



**DECISION no. 2
of 09 October 2019**

**endorsing the Concept paper
for Cross-border Cooperation Programme between Republic of Bulgaria
and Republic of North Macedonia 2021-2027**

based on the provisions of articles 3 and 4 of the Rules of Procedure of **the Joint Working Group** for Programming of Cross-border cooperation Programme between Republic of Bulgaria and Republic of North Macedonia 2021-2027, **has adopted this:**

DECISION

Article 1 – The present document endorses the Concept paper for Cross-border cooperation Programme between Republic of Bulgaria and Republic of North Macedonia 2021-2027.

Article 2 – The Concept paper for Cross-border cooperation Programme between Republic of Bulgaria and Republic of North Macedonia 2021-2027 is enclosed and part of this decision.

Article 3 – The designated Managing Authority for the future Programme has the right to make changes to the concept paper, after consultation with the designated National Authority, and must duly notify the Joint Working Group for Programming of Cross-border cooperation Programme between Republic of Bulgaria and Republic of North Macedonia 2021-2027.


Chair

Denitsa NIKOLOVA

Deputy Minister

**Ministry of Regional Development
and Public Works, Republic of Bulgaria**

Vice-Chair


.....

Ministry

**of Local Self-Government
of the Republic of North Macedonia**



Draft concept paper

for INTERREG-IPA Cross-border Cooperation Programme between Republic of Bulgaria and the Republic of North Macedonia 2021-2027

(to be revised according to the EC border position, national positions, developments of the negotiations of
the Regulations)

EU legislative package for 2021-2027 programming period (proposal published in May 2018)

- General regulation for European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund (CSF Funds)
- Specific regulation for European Regional Development Fund
- Dedicated Interreg (European Territorial Cooperation) Regulation
- Dedicated Instrument for pre-accession assistance (IPA III) Regulation
- The package is estimated to be approved in December 2020.

What is new in the proposals of the European Commission (final version may be different)?

- N+2 rule
- Lower pre-financing (1% from 2021 until 2026)
- Lower allocation for Interreg programmes
- Border positions drafted by the European Commission (estimated for October 2019)
- Technical assistance reimbursed as flat rate
- VAT eligible for all projects below 5 million euro, non-eligible for all projects above 5 million euro
- Specific indicators for Interreg
- No Certifying Authority
- No ex-ante evaluation
- No Annual Implementation Report (quarterly reporting to the European Commission instead)
- Single audit of operations at EU level
- No restriction for activities outside the eligible area
- MS share of the global amounts broken down by year will be communicated by the Commission - population size in NUTS level 3 regions used as criterion for the breakdown



- A 'return' mechanism is set out in case no submission is made or no financing agreement of an external Interreg is signed on time
- 5 Policy objectives set out in CPR: 1. A smarter Europe (innovative & smart economic transformation); 2. A greener, low-carbon Europe (including energy transition, the circular economy, climate adaptation and risk management); 3. A more connected Europe (mobility and ICT connectivity); 4. A more social Europe (the European Pillar of Social Rights); 5. A Europe closer to citizens (sustainable development of urban, rural and coastal areas and local initiatives). At least 60% of the funding shall be allocated on a maximum of three of the policy objectives.
- Two Interreg-specific objectives: "better Interreg governance": institutional capacity of public authorities, efficient public administration; institutional capacity of public authorities and stakeholders to implement macro-regional strategies and sea-basin strategies and "a safer and more secure Europe": border crossing management and mobility and migration management. At least 10 % of the funding may be allocated on the Interreg-specific objective of "a better cooperation governance" or on the external Interreg-specific objective of "a safer and more secure Europe"
- Interreg programmes under shared management
- Partnership principle

The participating countries shall confirm in writing their agreement to the contents of an Interreg programme prior to its submission to the Commission, including a commitment to provide the co-financing

- **Strategic projects:** could take up to 30 % of the Interreg programme budget and should be justified in terms of tangible economic impact and strategic importance for the crossborder region.
- **Small project funds:** The Small project fund within an Interreg programme shall not exceed 15% of the total allocation of the Interreg programme. The beneficiary of a small project fund may be a cross-border legal body, an EGTC or shall have legal personality. The Small Project Fund specificities are:
 - ✓ Programme selects an "Umbrella" project, which operates as an intermediary "Programme Body"
 - ✓ Specific measures are elaborated as part of the "Umbrella" project. Umbrella project organizations are responsible for opening a Call for small project proposals

- ✓ Small projects are selected by a Selection Committee (different from the programme's Monitoring Committee) established by regional stakeholders. Other programme bodies have an advisory role (sometimes with veto right)
- ✓ Majority of programme management related activities (e.g., preparation and launch of Calls, assessment of applications, selection and contracting of projects, etc.) are delegated to the Lead/Sole Beneficiary of the Umbrella project, which provides the sufficient human resources
- ✓ First Level Control is carried out by the same institutions doing the validations for regular projects and/or by the Umbrella project organizations
- ✓ Small projects are not recorded in the programme's monitoring system directly, only as part of the Small Project Fund
- ✓ Where the public contribution to a small project does not exceed EUR 100 000, the contribution shall take the form of unit costs or lump sums or include flat rates.
 - Possibilities for applying financial instruments will be explored;
 - Technical assistance: reimbursed as a flat rate - 10%; for Interreg programmes with a total allocation below EUR 30 000 000, the amount needed for technical assistance and the resulting percentage shall be fixed in the Commission decision approving the Interreg programme concerned
 - European co-financing rate for INTERREG-IPA CBC programmes remains 85%

Programme content¹

Each of INTERREG-IPA Cross-border Cooperation Programmes 2021-2027 will contain the following information:

- Programme area and summary of the main joint challenges;
- Joint strategy for the programme's contribution to the policy objectives and to the Interreg-specific objectives and the communication of its results;
- Priorities corresponding to policy objectives;
- Actions, including a list of planned operations of strategic importance;
- Output and result indicators, corresponding milestones and targets;
- Target groups;

¹ According to Article 17 ETC Regulation



- Financing plan and management structures.

For preparing the analysis of the Bulgarian part of the programme area, joint challenges and other main topics needed for the development of the programmes strategies, the Ministry of Regional Development and Public Works has launched procedure for elaboration of a socio-economic analysis of the regions in the country. The aim of the analysis of the Bulgarian side is to be used for the preparation of future planning and strategic documents, namely the INTERREG-IPA Cross-border Cooperation Programmes 2021-2027. The National Authority shall also develop the socio-economic analysis on its territory and the information to be integrated into one programming document for the IPA CBC Programme for 2021-2027 programming period.

Programmes' geography

- Initial proposal to keep the current Programmes geography, namely:
 - ✓ for the Republic of Bulgaria: two NUTS III level districts: Blagoevgrad and Kyustendil;
 - ✓ for the Republic of North Macedonia: three NUTS III regions: North-East, South-East and East;
- Final decision is expected

Territorial specificities of the cross-border area:

- The programme area covers a territory of 18 087 km².

Territorial challenges of the cross-border area

- The counties and the districts from the cross-border area under the INTERREG-IPA CBC programme are part from the poorest 10 regions on the Balkan Peninsula; strong economic disparities in cross-border region;
- Low rate of urbanization;
- Border regions face a strong population migration phenomenon and an important poverty and social exclusion risk.

Strategic development orientation:



Taking into account the added value of the Interreg programme and its growing impact on the economic and social development of a given territory and in particular the border regions, the participating countries consider that applying a more strategic approach for the future Interreg - IPA CBC programme is of utmost importance. An approach based on the potential and specific needs of the border regions, oriented towards the objectives laid down in the new regulations could enhance the direct economic impact of the cohesion policy and contribute to closer linkages with the territorial dimension of the national sectoral policies.

The participating countries would propose for discussion strategic project on a Border Crossing-Check Point (BCCP) and related infrastructure. Realization of a strategic project of that type would have a definite positive economic, political and social impact for the region. Politically, it would contribute to further development of warm neighbourly relations between the Republic of Bulgaria and the Republic of Northern Macedonia. In economic terms it shall boost the development of local economies in the cross-border region. It could create prerequisites for increasing the tourist and commercial exchange throughout the year. Analysis and concrete proposals to be further elaborated and presented for discussion and approval.

Direct assistance to boost economic development

The participating countries propose for discussion the application of the new instrument Small Project Fund oriented towards the business and entrepreneurs in the cross-border region namely the small and medium-sized enterprises. This particular intervention is considered as an efficient instrument to boost economic development of the territory as a logical continuation of the indirect assistance for competitiveness addressed during the current and previous programming periods. It could focus on fostering value-added capabilities in enterprises by boosting their product and service development activities, including innovation. The intervention purpose would be to stimulate the growth of SMEs in CB area and expansion of their economic activity to new markets and products. Thorough analysis and concrete proposals to be further elaborated and presented for discussion and approval.

Specificities for the Bulgarian part of the territory

The new approach for implementing investments at regional level in Bulgaria shall be taken into consideration that envisages Bulgarian Regional Development Councils - as



partnership structures with functions in strategic planning and ensuring the implementation of the regional impact model at NUTS 3 level, to endorse the participation of Bulgarian applicants in joint projects.

Use of electronic system

For the new Programme, the already implemented on-line submission of applications and reports shall be continued, as well as for the evaluation.

Project pipeline

With a view to ensure the implementation of the stricter n+2 rule for the new programming period a project pipeline shall be produced before the OP approval, including potential strategic project(s), potentially financeable, provided the future Monitoring Committee decides accordingly.

Indicative schedule

- Setting up the Joint Working Group (designations of members): Third quarter of 2019
- First meeting of the Joint Working Group: September 2019 (Rules of procedure, eligible area);
- Stakeholders consultations: second semester of 2019;
- Second meeting of the Joint Working Group for discussion of tentative programmes' strategy: fourth quarter of 2019-first quarter of 2020 (programme bodies, territorial analysis presented);
- Third meeting of the Joint Working Group: second quarter of 2020 (financing opportunities, intervention logic, indicators, financial provisions);
- Fourth meeting of the Joint Working Group: third quarter of 2020 (Programme approval);
- National letters of support (last quarter of 2020);
- Submission of the Programme (January 2021 or immediately after the Regulations approval, whichever comes first).