment of a new BCCP Strumyani-Berovo at the village of Klepalo connecting the municipalities of Strumyani (Bulgaria) and Berovo (North Macedonia). The Commission's recent proposals envisage further integration of Western Balkan countries into EU policies, programmes and markets, and if border mobility obstacles persist, the speed up of the EU enlargement process may be jeopardized by the lack of basic connectivity factors. In this regard, the improved TEN-T access will create added value in a broader economic perspective spreading the spillovers to and facilitating the interlinkages in the transport and tourism sector. Expected investments for improved border and TEN-T access will produce considerable time travel savings, shortening also the time for accessing the very popular Bansko ski resort in Bulgaria (among the first ten in any topical rankings). The PO3 is selected as a leading policy due to the large impact of the improved border and TEN-T access on the regional connectivity and cross-border mobility. The implementation of the SO will go as a project of strategic importance supported under the form</p>

			<i>of a grant considering the nature of the operation (cross-border dimension and wide public impact).</i>
<i>PO 5 A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives</i>	<i>Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban</i>	<i>Integrated development of the cross-border region</i>	<i>The expected increase in regional disparities and peripheralization, the urban-rural divide and the need to foster the implementation of the 'Leave no one behind' sustainable development goal ask for integrated policies on local level as a contrast to the sectoral approach who still dominates in local development practices in the CBC area. This emphasises the importance of tailored place-based approaches rather than territorially blind policies with little relation to territorial reality. The need to combat unevenly dispersed economic effects of sporadic interventions gave rise to the concept of participative and integrated territorial development that is able to boost inclusiveness, resilience and competitiveness by gathering key actors from any sectoral value chain in cooperative actions. Differences in access to services of general interest risk driving service providers, enterprises and social activities to relocate to areas with better access. This especially concerns remote areas that lack access to public services and economic and social opportunities. The borderline depicts a barrier and business activity remains mainly local and urban, with absent cross-border dimension and impact. Missing links in the cross-border provision of business services and such of general interest are a main factor behind the negative demographic dynamics and the inert economy that the area exhibits. Thus, the programme will contribute to the 'A just Europe' priority of the Territorial Agenda 2030 by applying a place-based approach, in contrast to the dot-like one. This entails the involvement of all actors playing active roles in the border economy and thus allowing for multi-sectoral, accountable and multi-level governance partnerships that are going to be set up to support the prosperity of the border region. The projects supported under this SO will be in the form of grants considering the nature of the operations (cross-border dimension and relative reduced budget).</i>

2. Priorities

Reference: points (d) and (e) of Article 17(3)

2.1 Priority 1. Greener border region

Reference: point (d) of Article 17(3)

Text field: [300]

Promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management in the cross-border region

2.1.1. Specific objective (repeated for each selected specific objective)

Text field: [300]

1.1. Enhancing protection and preservation of nature, biodiversity, and green infrastructure, including in urban areas, and reducing all forms of pollution

Reference: point (e) of Article 17(3)

2.1.2. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Priority 1 Greener border region under PO 2 “A greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management” had been chosen because the exploitation of new forms of ecosystem-based services, that are based on the large variety of greening measures, would contribute to the maintenance of healthy green, physical and living environment, and moreover would generate non-material benefits for people, including aesthetic qualities and recreational experiences.

The link between biodiversity and the provision of ecosystem services has not yet been built in the CBC area, despite the large amount of natural areas that enjoy various national and international protection statuses. The Territorial Analysis of the programme outlines the pollution of rivers, floods, landslides and fires as the biggest environmental problems of the border region. There are highly polluted river sections particularly within the catchment area of the Struma, Bregalnica, Strumica and part of the Vardar 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. According to the EU 2030 biodiversity strategy, ecosystems and their services can be maintained and enhanced by establishing Green Infrastructure (GI) and restoring degraded ecosystems. GI is a strategically planned network of natural and semi-natural areas that are aimed at providing large scope of ecosystem services with a positive impact on all environmental components. As highlighted in the EU Green Infrastructure Strategy, investments in GI have significant potential to strengthen regional and urban development, including by maintaining or creating jobs. The development of ecosystem-based services in the CBC area would enhance the greening practices benefiting from the existing potential of the border region in and building on the well preserved nature and landscape, rich biodiversity, large number of protected areas and landscapes, taken environmental protection and risk prevention and mitigation measures.

Investments in the fields of environmental protection and risk management are based on the needs of the programme area, such as: underperforming environmental infrastructure, environmental risks, insufficient awareness of the population on environmental threats and lack of knowledge about environmental friendly solutions, etc. Building on the already existing potential of the border area, namely: well preserved nature and landscape, rich biodiversity, large number of protected areas and landscapes, investments in environmental protection and risk prevention and mitigation are an absolute pre-requisite for creating better living conditions for the people in the border area and a sustainable economic development. The proposed interventions are meant to alleviate the risks regarding loss of ecosystems, endangered biodiversity due to further pollution, strong climate changes largely touching upon on the need to protect urban and peri-urban biodiversity as important passages of ecological corridors. The predominance of human activities has made urban landscapes far different from natural ecosystems, and this has diminished the biodiversity of these landscapes. Through urbanisation, humans modify natural landscapes by alteration of landforms, land uses, and by changes to natural disturbance agents and hydrological networks. Conventional hydrological systems reduce urban ecological resilience by substantial removal of the vegetation cover and by alteration of urban ecosystems compared to natural ones. There is why the programme set up group of actions aimed at promoting hydrological practices that diminish biodiversity loss. The implementation of all measures dedicated to

reduction of pollution and protection of the biodiversity will improve the protection of nature for the benefit of people and of the economy. The CB cooperation in that policy area is expected to unlock ecosystem-based solution potential justified by the presence of a rich biological diversity as well as by the vast opportunities to build on bio-related achievements of the two previous programming periods.

The concept of “green infrastructure” is a relatively new one and special attention will be paid to promoting it and to developing pilot solutions that can be replicated later on. Therefore, the implementation of the specific objective will be based on the following approaches: integration (integration and coordination of urban green with other urban infrastructures in terms of physical and functional relations), multi-functionality (combine ecological, social and economic/abiotic, biotic and cultural functions of green spaces), and connectivity (physical and functional connections between green spaces at different scales and from different perspectives).

The non-exhaustive list of actions to be supported under Priority 1 is based on the EU typology of GI⁹ and can be presented in the following groups:

- **Support for joint strategies, action plans** and concepts for developing new tools, instruments,
- Transferring solutions between relevant stakeholders, joint capacity building activities;
- **Investments in building greens** (green balconies, green walls, green roofs, atrium spaces, green pavements, green fences, noise barriers, etc.) based on the joint concept/strategies and action plans;
- **Investments in developing urban and peri-urban green areas, including improving connections between green spaces** (tree alley and street tree/hedge, street green and green verge, green playground/school ground, green and coloured squares, riverbank greens) based on the joint concept/strategies and action plans;
- **Investments in developing natural urban green areas** (urban park, historical park/garden, pocket park/parklet, neighbourhood green space, institutional green space, green sport facility, forest, scrubland, abandoned and derelict area with patches of wilderness) based on the joint concept/strategies and action plans;
- **Investments in developing green areas for water management** (green roofs, permeable surfaces, infiltration trenches, swales, detention basins naturalized storm water pond, bio- retention areas);

The types of actions have been assessed as compatible with the DNSH principle, since they are not expected to have any significant negative environmental impact due to their nature, and they have been assessed as compatible according to methodology of Bulgaria.

For the purposes of implementation of Priority 1 the Programme will seek to apply instruments that would correspond to the limited budget and the objectives set, such as Small Project fund or other simplified options.

All projects that envisage building of new or rehabilitation of existing infrastructure, regardless of its property rights, must comply with the environmental legislation of the respective country before implementation stage. This is verified by the MA at the application stage.

The envisaged actions contribute to the achievement of the green targets of the EUSDR and the EUAIRS, particularly under Priority Areas 5 “Environmental Risks”, 6 “Biodiversity, landscapes, quality of air and soils” (EUSDR) and Pillar 3 “Environmental Quality” (EUAIRS).

For INTERACT and ESPON programmes:

Reference: point (c)(i) of Article 17(9)

Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

⁹ <https://biodiversity.europa.eu/green-infrastructure/typology-of-gi>

Text field [7000]

Not applicable.

2.1.3. Indicators

Reference: point (e)(ii) of Article 17(3), Article point (c)(iii)17(9)

Table 2: Output indicators

Priority	Specific objective	ID [5]	Indicator	Measurement unit [255]	Milestone (2024) [200]	Final target (2029) [200]
Greener border region	1.1.Enhancing protection and preservation of nature, biodiversity, and green infrastructure, including in urban areas, and reducing all forms of pollution	RCO116	Jointly developed solutions	solution	0	4
Greener border region	1.1.Enhancing protection and preservation of nature, biodiversity, and green infrastructure, including in urban areas, and reducing all forms of pollution	RCO36	Green infrastructure supported for other purposes than adaptation to climate change	hectares	0	5,25

Table 3: Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Final target (2029)	Source of data	Comments
Greener border region	1.1.Enhancing protection and preservation of nature, biodiversity, and green infrastructure, including in urban areas, and reducing all forms of pollution	RCR104	Solutions taken up or up-scaled by organizations	solution	0		3	MA monitoring system	
Greener border region	1.1.Enhancing protection and preservation of nature, biodiversity, and green infrastructure, including in urban areas, and reducing all forms of pollution	RCR95	Population having access to new or improved green infrastructure	persons	0	n.a.	48,832	MA monitoring system	

2.1.4. The main target groups

Reference: Article point (e)(iii) of 17(3), point (c)(iv) of Article 17(9)

Text field [7000]

Green infrastructure (GI) practices contribute to resilient communities and result in multiple benefits for a given territory. Influenced by connectivity, multifunctionality and spatial planning on multiple scales, GI can improve human health and wellbeing, support a green economy, create job opportunities and enhance biodiversity. The presented main target groups under the specific objective “Enhancing protection and preservation of nature, biodiversity, and green infrastructure, including in urban areas, and reducing all forms of pollution” illustrate all those groups of communities that benefit the most from the multisectoral effects of the improved green infrastructure:

- Local population and visitors
- Local authorities and regional structures of central administration
- R&D, academic and scientific institutions
- NGOs

2.1.5. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3)

The priority will be implemented across entire programme area.

2.1.6. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

Text field [7000]

Not applicable

2.1.7. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (e)(v) of Article 17(9)

Table 4: Dimension 1 – intervention field

Priority no	Fund	Specific objective	Code	Amount (EUR)
1	ERDF and IPA	1.1.	046 Support to entities that provide services contributing to the low carbon economy and to resilience to climate change, including awareness-raising measures	1 311 313,50
1	ERDF and IPA	1.1.	064 Water management and water resource conservation (including river basin management, specific climate change adaptation measures, reuse, leakage reduction)	524 525,40
1	ERDF and IPA	1.1.	079 Nature and biodiversity protection, natural heritage and resources, green and blue infrastructure	3 147 152,40
1	ERDF and IPA	1.1.	171 Enhancing cooperation with partners both within and outside the Member State	262 262,70

Table 5: Dimension 2 – form of financing

Priority no	Fund	Specific objective	Code	Amount (EUR)
1	ERDF and IPA	1.1.	01 Grant	5 245 254

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

Priority No	Fund	Specific objective	Code	Amount (EUR)
1	ERDF and IPA	1.1.	18 Cities, towns and suburbs	3 671 678
1	ERDF and IPA	1.1.	20 Rural areas	1 573 576

2.2. Priority 2. More connected border region

Reference: point (d) of Article 17(3)

Text field: [300]

To improve regional connectivity and to boost the economic growth of the CBC area

2.2.1. Specific objective (repeated for each selected specific objective)

Text field: [300]

2.1. Developing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility

Reference: point (e) of Article 17(3)

2.2.2. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Text field [7000]

The socio-economic interlinkages between the two countries have been gradually expanding due to positive prospects of the EU enlargement. On 14 June 1999 in Skopje, an agreement between the Government of the Macedonia and the Government of Bulgaria for opening new international road Border Crossing Check Points (BCCP) Strumyani – Berovo and Simitli – Pehchevo was signed. On territory of North Macedonia the BCCP Strumyani - Berovo, as well as the access road, have already been constructed in 2001, while on the territory of Bulgaria both the road section and the BCCP are not constructed yet. In conformity with the above Agreement, the road section and the BCCP on territory of Bulgaria were foreseen to be financed under the External Border Initiative 2003 but failed to be realized. The need for strengthening the regional connectivity and to facilitate the increasing traffic of people and goods between Bulgaria and North Macedonia has since long been on the agenda. The regional consultations in 2019 have clearly identified the BCCP Strumyani – Berovo as an investment of strategic importance to be supported by the Interreg VI-A IPA Bulgaria-North Macedonia programme.

Missing links in the CB provision of business services and such of general interest are a main factor behind the negative demographic dynamics that the area exhibits. The lack of infrastructure favouring the provision of services of community and business interest further impose severe social implications including increased social exclusion and inequalities, as well as challenges for recreational service provision, labour markets and

housing. In terms of interregional connectivity, the lack of railway connection between the two countries and the increasing cross-border traffic have urged the need to improve service capacity of the current BCCP and enlarge TEN-T access, taking also into account the prospects of the accelerated EU enlargement.

The investments under this priority will contribute to the EU external policy by adhering to most up-to-date standards in safeguarding security and border control. The broad and multi-sectoral impact of the investments on various EU policy strands defend its strategic orientation on the regional connectivity and cross-border mobility in an area that is soon expected to join the EU family. The main goal of interventions under this priority is to improve regional connectivity and to help boost the economic growth of the programme area by (1) facilitating the increasing traffic of people and goods between the two countries, (2) strengthening communication links between the two countries, and (3) improving and extending access to core TEN-T, including connection with Corridors IV and VIII.

The non-exhaustive list of actions that the priority would support go as follows:

- Upgrade of the existing facility and construction of new BCCP facility;
- Purchase of specialized technical equipment and furniture;
- Rehabilitation of existing and construction of new roads in both countries;
- Environmental and other project-related assessments.

The investments will take the form of a project of strategic importance for the establishment of new BCCP Strumyani – Berovo between the two partner countries.

The preparation of the strategic project respects the provisions of the 1999 agreement between the Government of the Macedonia and the Government of Bulgaria. Joint expert committee under Art. 4 of the agreement is currently being established with the task to determine the type and parameters of BCCP Strumyani – Berovo.

The result of the committee's work will serve as a basis for the next step on technical design preparation.

The establishment of the new BCCP and purchase of technical equipment will be also in line with the Schengen acquis and all legal and technical requirements applicable for border crossing points and the management of the external borders, to the extent applicable to Bulgaria.

The strategic project will respect all the requirements according to the applicable environmental legislation in each country, including the acts on protection of environment and biodiversity. The actual investments under the strategic projects in terms of infrastructure measures will be done after finalization of the relevant environmental assessments and issuing of the respective permits.

The investments will potentially have an impact on Target III – Improving the systems of border control, document inspection management and cooperation on consular related issues in the Danube region of the Priority Area 11 Security of the EUSDR by applying most up-to-date standards in safeguarding security and border control systems. With the improved access to the core TEN-T network, the project makes undisputable contribution to the implementation of the Topic 2 (Intermodal connections to the hinterland) of the Pillar 2: Connecting the Region of the EUSAIR.

The types of actions that the project will implement have been assessed as compatible with the DNSH principle, in the same way as stated beforehand.

For INTERACT and ESPON programmes:

Reference: point (c)(i) of Article 17(9)

Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Text field [7000]

Not applicable.

2.2.3. Indicators

Reference: point (e)(ii) of Article 17(3), Article point (c)(iii)17(9)

Table 2: Output indicators

Priority	Specific objective	ID [5]	Indicator	Measurement unit [255]	Milestone (2024) [200]	Final target (2029) [200]
More connected border region	2.1.Developing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility“		BCCP infrastructure constructed/upgraded	number	0	2

Table 3: Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Final target (2029)	Source of data	Comments
More connected border region	2.1.Developing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility“		Number of operating border crossings	number	3	-	4	MA monitoring system	Operating BCCP: - Gyueshevo - Deve Bair; - Logodazh-Delchevo; - Zlatarevo - Novo selo Planned New BCCP: Strumyani-Berovo

2.2.4. The main target groups

Reference: Article point (e)(iii) of 17(3), point (c)(iv) of Article 17(9)

Text field [7000]

Target groups:
- Residents, visitors and businesses in the CBC area

2.2.5. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3)

Text field [7000]

Not applicable

2.2.6. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

Not applicable

2.2.7. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (e)(v) of Article 17(9)

1. Table 4: Dimension 1 – intervention field

Priority no	Fund	Specific objective	Code	Amount (EUR)
2	ERDF and IPA	2.1	174 Interreg: border crossing management and mobility and migration management	7 231 662
2	ERDF and IPA	2.1	168 Physical regeneration and security of public spaces	2 066 189
2	ERDF and IPA	2.1	093 Other reconstructed or improved roads (motorway, national, regional or local)	1 033 095

Table 5: Dimension 2 – form of financing

Priority no	Fund	Specific objective	Code	Amount (EUR)
2	ERDF and IPA	2.1	01 Grant	10 330 946

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

Priority No	Fund	Specific objective	Code	Amount (EUR)
2	ERDF and IPA	2.1	21 Mountainous areas	10 330 946

2.3. Priority 3. Integrated development of the cross-border region

Reference: point (d) of Article 17(3)

Text field: [300]
Support of integrated territorial development strategy for economic, environmental, climate, demographic and social growth

2.3.1. Specific objective (repeated for each selected specific objective)

Text field: [300]

3.1 Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban

Reference: point (e) of Article 17(3)

2.3.2. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Text field [7000]

The '8th Cohesion Report: Cohesion in Europe towards 2050' states that less developed regions and peripheral regions need a new development paradigm. Likewise, the experience from the previously implemented programmes and provided recommendations from the performed evaluation shows that there is a need to change the approach for achieving programme targets and objectives in a way to substitute the uncoordinated and dot-like investments with multilateral- and multi-sectoral- driven solutions in all key policy domains that define the degree of territorial cohesion. Integrated territorial development, anchored in place-based approaches and the involvement of all governance levels, as outlined in the new 2030 Territorial Agenda, is believed to be the new development paradigm making the most of the potential of the programme area. Priority 3 'Integrated development of the border region' will give the opportunity common challenges of the border area to be tackled through a dedicated territorial strategy, applying integrated measures across different sectors. The integrated investments for fostering the territorial development in local economy will bring higher added value and ensure the leverage effect of the ERDF and IPA funds.

The current, pre-final draft version of the TS pursues one main strategic objective, underpinned by two specific objectives (please, refer to section 2.3.5 for justification), namely:

Strategic objective: *Achieving integrated territorial development with a focus on competitiveness and tourism development*

Specific objective 1: *Increase the competitiveness of the local economy and improve the business environment*

Specific objective 2: *Development of an attractive, all-season tourism product by means of smart solutions that ensure universal access and participation*

The non-exhaustive list of actions to be supported includes:

- Joint actions aimed at improving the knowledge capacity of the SMEs to operate in a greener, more digital and more competitive environment (acquiring new knowledge and skills, incl. access to external finances);*
- Joint solutions aimed at increasing the productive capacity of the SMEs to become greener, more digital and more competitive (technological modernization);*
- Actions aimed at building effective product development process (it encompasses all steps needed to take a product from concept to market availability) and reaching new markets (marketing, entrepreneurship, internationalization);*
- Joint actions aimed at developing all-season, integrated and resilient tourist products, accompanied by competitive branding and marketing practices, with the aim to untap the cross-border tourism potential by increasing the economic benefits of the sustainable use of its resources while prioritizing the protection of the environment;*

- Actions aimed at rationalizing the use of tourist resources in the region, incl. development of new integrated regional tourist products; investments in infrastructure and facilities to support tourists; strengthening the links between natural and cultural sites; training of staff of tourist attractions; improving marketing practices and brands..

- Actions aimed at improving the mobility and connectivity of the transport and engineering infrastructure by a system of alternative mobility, including a grid of bicycle lanes, 'dirt' forest and country roads, and etc.;

- Actions aimed at elaborating and applying joint measures for reducing the vulnerability of services in the tourism sector to the effects of pandemic and epidemic situations.

From a typological point of view the TS shall support a wide range of actions – research and development activities; creation and dissemination of information, knowledge and skills; trainings; services; networking; policy making; minor renovation, improvement, and maintenance of roads and facilities of public importance; environmental protection and preservation, etc. The cumulative outcomes of all these diverse actions that are going to address broad thematic obstacles and challenges shall produce the integrated effect on the territorial development.

Since the TS addresses the root of one of the main challenges of the programme area - income levels that are far below the EU average, a proportion of 20% of the priority budget shall be allocated under the form of direct support to SMEs, where applicable through the tool of Small Project Fund in compliance with art. 25 of the REGULATION (EU) 2021/1059.

The types of actions have been assessed as compatible with the DNSH principle, in the same way as stated beforehand.

It should be noted that green and digital solutions shall be incorporated as horizontal principles and thus become integral part of all supported, under the ITS, projects. This decision is seen as a programme instrument to promote the new cohesion policy.

The ITS is a multisectoral strategy and it develops interlinkages with the EUSDR and the EUSAIR in a number of cross-strategy areas such as: culture and tourism, knowledge society, competitiveness, institutional capacity and cooperation.

All projects under TS that envisage building of new or rehabilitation of existing infrastructure, regardless of its property rights, must comply with the environmental legislation of the respective country before implementation stage. This is verified by the MA at the application stage.

The Programme will promote the durability of the project results with durability period shorted to three years (Art. 65 CPR). The programme authorities acknowledge the availability of risks and uncertainties that could affect the capacity of the supported businesses to deliver results in the long term. The following main risks are identified: ongoing economic disturbances caused by the lasting COVID-19 pandemic, potential market fluctuations and downturns caused by conflicts close to the CBC region, insufficient experience working in a cross-border context. The administrative capacity of MSMEs is the issue where the Programme authorities could support enterprises to a great extent by providing tailor-made trainings and other dedicated events complemented by parallel mentoring and counselling upon beneficiary request, as well as through MA/NA/JS initiated online/offline meetings with concerned beneficiaries if their project performance and monitoring outcomes indicate potential issues.

For INTERACT and ESPON programmes:

Reference: point (c)(i) of Article 17(9)

Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Text field [7000]

Not applicable.

2.3.3. Indicators

Reference: point (e)(ii) of Article 17(3), Article point (c)(iii)17(9)

Table 2: Output indicators

Priority	Specific objective	ID [5]	Indicator	Measurement unit [255]	Milestone (2024) [200]	Final target (2029) [200]
Integrated development of cross-border region	SO (ii) Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban	RCO01	Enterprises supported (of which: micro, small, medium, large)	enterprises	0	14
Integrated development of cross-border region	SO (ii) Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban	RCO02	Enterprises supported by grants	enterprises	0	14
Integrated development of cross-border region	SO (ii) Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban	RCO74	Population covered by projects in the framework of strategies for integrated territorial development	persons	0	474282
Integrated development of cross-border region	SO (ii) Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban	RCO75	Strategies for integrated territorial development supported	contributions to strategies	0	18
Integrated development of cross-border region	SO (ii) Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban	RCO77	Number of cultural and tourism sites supported	cultural and tourism sites	0	29
Integrated development of cross-	SO (ii) Fostering the integrated social, economic and	RCO87	Organizations cooperating across borders	organisations	0	55

<i>border region</i>	<i>environmental development, cultural heritage and security in areas other than urban</i>					
<i>Integrated development of cross-border region</i>	<i>SO (ii) Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban</i>	<i>RCO116</i>	<i>Jointly developed solutions</i>	<i>solutions</i>	<i>0</i>	<i>6</i>

Table 3: Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Final target (2029)	Source of data	Comments
<i>Integrated development of cross-border region</i>	<i>SO (ii) Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban</i>	<i>RCR77</i>	<i>Visitors of cultural and tourism sites supported</i>	<i>visitors/year</i>	<i>30800</i>		<i>33800</i>	<i>MA monitoring system</i>	
<i>Integrated development of cross-border region</i>	<i>SO (ii) Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban</i>	<i>RCR104</i>	<i>Solutions taken up or up-scaled by organizations</i>	<i>solutions</i>	<i>0</i>		<i>5</i>	<i>MA monitoring system</i>	

2.3.4. The main target groups

Reference: Article point (e)(iii) of 17(3), point (c)(iv) of Article 17(9)

Text field [7000]

In the implementation of the framework of PO5 the support for some projects/operations/activities will be a priority. That is specifically valid for the integrated territorial development of business services, services of general interest, city-village relations, etc. The CBC area is considered to have untapped economic potential and actions targeted at SMEs and their improved participation in regional value chains are expected to

strengthen the territorial cohesion and positively contribute to the economic growth of the region. The coverage of the listed below target groups will have a favourable effect on the use of the economic potential of the contiguous territories to the maximum extent. This should increase the competitiveness of the local economy and improve the business environment in the region.

- Civil society*
- Local/ regional bodies and authorities, regional structures of central public authorities*
- NGOs*
- R&D, academic and training institutions*
- Social institutions*
- MSME's*
- Local population*

2.3.5. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3)

Text field [7000]

The implementation of Priority 3 will cover the entire programme area employing the provisions of the integrated territorial development as stated in art. 28 (c) of the CPR Regulation.

Evidence from the previous two programming periods show that the CBC area has made very little progress towards territorial cohesion. By applying the approach of integrated territorial development and cooperation (described in section 2.3.2), the programme will strive to connect communities of common interests and needs and standardize the way public goods are produced and delivered. This approach requires, however, meaningful understanding of the cross-border interlinkages as pillars of a functional area, in contrast to the prevailing belief that territorial cohesion is made of bilateral relations.

Opportunities to cross the border for work, education, healthcare and other services are still unexploited and not developed. The border continues to divide communities instead of connecting them. Therefore, by active promotion of integrated projects (where multisectoral collaboration will be put on central), the programme will seek to build resilient cross-border linkages. Only after sectoral interdependencies and interactions across the border become sufficiently developed, programme authorities may begin explore possibilities for translating the integrated approach into a functional area one. Prospects for taking on this course of action can be found in two policy domains, which are main drivers of economic growth for the targeted territory, and have been explicitly underlined, by stakeholders during first consultation rounds, as key intervention fields – tourism and competitiveness.

Currently, cooperation in the programme area mostly takes place in the tourism domain. Several benefits emerge through cross-border tourism cooperation. First, pooling two bordering destinations' resources, marketing, staffing and infrastructure reduces costs. Second, destinations on either side of the border can work towards a common vision whereby the cross-border region is effectively treated as one coherent entity for planning and management purposes. However, as said in section 1.2, 'apart from the emphasized seasonality of the tourist offer, there is still no developed interaction of the tourist function across the border'.

The competitiveness, on the other hand, is a growth challenge that the programme will address for the first time. MSMEs represent a large weight of the economic activity of the CBC area. The needs to support their growth have been widely recognized by various stakeholders, and have been broadly outlined in the '8th Cohesion Report'. Weak structural relations between enterprises and the lack of cross-border value chains, however, drawback the economic catch up of the CBC region with its counterparts and hinder the delineation of leading regional centres that would otherwise provide an anchor point for the wider region. Small economic centres, such as Kumanovo, Kyustendil, Stip, Blagoevgrad, and Strumica, exist, but their limited intercity relations have not yet scaled up to intraregional economic cooperation, and that can hardly facilitate the

definition of a business functional area. Confronted with the challenges of the green and digital transitions, as well as with the need to increase productiveness, MSME from both sides of the border will be encouraged to interact in order to find proper solutions to common challenges (such as rising preference for healthy, environmentally friendly and socially responsible products; increasing resource efficiency; reducing the digital divide, increasing demand for skilled resources; new business responses to changing clients needs, and etc.). It is expected that jointly developed and agreed solutions will make MSMEs more cooperative and eventually extend their prospects to build cross-border sector linkages and value chains. The MA will explore existing and emerging cross-sectoral linkages in the industry domain and use this knowledge to define business-related functional areas that may ideally happen in the next programme period.

The selection of PO5 and the use of other territorial tool (as defined in art. 28 (c) of the CPR Regulation) to support the integrated territorial development is a programme experiment per se, pursuing the main Interreg objective - jointly tackle common challenges (described in section 1.2) and find shared solutions in various fields. The latter is one of the weakest characteristics of the territory, because most of the stakeholders have not yet reached a mature understanding of a cross-border cooperation (fuelled with a number of interactions and interdependencies). The notion of CBC has been traditionally narrowed down to bilateral relations. That is why programme authorities are confronted with the ambitious task to show new development paths that will bring more added value to the territory. The Technical Assistance funds during 2021-2027 period will assess the performance of the TS, including assessment for applying functional area approach.

The first outcomes of this endeavour will lay the foundation for designing concrete functional areas for territorial development in the next programming period 2027+ that will be guided by sense of community and belonging. Until then, the CBC region will be encouraged to gradually develop wide spectrum of interactions (going beyond the bilateral paradigm) within the functionally coherent territory to bring people and places closer together in order for them to come up with shared solutions to common needs, such as: reversing the negative demographic trend, increasing income, taking on more technological course of manufacturing and service provision, boosting new employment opportunities, encouraging labour mobility, developing ecosystem-based practices to handle environment issues and prevent biodiversity loss, rebuilding the tourism sector.

2.3.6. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

Not applicable

Text field [7000]

2.3.7. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (e)(v) of Article 17(9)

Table 4: Dimension 1 – intervention field

Priority no	Fund	Specific objective	Code	Amount (EUR)
3	ERDF and IPA	3.1	030 Research and innovation processes, technology transfer and cooperation between enterprises, focusing on circular economy	1 246 096,00

3	ERDF and IPA	3.1	046 Support to entities that provide services contributing to the low carbon economy and to resilience to climate change, including awareness-raising measures	2 296 227,04
3	ERDF and IPA	3.1	069 Commercial, industrial waste management: prevention, minimisation, sorting, reuse, recycling measures	1 500 187,20
3	ERDF and IPA	3.1	075 Support to environmentally-friendly production processes and resource efficiency in SMEs	1 869 144,00
3	ERDF and IPA	3.1	083 Cycling infrastructure	3 099 000
3	ERDF and IPA	3.1	165 Protection, development and promotion of public tourism assets and tourism services	2 450 305,76
3	ERDF and IPA	3.1	167 Protection, development and promotion of natural heritage and eco-tourism other than Natura 2000 sites	1 869 144,00
3	ERDF and IPA	3.1	171 Enhancing cooperation with partners both within and outside the Member State	1 246 096

Table 5: Dimension 2 – form of financing

Priority no	Fund	Specific objective	Code	Amount (EUR)
3	ERDF and IPA	3.1	01 Grant	15 576 200

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

Priority No	Fund	Specific objective	Code	Amount (EUR)
3	ERDF and IPA	3.1	18 Cities, towns and suburbs	4 672 860
3	ERDF and IPA	3.1	20 Rural areas	7 788 100
3	ERDF and IPA	3.1	21 Mountainous areas	3 115 240

3. Financing plan

Reference: point (g) of Article 17(3)

3.1 Financial appropriations by year

Reference: point (g)(i) of Article 17(3), points (a)-(d) of Article 17(4)

Table 7

Fund	2021	2022	2023	2024	2025	2026	2027	Total
ERDF (territorial cooperation goal)	0							

<i>IPA III CBC¹⁰</i>	0	4 482 501,00	4 579 561,00	4 646 865,00	4 731 144,00	3 979 897,00	4 059 572,00	26 479 540,00
<i>Neighbourhood CBC¹¹</i>								
<i>IPA III¹²</i>								
<i>NDICI¹³</i>								
<i>OCTP¹⁴</i>								
<i>Interreg funds¹⁵</i>								
Total	0	4 482 501,00	4 579 561,00	4 646 865,00	4 731 144,00	3 979 897,00	4 059 572,00	26 479 540,00

3.2 Total financial appropriations by fund and national co-financing

Reference: point (f)(ii) of Article 17, points (a)-(d) of Article 17(4)

¹⁰ Interreg A, external cross-border cooperation.

¹¹ Interreg A, external cross-border cooperation.

¹² Interreg B and C.

¹³ Interreg B and C.

¹⁴ Interreg B, C and D.

¹⁵ ERDF, IPA III, NDICI or OCTP, where as single amount under Interreg B and C.

Table 8

Policy objective No or TA	Priority	Fund (as applicable)	Basis for calculation EU support (total eligible cost or public contribution)	EU contribution (a)=(a1)+(a2)	Indicative breakdown of the EU contribution		National contribution (b)=(c)+(d)	Indicative breakdown of the national counterpart		Total (e)=(a)+(b)	Co-financing rate (f)=(a)/(e)	Contributions from the third countries (for information)
					without TA pursuant to Article 30(5) CPR (a1)	for TA pursuant to Article 30(5) CPR (a2)		National public (c)	National private (d)			
	Priority 1	ERDF										
		IPA III CBC ¹⁶	Total eligible cost	4 458 466	4 053 151	405 315	786 789	786 789	0	5 245 255	0,8499998570	
		Neighbourhood CBC ¹⁷										
		IPA III ¹⁸										
		NDICI ¹⁹										
		OCTP ²⁰										
		Interreg funds ²¹										
	Priority 2	ERDF										
		IPA III CBC	Total eligible cost	8 781 304	7 983 004	798 300	1 549 642	1 549 642	0	10 330 946	0,8499999903	
		Neighbourhood CBC										
		IPA III										
		NDICI										
		OCTP										
		Interreg funds										

¹⁶ Interreg A, external cross-border cooperation.

¹⁷ Interreg A, external cross-border cooperation.

¹⁸ Interreg B and C.

¹⁹ Interreg B and C.

²⁰ Interreg B, C and D.

²¹ ERDF, IPA III, NDICI or OCTP, where as single amount under Interreg B and C.

	Priority 3	<i>ERDF</i>										
		<i>IPA III CBC</i>	<i>Total eligible cost</i>	<i>13 239 770</i>	<i>12 036 155</i>	<i>1 203 615</i>	<i>2 336 431</i>	<i>2 336 431</i>	<i>0</i>	<i>15 576 201</i>	<i>0,8499999454</i>	
		<i>Neighbourhood CBC</i>										
		<i>IPA III</i>										
		<i>NDICI</i>										
		<i>OCTP</i>										
		<i>Interreg funds</i>										
	<i>Total</i>	<i>All funds</i>	<i>Total eligible cost</i>	<i>26 479 540</i>	<i>24 072 310</i>	<i>2 407 230</i>	<i>4 672 862</i>	<i>4 672 862</i>	<i>0</i>	<i>31 152 402</i>	<i>0,8499999454</i>	
		<i>ERDF</i>										
		<i>IPA III CBC</i>	<i>Total eligible cost</i>	<i>26 479 540</i>	<i>24 072 310</i>	<i>2 407 230</i>	<i>4 672 862</i>	<i>4 672 862</i>	<i>0</i>	<i>31 152 402</i>	<i>0,8499999454</i>	
		<i>Neighbourhood CBC</i>										
		<i>IPA III</i>										
		<i>NDICI</i>										
		<i>OCTP</i>										
		<i>Interreg funds</i>										
	<i>Total</i>	<i>All funds</i>	<i>Total eligible cost</i>	<i>26 479 540</i>	<i>24 072 310</i>	<i>2 407 230</i>	<i>4 672 862</i>	<i>4 672 862</i>	<i>0</i>	<i>31 152 402</i>	<i>0,8499999454</i>	

4. Action taken to involve the relevant programme partners in the preparation of the Interreg programme and the role of those programme partners in the implementation, monitoring and evaluation

Reference: point (g) of Article 17(3)

Text field [10 000]

According to Article 8 of Regulation (EU) 2021/1060 CPR, each MS organized a partnership with the competent regional and local authorities, according with the multi-level governance principle, to involve those partners throughout the preparation and implementation of the programme.

Regional consultations

The consultation process was designed to capture the stakeholders' vision on the challenges and needs of the cross-border area, to agree on the strategic prioritization of the policy and specific objectives and, to engage them in the definition of the results to be achieved within each priority axis and the strategic interventions to be implemented in this respect. The cross-border relevant stakeholders have been involved during the entire programme preparation process, to ensure useful results and meeting their demands. This was achieved through various consultation activities, organized during different phases of the programme development process.

In September 2019 two meetings of regional focus groups were conducted, respectively in Blagoevgrad (Bulgaria) and in Strumica (North Macedonia). Their aim was to identify the local needs and potentials, following the bottom-up approach and to incorporate proposals by the stakeholders regarding the prioritization of policy objectives and possible interventions. Representatives of wide range of relevant stakeholders took part in the meetings – among which local and regional authorities, educational institutions, local business, non-governmental organizations from the CBC region.

Both in the development of the Territorial analysis and the elaboration of the Programme, the consultation process with the partners was planned in close correlation with the schedule of the main sections of the programme, so that the consultations provide timely feedback. Participants in the extensive cross-border regional consultations agreed on the need to propose joint measures to tackle the untapped tourism potential by addressing the underdeveloped tourist infrastructure.

Policy objective 5 'Europe closer to citizens' was supported by the participating stakeholders as the most suitable way for implementation of integrated measures that could contribute for solving common and diverse challenges in the border region. New type of beneficiaries, partnerships and activities (through a direct support to MSMEs) will be included, ensuring sustainability and capitalizing the experience in cooperation between the two countries.

Implementation of measures dedicated to reduction of pollution and protection of the biodiversity under PO 2 "Greener, low-carbon Europe" that will improve the protection of nature for the benefit of people and of the economy of the border region, was also discussed on the regional consultations.

Under the consultation topic on connectivity, stakeholders brought back for discussion the opening of a new border cross-check point (BCCP) Strumyani - Berovo, whose governmental engagements date back in 1999. All participants agreed on the multisectoral effects of the new BCCP that it might generate in the regional and international context, therefore the idea was defined as strategic and it was proposed for programme support.

Following the regional consultations a questionnaire was sent to the participants where they pointed out the challenges the area faces in regard to the socio economic development and the spheres of interventions in which the programme could bring an added value. The respondents strongly supported the future programme to be more focussed by addressing local challenges and needs of the border region.

Joint Working Group (JWG)

In October 2019 a Joint Working Group (JWG) has been set up for elaboration of the Programme. One of its main tasks was to periodically review and make suggestions and proposals to the programming progress as well as to approve the main stages of the programme preparation and finally the Programme as a whole.

Respecting the partnership principle JWG is composed of a balanced number of representatives of the two partnering countries, including representatives of public authorities (national, regional and local), economic and social partners including environmental partners, and bodies responsible for promoting social inclusion, gender equality and non-discrimination,.. In order to ensure a transparent and balanced representation of the civil society in the JWG, Managing Authority carried out a selection process of non-governmental organisations. Following the assessment of the submitted proposals, several NGOs in the area of education, science and culture became members of the Joint Working Group for Programming.

The following documents have been adopted by the JWG:

- *The first meeting of the JWG took place in Sofia on 09.10.2019 on which Rules and procedures and a Concept note with a time-schedule for the programming process were adopted;*
- *In July 2020 via written procedure the Territorial Analysis for Bulgaria - North Macedonia Cross-border Area including the SWOT analysis was approved via written procedure;*
- *The first draft Programme's Intervention Logic was approved via written procedure in October 2020. Following the interinstitutional agreement at the end of 2020 on the draft cohesion policy regulations, including the draft Interreg regulation and its requirements on the thematic concentration, the draft Programme's Intervention logic was revised accordingly and was discussed and approved by the JWG at an online meeting on 11 February 2021.*
- *The first draft of the Interreg-IPA Programme Bulgaria - North Macedonia 2021-2027 – sections related with programme strategy - territorial needs and potentials, objectives and priorities of the programme, indicative actions, communication measures was approved through written procedure, finalized in January 2022, while the full draft of the programme was presented for discussion on 11 March 2022.*

Task Force (TF) on the elaboration of the Integrated territorial strategy for the CBC region

For the purpose of implementation of PO 5, the Managing and National authorities, supported the local stakeholders for the elaboration of a territorial strategy for integrated measures. A Task Force (TF) was established representing all relevant regional and local authorities and bodies, as well as other local stakeholders related to the preparation and implementation of the strategy (pursuant to Art. 29 of the CPR). The main responsibility of the TF is to collaborate with the Consultant during the elaboration of the Integrated Territorial Strategy under PO5 "Europe closer to citizens" and to feed in results of dialogues with relevant stakeholders, databases, expert positions etc. The first draft of the Strategy has been published for consultations on April 14, 2021 as received comments from local stakeholders had been incorporated in the revised version of the document.

Public campaign for collecting project ideas under the Integrated Territorial Strategy

In order to be ensured the "bottom-up" approach and to be involved a wider range of stakeholders in the strategic planning process, a broad campaign for collection of project ideas that contributes to focusing the investments under the Territorial Strategy, was launched in November- December 2021 on both sides of the border. Over 170 organizations from Bulgaria and North Macedonia participated in five webinars of the campaign as the collected project ideas were gathered in group of interventions that

formed the long and short list of operations contributing to the goals of the Integrated Territorial Strategy.

Public consultations of the Environmental assessment report (EAR) of the Programme and of the Integrated territorial strategy for the CBC region

As a part of preparation of the EAR of the Programme and of the Integrated territorial strategy for the CBC region two rounds of public consultations were held. The first consultations were organised in July 2021 (in Bulgaria) and in August 2021 (in North Macedonia) on scoping report for determination of the scope and content of the environmental assessment report. The second round of consultations were conducted in the period November – December 2021-January 2022 (in Bulgaria) and in the period January-February 2022 (in North Macedonia) on the Environmental assessment report. The received comments from all institutions and stakeholders from both countries were reflected in EAR.

Public consultations on the draft programme document 2021-2027

Regarding the preparation of the final version of IPA III programme 2021-2027 public consultations on draft OP had been initiated in the period November 2021-February 2022. Various representatives of regional and municipal administrations, non-governmental organizations, companies, professional organizations, academia, media and other stakeholders from Bulgaria and North Macedonia took part in the final round of public discussion and public consultations. Fruitful discussions were held not only on the final programme draft but also on the most important messages for the future implementation.

Implementation, monitoring and evaluation

In accordance with Article 28 of Regulation (EU) 2021/1059, a Monitoring committee to monitor the implementation of the programme (JMC) will be set within three months after the approval of the Programme. The composition of the JMC will respect the principles of partnership and multi-level governance and will include public authorities (regional, local and other); economic and social partners; representative of civil society, such as environmental partners, NGOs, and bodies responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, gender equality and non-discrimination; research organisations and universities and etc. The JMC shall also involve stakeholders from the regional consultations and members of the JWG. The approach will ensure closing the loop and continuity in the process of projects identification, monitoring of the implementation and evaluation of the programme.

The main competencies and responsibilities of the JMC will be set up in accordance with Article 30 of the Regulation (EU) 2021/1059

The Programme will continue to promote transparency by publishing all important documents for consultation on the Programme's website. All interested parties are invited to send observations. An important role in the implementation of PO 5 belongs to the governing body of the Integrated Territorial Strategy of the CBC area, who is working closely with the JMC of the Programme in order to ensure the successful implementation of PO 5.

At the local level of the Programme, several actions will be implemented, always taking advantage of the experience of previous programming. However, new initiatives will also find their place with the aim of strengthening the link between the Programme and potential beneficiaries. Workshops, surveys, meetings and bilateral exchanges are the most common means for the identification of the said information and the feedback of opinions.

In order to improve and consolidate the involvement of third-party partners in the implementation of the Programme, it is also proposed that "Consultation Days" could be organised once a year by the MA/JS.

Thus reinforcing the decision making of the Joint Monitoring Committee through the provision of external "ad hoc" information and recommendations gathered from representatives of the civil society with experience/competencies/skills on specific thematic topics (for instance, to prepare calls for proposals, transferring processes...). These "Days" could be organised in the form of webinars and target different audiences and organisations according to the subjects dealing with the JMC agenda(s).

The variety of the type of actions described allows the multi-level mobilisation of the Programme partnership at each key stage of its life (preparation, implementation, monitoring and evaluation), at the local level of the partnering countries.

5. Approach to communication and visibility for the Interreg programme (objectives, target audiences, communication channels, including social media outreach, where appropriate, planned budget and relevant indicators for monitoring and evaluation)

Reference: point (h) of Article 17(3)

The Programme will take stock of good practices in communication from the previous period and show a flexible approach to reach out the targeted audience. All these are translated into the following communication objectives by taking into account the communication needs specific for each stage of Programme life cycle and the communication needs of each target group:

- *to raise general awareness towards the Programme*
- *to attract the interest of potential beneficiaries*
- *to support beneficiaries in project implementation*
- *to disseminate the achievements of the Programme and highlight the added value of EU funding*

Each communication objective will be transferred into specific communication activities. The main focus of the activities addresses the potential applicants, the beneficiaries, the stakeholders and the institutions involved in the implementation.

The communication strategy identifies the following main target groups: applicants, beneficiaries, national, regional and local governmental and non/governmental actors, MSMEs and their professional organizations, R&D, education and training institutions, EU institutions, media from both countries.

The mix of communication channels takes due account of the programme's thematic objectives. There are both the digital instruments and events.

For PO2 the specific target audience is administration, R&D, academic and scientific institutions and NGOs. Being the "green" priority the main communication message will be focused on the eco-changes that the projects deliver and how they can be multiplied. Youngsters will be actively involved in events.

For PO3 the specific target groups are the local population and administration. Being the project of strategic importance, two flagship events are planned for the beginning and the end of the operation with the participation of wide range of stakeholders, including the European Commission. There will be on-the-spot checks with media and the construction works will be regularly filmed. The beneficiaries will be assisted by day-to-day support and trainings.

For PO5 the specific target groups are the local population, administration, NGOs, R&D, academic, training and social institutions and MSMEs. Being the Priority with the highest budget share the communication activities started during the elaboration of the strategy through a wide participatory approach involving all stakeholders. The launch of the implementation of the ITS will be accompanied

by an information campaign and match-making events. Special attention will be paid to the new type of beneficiaries such as MSMEs.

Communication Channels:

1. Digital

Like a main source of information, the new website will retain the main structure as the one from the 2014-2020 period. It will be linked to the single website portal providing access to all programmes of Bulgaria.

The Programme will use Facebook and YouTube as the main social media channels. In order to reach maximum audience MA will use Search Engine Optimization (SEO) and ads in Google (Google Ads), Facebook and You Tube.

Other communication activities include press releases, publications, interviews, video and photo stories, e-brochure/newsletters, info graphics, plates with the Programme logo and EI flag at the building of the MA, NA, JS.

2. Events/trainings

Events are envisaged for the EC Day and for the celebration of holidays in the CBC area, thematically related to Programme objectives and the projects implemented. Meetings will be organised for match-making events and for public discussions. Trainings will be regularly provided for all beneficiaries at the stage of implementation of the projects. All learning materials will be available on the website and social media. Promotional materials will be disseminated on public events.

BUDGET

The communication budget is 0,3% of the total programme resources and is distributed for digital communication (57%), events and trainings (32%) and promotional materials (11%).

MONITORING AND EVALUATION

The communication officer will be responsible for monitoring and coordination of communication and visibility measures.

MA will report to the JMC once a year the progress in the implementation of the communication activities and on the achievement of the indicators. All actions will be regularly evaluated internally and results will be presented for approval to the JMC.

Sources of data for monitoring and evaluation will be the internal databases of MA, NA and JS, Google Analytics, specific tracking tools for social media platforms and surveys.

Evaluation of the communication strategy will be also part of the programme evaluation.

Type of activities	Output indicator	Target 2029	Result indicator	Target 2029
Events	No of events	25	Overall usefulness of the event for attendees (survey)	75% CSAT score
	No of participants	1300		

Publications	No of publications (including Social media)	350	Overall usefulness of the publications for readers (survey)	75% CSAT score
Programme website	No of visits	70000	Overall usefulness of the site/page for readers (survey)	75% CSAT score
Social media	No. of followers/subscribers	700	No. of shares, likes, views, comments and hashtag mentions	1000

6. Indication of support to small-scale projects, including small projects within small project funds

Reference: point (i) of Article 17(3), Article 24

Text field [7 000]

The programme allows for projects of limited financial volume to be implemented in compliance with Art.24 of the ETC Regulation.

The programme will provide direct support to regional MSMEs to meet new competitiveness challenges arising from the new EU policy courses of development (e.g. green and digital transition), EU enlargement prospective, as well as from the need to overcome certain economic deficiencies (limited CBC market) and events with unfavourable impact on MSMEs performance (e.g. the outbreak of Covid-19). The programme will devise the support to enterprises in full respect of the legally defined support framework which requires a strict application of the de-minimis rules (Regulation (EU) 1407/2013). The corresponding legal provisions impose financial limitations (EUR 200 000 for each undertaking over a 3-year period) on MSMEs projects that are eligible for programme funding. Therefore, the support for enterprises under Priority 3 'Integrated development of the border region' (totalling 20% of the priority budget) will go under the form of small-scale projects for up to EUR 200 000 per undertaking (that includes beneficiaries and partners).

The support to MSMEs through a small project fund (as defined in Article 25 of the Regulation (EU) 2021/1059 on ETC) is considered an option whose feasibility will be examined and applied if applicable. Possible selection of SPF as an operation will be at the discretion of the managing body of the Integrated Territorial Strategy/ JMC.

7. Implementing provisions

7.1. Programme authorities

Reference: point (a) of Article 17(6)

Table 10

Programme authorities	Name of the institution [255]	Contact name [200]	E-mail [200]
Managing authority	Ministry of Regional Development and Public Works Territorial Cooperation Management Directorate	Desislava Georgieva Director of Territorial Cooperation Directorate	d.g.georgieva@mrrb.government.bg

National authority (for programmes with participating third or partner countries, if appropriate)	The Ministry of Local Self-Government of North Macedonia	Goran Milevski Minister of Local Self-Government of North Macedonia	info@mls.gov.mk milevski.goran@gmail.com
Audit authority	Executive agency Audit of European Union Funds, Ministry of finance	Lyudmila Rangelova, CGAP Executive Director	aeuf@minfin.bg
Group of auditors representatives	Audit Authority of audit of instrument for pre-accession assistance, North Macedonia	Adem Curi, CSA, CFE, CA General IPA Auditor of the Audit Authority	adem.curi@aaipa.gov.mk
Body to which the payments are to be made by the Commission	National Fund Directorate, Ministry of finance	Manuela Milosheva Director of National Fund Directorate	natfund@minfin.bg
Body other than the managing authority entrusted with the accounting function	National Fund Directorate, Ministry of finance	Manuela Milosheva Director of National Fund Directorate	natfund@minfin.bg

7.2. Procedure for setting up the joint secretariat

Reference: point (b) of Article 17(6)

Text field [3 500]

The Joint Secretariat (JS) is a common structure that assists the Managing Authority (MA), National Authority (NA) and the Joint Monitoring Committee (JMC) in carrying their functions, provides information on the programme to the potential beneficiaries and supports the beneficiaries in implementation of projects.

In accordance with Article 17(7)(b), the MA in cooperation with NA shall set up the JS. The JS will maintain the same location in Kyustendil (Bulgaria) with a branch office located in Strumica, North Macedonia for the 2021-2027 programming period as it was the case during the 2007-2013 and 2014-2020 Bulgaria – North Macedonia, based on the following:

- the experience acquired from two consecutive programming periods 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 state languages of the partner countries.*

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 is already trained and experienced, it will take over additional responsibilities, according to each person's expertise for the 2021-2027 INTERREG IPA Bulgaria – North Macedonia Cross-border Cooperation Programme.

7.3 Apportionment of liabilities among participating Member States and where applicable, the third or partner countries and OCTs, in the event of financial corrections imposed by the managing authority or the Commission

Reference: point (c) of Article 17(6)

Text field [10 500]

According to art. 69 (2) of Regulation (EU) 2021/1060 - CPR, Partnering Countries shall ensure the legality and regularity of expenditure included in the accounts submitted to the Commission and shall take all required actions to prevent, detect and correct and report on irregularities including fraud. Each Partnering country shall be responsible for investigating irregularities committed by the beneficiaries located on its territory. Financial correction shall consist of cancelling all or part of the support from the Funds to an operation or programme where expenditure declared to the Commission is found to be irregular. 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 or sole partner. Partners shall repay to the lead partner 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 between managing authority and the lead partner and in the partnership agreement to be signed between the beneficiaries.

If the lead partner does not succeed in securing repayment from other partners or if the managing authority does not succeed in securing repayment from the lead partner, the partnering country on whose territory the beneficiary concerned is located shall reimburse the managing authority the amount unduly paid to that partner. Where the partnering country has not reimbursed the managing authority any amounts unduly paid to a partner, those amounts shall be subject to a recovery order issued by the Commission which shall be executed, where possible, by offsetting to the respective partnering country.

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 this programme and as detailed in the bilateral Memorandum of Understanding/ the Memorandum of Implementation.

In accordance with article 104 of Regulation (EU) 2021/1060 – CPR, the Commission has the right of making financial corrections by reducing support from the Funds to a programme and effecting recovery from the partner States 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 effective functioning of the management and control systems.

In case of any financial corrections by the Commission, the two partnering countries commit to recover the amount proportionally with the approved project budgets and performed activities by respectively beneficiaries from Bulgaria and beneficiaries from North Macedonia affected by the financial correction. In case of financial corrections by the Commission, due to random or anomalous irregularities, the two partner States commit to investigate on a case by case basis. The financial correction by the Commission shall not prejudice the partner countries' obligation to pursue recoveries under the provisions of the applicable European Regulations.

The bilateral Memorandum of Understanding/ Memorandum of Implementation between the partnering countries shall provide for detailed provisions with regard to the apportionment of liabilities and debts recovery.

8. Use of unit costs, lump sums, flat rates and financing not linked to costs

Reference: Articles 94 and 95 of Regulation 2021/1060 (CPR)

Table 11: Use of unit costs, lump sums, flat rates and financing not linked to costs

Intended use of Articles 94 and 95	YES	NO
From the adoption the programme will make use of reimbursement of the Union contribution based on based on unit costs, lump sums and flat rates under priority according to Article 94 CPR (if yes, fill in Appendix 1)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
From the adoption the programme will make use of reimbursement of the Union contribution based on financing not linked to costs according to Article 95 CPR (if yes, fill in Appendix 2)	<input type="checkbox"/>	<input checked="" type="checkbox"/>