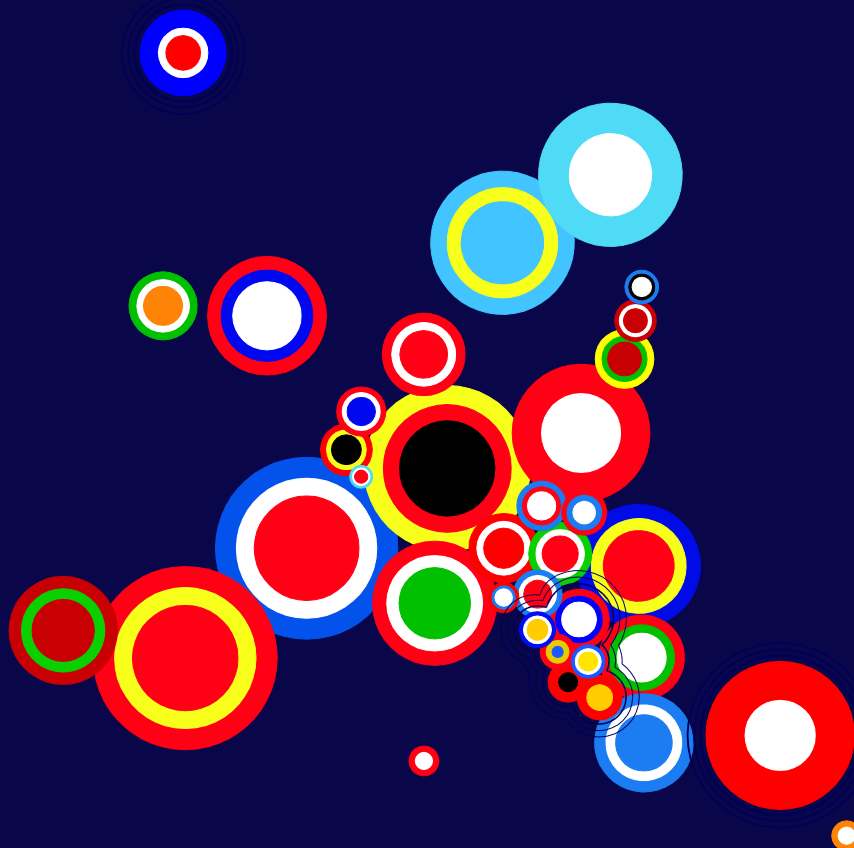




ANNEX 2
INSTRUMENT FOR PRE-ACCESSION ASSISTANCE
2014-2020



IPA CBC PROGRAMME

SERBIA – THE FORMER YUGOSLAV REPUBLIC OF
MACEDONIA

ADOPTED ON DD/MM/YYYY



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Programme synopsis

Programme title	2016-2020 IPA II CBC Programme Serbia – the former Yugoslav Republic of Macedonia
Programme area	<p><u>Serbia:</u></p> <p><i>Jablanica district:</i> City of Leskovac and municipalities of Bojnik, Lebane, Medveđa, Vlasotince and Crna Trava</p> <p><i>Pčinja district:</i> City of Vranje with two city municipalities: Vranje and Vranjska Banja, and municipalities of Vladičin Han, Surdulica, Bosilegrad, Trgovište, Bujanovac and Preševo</p> <p><u>The former Yugoslav Republic of Macedonia:</u></p> <p><i>North – East region:</i> municipalities of Kratovo, Lipkovo, Kumanovo, Staro Nagoričane, Rankovce and Kriva Palanka</p> <p><i>Skopje region:</i> municipalities of Aračinovo, Čučer Sandevo, Ilinden, Petrovec, Sopište, Studeničani, Zelenikovo, and municipalities of Butel, Gjorče Petrov and Saraj of the City of Skopje</p>
Programme overall objective	The programme overall objective is to strengthen good neighbourly relations, establish partnerships and to contribute to the development of a vibrant programme area by connecting its people and resources in a sustainable way.
Programme thematic priorities (TP)	<p>TP 1: Promoting employment, labour mobility and social and cultural inclusion across the border</p> <p>TP 2: Encouraging tourism and cultural and natural heritage</p> <p>TP 3: Technical assistance</p>
Programme specific objectives	<p><u>TP 1: Promoting employment, labour mobility and social and cultural inclusion across the border</u></p> <p>SO 1.1: Skills improvement and creation of employment opportunities in perspective sectors</p> <p>SO 1.2: Development of an inclusive society</p> <p><u>TP 2: Encouraging tourism and cultural and natural heritage</u></p> <p>SO 2.1: Mobilising cultural and natural resources for joint development of sustainable tourism products and destinations</p> <p>SO 2.2: Fostering joint risk management systems of natural and cultural sites, as well as human settlements, including disaster or emergency preparedness</p> <p>TP3: Technical Assistance</p> <p>SO 1: Ensuring effective, efficient, transparent and timely implementation of the Programme and awareness raising</p>
Financial allocation 2016 -2020	EUR 3 500 000
Implementation method	Indirect management (subject to the entrustment of budget implementation tasks)
Contracting Authority	<p>Government of the Republic of Serbia, the Central Financing and Contracting Unit (CFCU) of the Republic of Serbia</p> <p>Address: Sremska 3-5, 11 000 Belgrade, Tel +381 11 20 21 389</p>
Relevant authorities in the participating countries	<p>Government of the Republic of Serbia, European Integration Office, Nemanjina 34, 11000 Belgrade, Serbia</p> <p>Government of the former Yugoslav Republic of Macedonia, Ministry of Local Self Government (MoLSG), ul. Kiril i Metodij 54, 1000 Skopje, the former Yugoslav Republic of Macedonia</p>
JTS offices	<p>Main office: Leskovac (Serbia)</p> <p>Antenna office: Kumanovo (the former Yugoslav Republic of Macedonia)</p>





Glossary of terms

CBC	Cross-border cooperation
CBIB+	Cross-border Institution Building – Phase 2, an EU-funded project under the IPA II multi-country programme
CfP	Call for Proposals
CSO	Civil Society Organisation
DEU	Delegation of the European Union
EU	European Union
GDP	Gross Domestic Product
GVA	Gross Value Added
IPA	Instrument for Pre-accession and Assistance
JMC	Joint Monitoring Committee
JTF	Joint Task Force
JTS	Joint Technical Secretariat
MoLSG	Ministry of Local Self-government
NGO	Non-Governmental Organisation
OS	Operating Structure
RS	Republic of Serbia
SME	Small and Medium Size Enterprise
SO	Specific Objective
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Technical Assistance
TP	Thematic Priority





Section 1: Programme Summary

The cross-border cooperation programme between the Republic of Serbia and the former Yugoslav Republic of Macedonia will be implemented under the framework of the Instrument for Pre-accession Assistance (IPA II). This CBC programme between the two participating countries is being implemented for the first time. IPA II supports cross-border cooperation with a view to promoting good neighbourly relations, fostering Union integration and promoting socio-economic development.

The EU legal basis for the development of this cross-border cooperation programme primarily includes:

- Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II);
- Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action;
- Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) no 231/2014 of the European Parliament and of the Council establishing and Instrument for Pre-accession Assistance (IPA II).

1.1 Summary of the Programme

The first ever cross-border cooperation programme between the two countries has been designed following a detail analysis of the programme area and the findings from the situation and SWOT (strengths, weaknesses, opportunities and threats) analyses presented in Annexes I & II.

The programme area is located in the central and southern part of the Balkan Peninsula, comprising, on one side, the southern part of central Serbia with the districts of Jablanica and Pčinja and, on the other side, the north-eastern part of the former Yugoslav Republic of Macedonia with the North-East Region and part of the Region of Skopje. The eligible area covers **10 197 km²** with approximately **732 000 people** residing in **30 municipalities**.

The Pan-European Corridors X and VIII are crossing the area. High mountains are stretching in the eastern part and give way to the Leskovac, Vranje and Skopje basins. Waters, including thermal springs, mineral resources and timber wood are the area's main natural resources. A **rich biological, geographical and cultural diversity** represents a great potential for development.

In terms of socio-economic development, there are **great disparities** within the programme area as it comprises the least developed areas of the two countries, with some of the most under-developed municipalities, as well as parts of Skopje the most developed region on the side of the former Yugoslav Republic of Macedonia. The territory displays a **urban-rural divide** in terms of population density, employment and accessibility of services. High unemployment coupled with low level of economic activity also poses a risk of social exclusion, poverty and deprivation for several disadvantaged groups.

The key needs and challenges identified in the programme area are as follows:

- **ESTABLISHING A SOUND FOUNDATION FOR CROSS-BORDER COOPERATION**
As there has been no cross-border cooperation programme between the two countries so far, the establishment of contacts and mapping of organisational resources and interests for cross-





border cooperation as well as for establishing networks and partnerships in all sectors is needed.

- **ACTIVATION OF RESOURCES FOR SOCIO-ECONOMIC DEVELOPMENT**
Creation of employment opportunities in perspective economic sectors, combating poverty and promoting social and cultural inclusion are area's the key challenges. Most of the programme area belongs to the least developed areas in both participating countries.
- **PROTECTION OF NATURE AND ENVIRONMENT AND STRENGTHENING OF DISASTER MANAGEMENT SYSTEM AND EMERGENCY PREPAREDNESS**
Rich bio and geo diversity are often put at risk because of human activities and climate change. Protection of waters and soil are the area's main challenges due to underdeveloped wastewater treatment and waste management. The area is at high risk of water erosion and an increased incidence of floods and fires. Cross-border cooperation in risk management and emergency preparedness is very low.

The **programme overall objective** is to strengthen good neighbourly relations, establish partnerships and to contribute to the development of a vibrant programme area by connecting its people and resources in a sustainable way.

The programme builds on identified potentials and strengths and works towards reducing the weaknesses identified in the eligible area. The opening of the programme should be seen as a unique opportunity to establish a sound foundation for the expansion of cross-border cooperation.

Considering the limited financial allocations available for the period 2016-2020 the programme is focusing on the following two thematic priorities:

TP1: Promoting employment, labour mobility and social and cultural inclusion across the border

The priority wants to address the high level of unemployment while taking advantage of the job opportunities that were identified in perspective sectors. This could be commonly tackled through the development of relevant skills and competences of the unemployed and employed, promoting cross-border labour mobility, as well as through improvement of cooperation among enterprises, education and employment institutions. It also seeks to promote an inclusive society, including cultural aspects, by developing new or upgrading the existing services and programmes fighting against social exclusion.

TP2: Encouraging tourism and cultural and natural heritage

Activation of the natural and cultural potentials of the programme area for sustainable tourism was recognised as one of the key areas of cooperation where significant improvements and increase in the gross value added (GVA) can be made in the long term and where a variety of different stakeholders can take part in the process. The priority shall respond both to establishing basic conditions as well as to support concrete cross-border tourism products. The priority also addresses the risks linked to natural and man-made hazards related to the natural and cultural heritage of the programme area.

1.2 Preparation of the programme and involvement of the partners

A common letter requesting the opening of a CBC programme between the two countries was sent to the EC in December 2015. After receiving a positive reply and information on the allocation for the period 2016-2020, the Operating Structures (OSs) proceeded with the process of preparation of the





programme document including a definition of the programme eligible territory.

Even though the eligible territory still had not been agreed with the EC, in February and March 2016, the OSs sent out questionnaires to potential beneficiaries to collect their views on the needs and priorities for cooperation. Twenty-one municipalities responded, covering in total 79 % of the programme area population (according to the 2011 census in Serbia and the 2002 census in the former Yugoslav Republic of Macedonia). In addition, 16 important stakeholders at national and regional level provided feedback on a standard template or were interviewed face to face, during the first two weeks of July 2016.

A **Joint Task Force** (hereinafter JTF) consisting of representatives from the participating countries was established during the 1st JTF meeting that took place on 22 April 2016 in Niš (RS), with the purpose to prepare the programme strategic document. The members of the JTF, who represent competent authorities of the programme territory, had been appointed to be part of their national delegations in March 2016.

From the beginning, the **programming process** was supported by the regional technical assistance action for CBC programmes between IPA II Beneficiary Countries - 'Cross-border Institution Building – CBIB+ Phase II' - that is funded by the Multi-Country Programme for the year 2014.

The programming process encompassed the following steps: i) upgrade and update of the sort of handbook named 'programming advice' with details on the steps and activities to be undertaken and a detailed plan for the preparation of the programming document; ii) preparation of the draft situation analysis and SWOT analysis (Strength, Weaknesses, Opportunities, Threats) on the basis of inputs from beneficiaries, secondary sources and lessons learned; iii) identification of key needs and challenges of the programme area; iv) selection of thematic priorities and elaboration of a draft strategy including specific objectives, results, activities and indicators; v) amendments of the programme according to the comments of the JTF.

The eligible territory in the former Yugoslav Republic of Macedonia was confirmed by the JTF through written procedure in late June 2016 following the adoption by the Government in that country, and the approval of the EC. The eligible territory in the Republic of Serbia had been previously agreed by the EC and the Serbian national authorities.

The draft situation analysis and SWOT analysis were discussed during the 2nd JTF meeting held on 14 July 2016 in Skopje, the former Yugoslav Republic of Macedonia. As the main conclusion of the meeting, the participants chose two thematic priorities and issued some guidance for the strategy elaboration by the expert team.

Besides the involvement of programme stakeholders through surveys and interviews, two public consultation events were organized in Leskovac (RS) on 21 July and Kumanovo (MK) on 27 July 2016 respectively. The OSs managed to involve a wide range of regional and local stakeholders who commented on the programme area SWOT analysis and provided inputs for the elaboration of the programme strategy. In total, the events were attended by 111 participants. Both OSs also invited stakeholders to provide comments by email on a document published on their websites.

The 3rd JTF meeting was organized on 4 August 2016 in Vladičin Han (RS), where the 1st draft programme strategy was discussed and adopted.

The 1st draft programme document was sent for comments to the European Commission on 16 August 2016. The Commission's comments to the 1st draft were received on 24 August. The 2nd draft was sent to the European Commission on 9 September.





Table 1: Summary of the programme preparation milestones

Date and place	Event/purpose	Number of participants
26 March 2015	Letter from the NIPAC in Serbia to the NIPAC in the former Yugoslav Republic of Macedonia for establishing a bilateral IPA territorial cooperation (CBC) programme under IPA II.	
7 May 2015	Positive reply from the NIPAC in the former Yugoslav Republic of Macedonia for establishing the new CBC programme between the two countries.	
22 May 2015, Niš (RS)	First Technical Meeting of the two Governments.	5
12 June 2015, Skopje (MK)	Second Technical Meeting of the two Governments.	5
9 December 2015	Joint letter to the EC signed by the two NIPACs expressing their readiness to start with the programming activities.	
20 January 2016	Letter from the EC, addressing the two NIPACs, confirming the availability of € 3.5 million (including the 10% allocated for the TA) for the 2016-2020 yearly allocations, indicating also that Serbia would be the contracting authority.	
8 February 2016	Letter from the Head of the DEU in Serbia addressing the NIPAC to proceed with the programming activities, providing an indicative plan and recommending the shrinking of the proposed eligible territory from both sides, in view of the funds available.	
22 April 2016, Niš	1 st JTF meeting: establishment of the JTF, adoption of its rules of procedure, discussion on the programme eligible area - confirmation of the eligible area from the side of Serbia following the letter of the DEU (08/02/2016) and adoption of a fast track planning timeline.	19
31 May 2016	Governmental adoption of the revised eligible territory as proposed by the MoLSG in the former Yugoslav Republic of Macedonia.	
17 June 2016	Positive reply from the DEU in the former Yugoslav Republic of Macedonia on the new adopted eligible territory.	
27 June 2016	JTF agreement on the eligible territory of the programme, through written procedure.	
14 July 2016, Skopje	2 nd JTF meeting: discussion on the situation and SWOT analysis, selection of thematic priorities.	24
21 July 2016, Leskovac (RS)	Public consultation: discussion on the outcomes of the SWOT, specific objectives and proposed activities of the programme.	56
27 July 2016, Kumanovo (MK)	Public consultation: discussion on the outcomes of the SWOT, specific objectives and proposed activities of the programme.	55
4 August 2016, Vladičin Han (RS)	3 rd JTF meeting: discussion and adoption of the 1 st draft of the programme strategy.	21
August 2016	Online public consultation.	
16 August 2016	Submission of the 1 st draft programme document to the EC.	
7 September	Adoption of the 2 nd draft programme document by JTF through written procedure.	
9 September 2016	Submission of the 2 nd draft programme document to the European Commission	



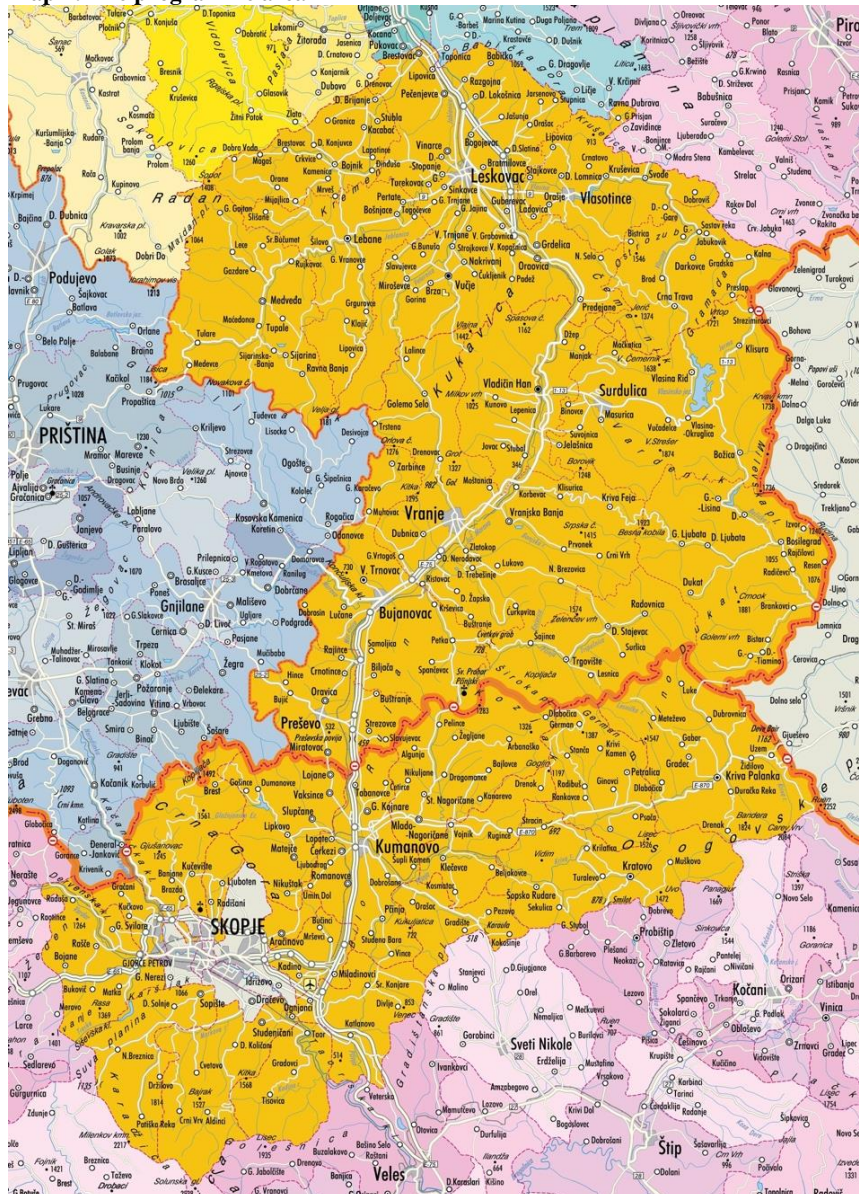


Section 2: Programme Area

2.1 Situation Analysis

The programme area comprises the districts of Jablanica and Pčinja in the Republic of Serbia and North-East Region and a part of the Skopje Region in the former Yugoslav Republic of Macedonia with a total of **30 towns and municipalities and 994 settlements**. It covers **10 197 km²**: the 61.7 % of this territory belongs to the Republic of Serbia and 38.3 % to the former Yugoslav Republic of Macedonia, representing 7% of the entire territory of the Republic of Serbia and 15% of the former Yugoslav Republic of Macedonia's.

Map 1: The programme area



Demography

According to the 2011 and 2002 censuses in Serbia and the former Yugoslav Republic of Macedonia respectively, the population in the programme area is **732 586**. There is a good balance between the





participating countries (51 % RS and 49 % MK); however, these population figures represent about 5 % of population in Serbia and 18 % of the population in the former Yugoslav Republic of Macedonia. About 45 % of the population in the programme area reside in six larger urban centres: Leskovac, Vranje, Kumanovo and three municipalities of the City of Skopje (Butel, Gjorče Petrov and Saraj). By contrast, some parts of the eligible territory are very scarcely populated and remote.

The population on the side of the former Yugoslav Republic of Macedonia is growing, in particular in the Skopje Region. Some municipalities in the North-East Region have faced a decline, which is more characteristic for the Serbian side. An ageing population is also a stronger social phenomenon on the Serbian side, especially in the district of Jablanica. Due to rare employment opportunities, the area is affected by the emigration of young from rural parts to urban centres within and outside the programme territory.

Level of development

The border region is characterized by **considerable disparities in the level of development**. The districts of Jablanica and Pčinja are among the least developed in Serbia. All municipalities, excluding towns of Vranje and Leskovac, can be characterised as underdeveloped with the level of development below 60 % of the national average, 9 municipalities are even considered as backward reaching only 50 % of the national average¹. The Skopje Region with the country capital city is the **most developed** in the former Yugoslav Republic of Macedonia with a development index of 1.48 and a socio-economic index of 1.84 in relation to the national average, while the North-East Region is the **least developed** with a development index of 0.56 and a socio-economic development index of 0.33 with regard to the national average.

Economy

There were approximately 22 000 active businesses in the programme area in 2014, of which 99.8 % are SMEs. The level of entrepreneurship measured by the number of businesses per 1 000 inhabitants in the programme area is 30. The indicator is higher on the Serbian territory (35) and lower on the side of the former Yugoslav Republic of Macedonia (24), while in both parts is significantly below national averages.

The main economic activities determined by the GVA comprise **mining** (lead and zinc), **industry** (basically food, chemical and metal industry, furniture, textile) and **agriculture and forestry**. Trade, transport as well as communication and financial services are most important in the structure of Skopje Region (assuming that the greatest share belongs to the City of Skopje). The public sector (administration, education, social and health) also plays an important role in this respect.

Agriculture is a traditional economic activity of the area but the small size of agricultural holdings, ageing of farm holders, low level of education and lack of interest of young people to remain on farms are inhibiting factors for the development of this sector. Conditions for agriculture growth are less favourable in mountainous parts where **livestock breeding** dominates. The largest share of arable land is in the valleys around Leskovac, Kumanovo and Skopje where production of **cereals** (mainly wheat and maize) and **vegetables** (mainly peppers, melons, tomato, cucumber, cabbage, onions, potatoes) takes place.

Tourism was recognized by most municipalities in the programme area as the sector with the highest potential for development. At present it is underdeveloped. Positive trends in arrivals have been recorded in recent years, but the number of overnights and length of stay have decreased. The area at present is mainly a transit one - by estimation around 4 million people annually pass it along the Corridor X. There are some spas which are predominantly visited by domestic guests for health

¹ National Agency for Regional Development, 2014.





treatment reasons. The Skopje Region recorded 196 087 tourist arrivals in 2014, of which 93 % were generated by Skopje city only, representing 38 % of all arrivals to the country. There are less than 10 000 beds available in the programme area. The potentials offered by the area's nature and cultural heritage remain to a great extent untapped.

Labour market

Lower level of economic activity and **high unemployment rates** are characteristic for the programme area. In 2015, the unemployment rate in the North-East Region was 43.2 and 25.7 in the Skopje Region, while the rate reaches 32.8 in its rural parts². Over 60 000 registered unemployed in the districts of Jablanica and Pčinja in 2015 represented 8.3 % of the total number of unemployed in Serbia. Young and first time job seekers represent a large share of unemployed; on the Serbian part of the programme youngsters aged 15-34 years represented 34 % of all unemployed population. This situation is partially explained by their lack of practical skills.

Gender gaps in the work domain are present in both sub-domains: participation and segregation and quality of work which means that women are less frequently employed in full time positions than men and that their total working life is shorter than men's.

Women's working life is 5 years shorter than men's shows a much higher share of women employed in sectors of education, human health and social work; the so called 'caring sectors'. Women also work less often in jobs with non-fixed starting and finishing times; which is considered as an indicator of flexible working hours. This can reduce their capability of reconciling work and family life, particularly in the context of unbalanced division of household work and family care which relies more on women. However, it should be kept in mind that flexible working hours can also hide less secure and informal forms of employment.

Also, when it comes to earnings, it can be noticed that the gender gap in monthly earnings is in favour of men, while the gap in mean equivalised net income is in favour of women. However, the first gap is bigger (145 PPS in 2012 and 188 PPS in 2014 compared to 26 PPS in 2012 and 17 PPS in 2014). Gender differences in being at-risk-of-poverty are small and slightly increasing (from 0.8 to 1.2 percentage points) due to the decrease of share of persons not at-risk-of-poverty among men³.

Nature and biodiversity

A relatively **well preserved nature** is one of the territorial advantages. Landscape and geo diversity (gorges, canyons, river valleys, marches, pastures, etc.) are reasons for the rich biodiversity, including numerous endemic species. The main threats to natural biodiversity and landscape diversity in the programme area are human activities but also climate change.

Environment and climate change

Protecting the **quality of waters and soil** are significant challenges. The main causes of surface and groundwater pollution comprise urban wastewaters, agriculture, inappropriate waste management and mining. Most wastewater is discharged into water bodies untreated. Monitoring of the water quality is underdeveloped. Soil is degraded due to operation of thermal power plants, mining and uncontrolled exploitation of mineral resources, but also due to excessive use of agrichemicals (fertilisers, pesticides, etc.) whereby monitoring is not existing.

The area is part of the red zone of **water erosion** in Europe. Settlements are endangered by torrents and their consequences - sedimentation of material in urban areas, destroyed streets, bridges, houses

² Regions in the former Yugoslav Republic of Macedonia, 2016.

³ Gender Equality Index 2016, Measuring gender equality in Serbia 2014





and other infrastructure facilities. Uncontrolled exploitation of forests and river sediments, in particular of sand and gravel for the construction industry, contributes to the situation.

An increase of **natural risks** such as droughts, floods, forest fires, landslides, or extreme weather events, e.g. strong winds and heavy rains or snowdrifts, should be assumed due to climate changes. Both the mountainous parts and valleys are vulnerable, especially populated areas and areas of natural and cultural importance.

Public utility services

The water supply networks and sewage systems are most developed in urban parts. Old systems are worn out and inefficient. There is only one wastewater treatment plant in the programme area, operating in Kumanovo, while in Vranje and Leskovac it is expected to be constructed by the end of 2018. Waste management is more problematic in rural parts, especially where the collection of waste is not organized at all. Many of the “landfills” are not following the required standards and along with the illegal landfills they entail a threat to soil and underground water pollution. Overall, the population awareness on different aspects of environment and health protection in the programme area is quite low.

Social cohesion

According to EUROSTAT, 43.2 % of the population in the former Yugoslav Republic of Macedonia and 43.1 % of the population in Serbia were at the **risk of poverty or social exclusion** in 2014. The percentage of severe material deprivation was 35.7 % in the former Yugoslav Republic of Macedonia and 26.3 % in Serbia.

Most vulnerable and often invisible groups are the **elderly** living in rural parts without any income or pensions, women and Roma. Increase in domestic violence and bullying at school were highlighted during the public consultations.

The primary education network is relatively well developed, while secondary and tertiary education is available in larger regional centres. Lifelong learning programmes are being advanced. Early school leaving rate is especially high among Roma on both sides of the border. As learned from the public consultation, many students are enrolled on secondary and tertiary schools on the other side of the border.

There is no major obstacle for the access to social and health services in urban and municipal centres, while the overall quality of services is decreasing due to shortage of public funding.

The ethnic majority and non-majority communities on both sides enjoy equal treatment granted by the Constitutions. The **cultural and ethnic diversity** in the programme area is increased also by the presence of Roma (around 30 000), Bulgarians, Turks, Vlachs and others.

Civil society organisations in the area are not well developed, especially outside urban centres. They suffer from weak operational capacities and permanent financial constraints. Possible alternatives on how to strengthen their role in society are not fully explored; e.g. social innovation and cooperation with the public sector.

Connectivity of the programme area

The programme area lies on the route of two Pan-European Corridors (X and VIII) and has several international airports in its vicinity. Internal connectivity is poor as local and regional roads are in bad condition. There are only two international border crossing points in the programme area, but only one meets the standards for passengers and cargo control (i.e. customs infrastructure). Public transport





is mainly developed in urban centres, international bus lines exist between main cities and are often used by local population, however further local connections are poor.

Access to internet and use of the computers is below national averages, especially in rural parts of the programme.

Against this background, the table below displays the result of the SWOT analysis:





Table 2: SWOT analysis

Strengths	Weaknesses
<p>Corridors X and VIII, vicinity of international airports</p> <p>Population growth on the area of the former Yugoslav Republic of Macedonia</p> <p>Rich variety of landscapes, geo and bio diversity</p> <p>Natural resources (forests, waters, thermal springs, mineral resources)</p> <p>Rich cultural and historical heritage</p> <p>Growth of foreign tourist arrivals, existing transit tourism</p> <p>Favourable conditions for agriculture in the valleys</p> <p>Availability of basic business support services</p> <p>Presence of tertiary education institutions</p> <p>Offer of lifelong learning programmes</p> <p>Relatively good coverage of primary education, social and primary health service networks</p> <p>Multicultural society</p> <p>Experience in CBC cooperation with Bulgaria</p> <p>Attempts of cross-border cooperation initiatives</p>	<p>Most underdeveloped areas (save the City of Skopje), deep rural-urban divide</p> <p>Poor internal connectivity (few border crossing points)</p> <p>High unemployment rate and skills mismatch in the labour market</p> <p>Low entrepreneurial activity and weak capacity of SMEs to access funds</p> <p>Low cooperation between education and businesses</p> <p>High percentage of dropouts from educational system</p> <p>Tourism potentials unaddressed, lack of competitive products, low standard accommodation infrastructure</p> <p>Low economic viability of agricultural holdings</p> <p>People at risk of poverty and social exclusion</p> <p>Large areas exposed to environmental and climate change risks, lack of coordinated risk management and emergency preparedness</p> <p>Public utility services for waste management and wastewater treatment underdeveloped</p> <p>Insufficient monitoring of soil and water quality</p> <p>Low awareness of the population regarding nature and environment protection</p> <p>Language barriers, weak capacity for project development, co-financing and implementation</p>
Opportunities	Threats
<p>Develop opportunities for identification of actors and genuine interests for cross-border cooperation</p> <p>Common approaches to increase employability in perspective sectors and foster cross-border labour mobility</p> <p>Strengthening cooperation links between SMEs, education, research and students</p> <p>Great potential for developing new rural economies (diversification and modernization, start-ups in rural areas)</p> <p>Increased demand for sustainable tourism and organic products</p> <p>Valorisation of natural and cultural resources</p> <p>Attracting and diverting existing tourist/travel flows to discover the programme area tourist offers</p> <p>Social innovation and new cross-border cooperation models for improving social, cultural and health services and inclusion of the disadvantaged groups</p> <p>Strengthening the cooperation of CSOs and public sector</p> <p>Promotion of social entrepreneurship</p> <p>Joint risk management and emergency preparedness</p> <p>Joint measures to preserve biodiversity, valuable landscapes and urban / architectural heritage)</p> <p>Common actions to raise awareness on the importance of environment protection</p>	<p>Further lagging behind in the competitiveness of the least developed areas</p> <p>Emigration of young and educated</p> <p>Population ageing (peripheral areas)</p> <p>Lack of finance for investment in public infrastructure</p> <p>High share of grey economy</p> <p>Continuation of the refugee/migration crisis</p> <p>Further increase of population at risk of poverty and exclusion</p> <p>Loss of traditional landscapes due to plant succession and decline of agriculture in remote areas</p> <p>Loss of biodiversity due to river pollution</p> <p>Uncontrolled use of natural resources</p> <p>Further climate changes</p> <p>Incidence of natural and man-made hazards</p> <p>Unstable political environment</p> <p>Absence of institutional tools and/or mechanism for establishing local or regional development funds, including CBC activities</p> <p>Weak institutional capacity at local/regional level</p>





2.2 Main findings

The situation and SWOT analyses have identified a number of potential intervention areas that are regarded as instrumental for the development of the eligible border region (See details in Annexes I & II). The following represent the **key needs and challenges** stemming from the analyses:

- **ESTABLISHING SOUND FOUNDATION FOR CROSS-BORDER COOPERATION**

As there has been no cross-border cooperation programme between the two countries so far, the establishment of initial contacts, mapping of human and organisational resources and interests for CBC, and development of long-term partnerships are all necessary. This was also strongly pointed out during the public consultations. Although some stakeholders within the country were not familiar with the work and initiatives of organisations in other districts/regions, the information gap is more acute across the border.

Even though some cooperation agreements at local level exist, these have so far not been explored due to various reasons, ranging from insufficient economic and administrative capacities, language barriers, political instability, and others. Some actors in the programme area however are experienced in other CBC programmes. Support for people to people actions was seen as an appropriate instrument for establishing a sound platform for successful cross-border cooperation in the long run.

- **ACTIVATION OF RESOURCES FOR SOCIO ECONOMIC DEVELOPMENT**

Creating employment opportunities (in sectors such as agriculture, tourism, food processing and services). Low economic activity and labour demand are critical. Above average unemployment rates combined with relatively high share of inactive population especially in rural areas severely affect the living standard and quality of life in general. Privatisation processes and economy restructuring resulted in loss of jobs in traditional industries and caused skills mismatches in the labour market. Young generations lack practical experience to advance their employability. Support to young talents and better cooperation of education and regional businesses is necessary to seize opportunities for job creation in perspective sectors, including social economy. This is a common challenge to be addressed in the CBC context.

Combating poverty and promoting social inclusion. A number of disadvantaged groups were identified. The risk of being affected by poverty and the threat of social exclusion of the people at disadvantage is high. Availability of social and health services varies and their quality and accessibility is weak outside urban and municipal centres.

There is a need for strengthening cross-border initiatives addressing new approaches and cooperation between the public and private sectors aiming at new solutions, services and programmes improving the situation of disadvantaged groups. The border area was and probably will be also affected by the migrant/refugee crisis and local self-governments need to improve their responsiveness in such emergency situations.

Promotion of cross-border cultural and inter-ethnic cooperation: the multicultural and multi-ethnic diversity of the programme is one of its assets, which, on the other hand, needs to be nurtured and developed in order to foster an open, inclusive and cooperative cross-border community. Cooperation in the social, artistic, cultural and educational spheres can contribute to diminishing language barriers, promoting diversity and cooperation among youngsters and strengthening institutional cooperation.





- **PROTECTION OF NATURE AND ENVIRONMENT AND STRENGTHENING OF DISASTER MANAGEMENT SYSTEMS AND EMERGENCY PREPAREDNESS**

The area is rich in landscape, bio and geo diversity. Common approaches to nature conservation and to improved awareness of the population regarding nature conservation and the influence of human activities on biodiversity is needed. Moreover, the carefully planned mobilisation of these resources for sustainable tourism and the arrangement of site and visitor management can contribute to the development of the area's local economy.

All this natural and environmental wealth is often put at risk because of human activities (low level of awareness of the population, agriculture and mining activities, uncontrolled use of natural resources, lack of public utility services). Protection of waters and soil are the area's main challenges due to underdeveloped wastewater treatment and waste management. Monitoring of waters and soil is currently insufficient.

The area is at high risk of water erosion, increased events of floods and wild fires mainly due to climate change are recorded. Considering the mountainous terrain, the areas under forestation, the low population density in remote border parts and the lower level of services' accessibility, the importance of CBC as a response to emergency events increases. At present, the level of preparedness to jointly intervene in the event of natural or man-caused disasters is very low. CBC in disaster management systems and emergency preparedness is also important with a view to protect the population and businesses as well as the natural, cultural and historical assets, which are considered as key development potentials of the programme territory and which have already been affected by floods and fires.

The situation and the SWOT analyses also underscored the following **key potentials for the development of the programme area**:

- **PEOPLE AND ORGANISATIONS**

People in general, CSOs, local self-governments, regional and local business support organisations, public bodies, educational, employment, research, cultural, health and social institutions are the operators called to establish links and create the basis for CBC. As they share a common past during the years of former Yugoslavia, some institutional arrangements are similar and can provide a starting point for exchanges in areas of common interest. Actors in both parts of the programme area are experienced in the 2007-2013 CBC programmes with Bulgaria.

- **NATURAL AND CULTURAL HERITAGE**

As mentioned above, these assets could be mobilised for development of sustainable tourism in the cross-border area provided that a smart and integrative approach is used in order to keep a balance and take advantage of the synergy between the preservation and valorisation.

At present many of the extraordinary cultural and natural sites are without any management and protection. Some have even suffered from floods and fires. In the view of their activation it is very important to ensure secured and controlled management of the expected increased visits.

- **AGRICULTURE AND FOOD PROCESSING**





Agriculture is a traditional activity in the programme area. Today this sector is faced with several constraints that prevent the market orientation of numerous small producers. Favourable conditions for growing vegetables, cereals and fruits should be further explored including possibilities for organic production, promotion of autochthonous breeds and plants. Processing of agricultural products, common branding and establishment of new cooperation models linking small producers in local value chains can add value to existing activities including production of traditional foods, crafts and their marketing through tourism. These challenges could be well addressed through CBC.





Section 3: Programme Strategy

3.1 Rationale - Justification for the selected intervention strategy

The intervention strategy was defined upon the outcomes of the situation and SWOT analyses carried out for each thematic priority, identification of key needs and challenges of the programme area and identified cooperation potentials. Feedback provided by stakeholders during public consultations was carefully examined and integrated in the strategy.

The programme **overall objective** is

to strengthen good neighbourly relations, establish partnerships and to contribute to the development of a vibrant programme area by connecting its people and resources in a sustainable way.

All thematic priorities (TP) are relevant for the programme area. Yet, one needs to consider also constraints ranging from a relatively small financial allocation for the programme, the need to focus on a limited number of thematic priorities, shortened period of the programme duration and above all, the fact that no previous cross-border cooperation programme existed between the participating countries.

Environment protection, climate change and risk management are the important sectors for the area, but at the same time its implementation would absorb the most of the funds available, thus leaving limited space for the cross-border communities to establish people-to-people contact and cooperation. Given that this is the first time this programme will be implemented, the intention is to mobilize interest to demonstrate the potentials of cross-border cooperation programme, It is of outmost importance to select priorities that would mobilize and engage local population and particular groups. That would raise visibility and show potentials of the programme as using the small allocation in the selected sectors, the programme can make significant and visible changes in the area. Given the needs of the eligible area, by selecting a priority that would focus only on environmental protection and risk preparedness would absorb most of funds without achieving significant and visible change.

The thematic priority 4 was selected taking into account the results from the public consultation process, budget available, our previous experience with other countries on CBC programme implementation, capacities of the local and regional stakeholders for development, implementation and co-financing (the capacities on local and regional level are especially low in the sector of environment protection). Therefore, it was concluded that beneficiaries would not be capable to manage large infrastructure projects without engagement of national level. The fact remains that environment protection, climate change and risk management are extremely important and the solution was found to tackle them through priority 4, feasible under this Programme implemented for the first time.

In making the strategic choice among TPs, the following aspects were considered:

- The TP should provide an opportunity to connect a wider range of stakeholders and contribute to the EU integration objectives of CBC
- The TP should enable a pro-active approach in addressing the areas challenges and potentials
- The TP should ensure the achievement of tangible results in the given period of programme duration and can have a multiplier effect on other sectors/themes of cooperation
- The TP should provide space for the integration of some topics that are primarily addressed in other thematic priorities.





On the basis of the process and factors described above, the JTF has selected **two TPs**:

TP1: Promoting employment, labour mobility and social and cultural inclusion across borders

TP2: Encouraging tourism and cultural and natural heritage

Table 3: Synthetic overview of the justification for selection of thematic priorities

Selected thematic priorities	Justification for selection
Promoting employment, labour mobility and social inclusion	<ul style="list-style-type: none"> • Low economic activity and lack of jobs - local resources insufficiently activated for economic development, few and precarious local value chains • Below average entrepreneurial activity • Lower employability of the workforce due to skills mismatch • Employment and business support services not sufficiently linked with perspective economic sectors to address their needs for skilled labour or to encourage start-ups • Poor knowledge on cross-border mobility of workers • Existing cross-border mobility of students as potential for fostering cooperation between education, research, regional enterprises and employment services • Large disparities between rural and urban centres, quite low level of access to social and other related services in rural areas • Access to lifelong learning programmes outside urban centres is low • Large share of population at risk of poverty and social exclusion • Scope and quality of social and health services inadequate especially outside urban and municipal centres • Social innovation not promoted and cooperation between public services, CSOs and private sector largely undeveloped • Low level of cross-border contacts, cross cultural and inter-ethnic cooperation • Preparedness to address migration/refugee challenges is insufficient
Encouraging tourism and cultural and natural heritage	<ul style="list-style-type: none"> • The mobilisation and valorisation of the area's extraordinary natural, cultural (tangible and intangible) and historical heritage is still a potential for sustainable tourism development • Trends in green tourism, outdoor, cultural and city tourism not seized • Large number of tourists/passengers already pass the programme area through corridors X and VIII, substantial tourist arrivals generated by Skopje – these flows not diverted to explore the programme area attractions • Main cultural/historical sites lack the necessary tourist infrastructure to accept visitors, sites are not promoted; local cultural events and festivals have potential to attract visitors from abroad • Overall visibility of the programme area in terms of tourism is low; tourist infrastructure and services underdeveloped (signalisation, guidance, relevant maps, nature and cultural heritage interpretation programmes, visitor centres, online promotion and marketing ...) • Local and regional strategies address tourism, the sector can connect a variety of local and regional actors across the border and create synergies with other sectors (e.g. local food, crafts, transport, IT services)





Selected thematic priorities	Justification for selection
	<ul style="list-style-type: none"> • Low level of knowledge and skills for development of sustainable tourism products and destinations, their promotion and marketing • Poor knowledge of the population on economic opportunities in the sector • Low awareness on the importance of preserving bio and geo diversity, healthy and clean environment as preconditions for development of sustainable tourism • Lack of risk management systems and cross-border coordination in case of natural or man-made emergency situations in natural and cultural sites, human settlements and areas of tourist flows (i.e. cultural sites already suffered from floods, fires) • Lack of management of the most important nature protected areas, which are potentially interested in the development of green tourism products

The programme funds will be allocated in the following way:

- Approximately **35 %** shall be allocated to the TP 1 - it is expected that a number of initiatives shall be supported focusing on increasing the employability of unemployed, social and cultural inclusion and that approved operations will, besides soft measures, include also minor investments in equipment and infrastructure.
- Approximately **55 %** shall be allocated to the TP2. The needs for mobilisation of natural and cultural potentials are substantial both in terms of activation of the area knowledge base and skills as well as the arrangement of small scale public infrastructure and purchase of the necessary equipment related to product development. Investments may be also necessary in the field of risk management systems and emergency preparedness in areas of important cultural and natural heritage and tourist/passenger flows.
- A maximum of **10%** of the programme allocation shall be used for technical assistance as stipulated in Article 32 of the above mentioned EC Regulation No 447/2014.

3.2 Description of programme priorities

3.2.1 TP1 - Promoting employment, labour mobility and social inclusion

Specific objective 1.1: To improve skills and create employment opportunities in perspective sectors

Focus of the specific objective:

- Cross-border initiatives that address **commonly identified skills gaps** on the labour market and provide support to various groups of unemployed (young, women, redundant workers, rural population) to improve their employability and to engage in economic activities. The potential for cross-border mobility of workers should be explored and exchange of data on open vacancies in the border area should be strengthened.





- Developing new solutions and approaches to identify and promote **employment opportunities in perspective sectors**, such as services, sustainable tourism, agriculture and processing, creation of local value chains or social entrepreneurship.
- Identification and activation of cooperation potentials between businesses, education & research institutions and students/graduates to ease the **pathway from education to employment**. Opportunities for students and other first time job seekers for hands-on learning and on-the job learning should be promoted.
- Support to creation of cross-border exchanges fostering the **development of young talents** and promotion of innovative solutions and potential start-up ideas addressing the programme area needs and challenges.

Expected results:

R.1.1.1 Employability of the working age population in the cross-border area raised

Skills and knowledge of the unemployed, students or inactive population included in the programme to engage in perspective sectors are raised. Acquired practical work experience through hands-on training or on-the-job training increases the chances to successfully approach potential employers. Inactive working age population, in particular in rural areas, is able to identify and further develop traditional knowledge and skills and generate additional income. Students and young people from the border are shall be supported in developing their own talents and entrepreneurial ideas to secure their own jobs.

R.1.1.2 Organisational capacities to activate cross-border employment potentials strengthened

Cross-border cooperation between various actors (business, education, employment services, local self-governments, CSOs, etc.) is established. These actors join resources and knowledge to improve the existing cooperation models, programmes and services or create new ones supporting re-skilling and/or up skilling of the unemployed according to sector specific needs, enabling the acquisition of practical on-the-job experience in SMEs and other organisations, providing start-up support, or developing pilot employment initiatives based on sustainable use of local resources and market needs. These models, programmes and services would enhance the knowledge about the cross-border labour market mobility and would open new opportunities for expansion.

Table 4: Indicators – TP1/SO 1.1

Indicator	Unit	Baseline	Target 2022	Source
iR 1.1.1.1: Number of programme target groups with improved practical skills and knowledge	number	0	20	Monitoring system
iO 1.1.1.1.1 Number of men and women in joint employment initiatives and training	number	0	60	Monitoring system
iO 1.1.1.1.2 Number of enterprises/organisations included in provision of practical training for unemployed	number	0	10	Monitoring system
iR 1.1.2.1: Number of partnerships between labour market stakeholders for addressing labour mobility and employment development	number	0	5	Monitoring system
iR 1.1.2.2: Number of new cooperation models, programmes, services or tools developed or upgraded	number	0	2	Monitoring system
iO 1.1.2.2.1 Number of economic operators participating in capacity building for sustainable use of local resources and market needs	number	0	10	Monitoring system





Types of activities (the list is non-exhaustive):

- Mapping of actors, their expertise, capacities and exchange of experience, identification of cooperation interest
- Activities to explore the situation and needs on the cross-border labour market (cross-border mobility, obstacles, potentials for cooperation)
- Development of tools for exchange of data on cross-border labour market (e.g. cross-border job-search platforms, access to information about tax, health, social insurance, etc.)
- Development of targeted cross-border cooperation models or pilot employment projects in perspective sectors linking businesses, public sector and persons on the labour market, focusing on the unemployed and inactive working age population (e.g. building local value chains, local food processing activities, organic production and processing, circular economy, social services, local tourism services, etc.)
- Implementation of programmes offering skills improvement for the unemployed in accordance with identified labour market needs in specific sectors (focusing on of practical work experience, re-skilling or up-skilling) and linked to employment initiatives
- Activities aiming at promotion of social entrepreneurship
- Activities focusing on establishment of new programmes/services/facilities supporting job creation in urban centres (e.g. cross-border start-up initiatives, co-working facilities, talent development programmes, mentoring programmes, support to SMEs to work with students/unemployed)
- Small investment in equipment and infrastructure to support the implementation of programmes and services
- Capacity building activities for providers of new employment programmes/initiatives.

Note: Developed solutions should go beyond existing practices and measures or these shall be significantly upgraded. Training activities should be linked with concrete employment initiatives and not to be implemented as stand-alone actions.

Target groups:

- Employment services
- Formal and informal educational institutions
- Research institutions
- CSOs
- Regional and local development organisations
- Chambers of economy, crafts, agriculture, business associations and clusters
- Social partners
- Unemployed persons, employed persons
- Students
- Inactive population aged 15-65
- SMEs
- Other actors addressing labour market.

Specific objective 1.2: to support the development of an inclusive society

Focus of the specific objective:

- Joint approaches to **improving existing programmes and services** for inclusion of disadvantaged groups into society (in particular elderly, women, young, ethnic minority groups, people with disabilities, people with mental health problems, refugees/migrants, and others)





- Promotion of social innovation⁴ - **developing and testing new cooperation models**, programmes or services in cooperation of public and private sector with focusing on active approaches to inclusion through strengthening capacities of the groups at a disadvantage
- Promotion of **healthy life-style** and addressing **health inequalities** in particular for the people at risk of poverty and social exclusion including rural population
- Cross-border initiatives supporting exchange and **cross cultural cooperation** between various national and ethnic groups within the programme territory to diminish language and cultural barriers and strengthen the area social and cultural diversity.

R 1.2.1 Capacities for social and cultural inclusion of disadvantaged groups improved

The ultimate change is in increased possibilities for people at risk of exclusion to be empowered and actively involved in programmes and services supported by the programme. Knowledge base on the situation, actors and good practices in the programme area shall be established. Strengthened cooperation of different actors across the border to jointly address challenges of social and cultural exclusion of disadvantaged groups provides the basis for long term cooperation. New solutions shall be tested and implemented.

Table 5: Indicators – TP1/SO 1.2

Indicator	Unit	Baseline	Target 2022	Source
iR 1.2.1.1 Number of networks and partnerships amongst actors for setting new services and/or programmes	number	0	4	Monitoring system
iO 1.2.1.1.1 Number of men and women from disadvantaged groups included in those new programmes and services	number	0	50	Monitoring system
iO1.2.1.1.2 Number of CSOs taking part in these networks and partnerships	number	0	5	Monitoring system

R-result, O-output

Types of activities (the list is non-exhaustive)

- Mapping of actors, their expertise and resources, exchange of experience and identification of cross-border cooperation interest
- Activities promoting social innovation related to social and cultural inclusion – demonstration projects focusing on the joint development of new solutions (services, tools, programmes) improving the wellbeing and active participation of the various groups at a disadvantage in society (elderly, women, young in peripheral areas; victims of domestic violence, victims of bullying, people with mental health problems, people with disabilities, and others) - (e.g. peer to peer support, support in advancing talents and employability, involvement in local employment initiatives, volunteering, etc.)

⁴ **Social innovation** can be defined as the development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations. It represents new responses to pressing social demands, which affect the process of social interactions. It is aimed at improving human well-being. Social innovations are innovations that are social in both their ends and their means. They are innovations that are not only good for society but also enhance individuals' capacity to act. They rely on the inventiveness of citizens, civil society organizations, local communities, businesses and public servants and services. They are an opportunity both for the public sector and for the markets, so that the products and services better satisfy individual but also collective aspirations. Stimulating innovation, entrepreneurship and the knowledge-based society is at the core of the Europe 2020 Strategy. Source: Guide to social innovation, EC.





- Activities aiming at improvement of existing health and social services and their accessibility
- Awareness raising and empowerment target groups affected by health and social inequalities
- Activities supporting the cooperation between local self-governments, CSOs and other actors to increase capacities for integration and inclusion of migrants
- Activities supporting cross cultural cooperation among different national and ethnic minorities (e.g. social and cultural inclusion initiatives, community cooperation supporting the learning and exchanges regarding traditions and cultural heritage, youth cooperation and exchanges)
- Small scale investments into equipment or renovation of facilities for provision of services to the target groups of users.

Note: Developed solutions should go beyond existing practices and measures or these shall be significantly upgraded. Training activities should be linked with concrete inclusion programmes or services and not to be implemented as stand-alone actions.

Target groups:

- CSOs active in the field of social and cultural inclusion
- Formal and informal educational institutions
- Social and health institutions
- Local self-governments
- Organisations representing national or ethnic minorities
- Disadvantaged groups
- Other relevant actors.

3.2.2 TP2 - Encouraging tourism and cultural and natural heritage

Specific objective 2.1: to mobilise natural and cultural resources for the joint development of sustainable tourism in the programme area

Focus of the specific objective:

- Using smart and sustainable approaches to **mobilising natural and cultural heritage** for development of sustainable tourism in the programme area (active preservation and valorisation)
- Identifying and activating **resources of local population** for creation of complementary offers to the area's key natural, cultural and historical attractions (e.g. crafts, foods, traditions)
- Using innovative approaches to **increase visibility and management** of tourist products and destinations.

Results:

R 2.1.1: Development of sustainable CB tourist products and destinations initiated

The basis is provided in established contacts and cooperation between relevant actors in the field of sustainable tourism. Integrated knowledge (nature and cultural values, intangible heritage, traditions, people resources, etc.) is used for the elaboration of common strategic development concepts. Knowledge and skills of tourism actors for development of sustainable cross-border tourism products on the basis of active heritage preservation and cooperation are raised. Local population inspired and supported in mobilising their own talents and resources through tourism.

R 2.1.2: Quality and visibility of tourist offers improved





A gradual valorisation of natural and cultural assets through tourism products and an increased number of visits to the area are expected. Natural and cultural sites/products will be enhanced using active heritage preservation concepts and the development of new interpretative contents to raise the quality of visitors' experience. Joint communication materials, channels and actions will help increase the visibility of the programme area as an undiscovered destination offering genuine experiences.

Table 6: Indicators – TP2/SO 2.1

Indicator	Unit	Baseline	Target 2022	Source
iR 2.1.1.1 Number of cross-border partnerships between local authorities, SMEs, CSOs and other stakeholders dealing with tourism development	number	0	8	Monitoring system
iOutput 2.1.1.1.1 Knowledge base established (mapping of resources and potentials, common strategic development concepts) due to, for instance, studies, databases or other	number	0	1	Monitoring system
iO 2.1.1.1.2 Number of men and women participating to training and capacity building for sustainable tourist product development	number	0	80	Monitoring system
iO 2.1.1.1.3 Number of men and women participating in visibility and communication events organised in the programme area to promote the new tourism products and services developed	number	0	200	Monitoring system
iResult 2.1.2.1 Number of visitors (men and women) to natural and cultural sites supported by the programme	number	to be defined*	increase by 5%	Monitoring system
iOutput 2.1.2.1.1 Number of small scale investment in tourist infrastructure	number	0	3	Monitoring system
iOutput 2.1.2.1.2 Number of new cross-border tourism products and services established	number	0	3	Monitoring system
iOutput 2.1.2.1.3 Number of visibility and communication events organised in the border area to promote the new tourism products developed	number	0	3	Monitoring system

R-result, O-output

* Baseline data are to be defined by project beneficiaries in their application or alternatively by the estimation of annual visits to selected sites in the programme area.

Types of activities (the list is non-exhaustive)

- Mapping of actors in tourism and tourism related sectors, of main natural and cultural heritage sites, population resources, skills, knowledge, etc.
- Development of common cross-border sustainable tourism concepts based on the mapping of resources and integration of programme area key actors
- Capacity building actions to strengthen competences of local/regional tourist organisations and other actors as part of tourism product development or development of joint cooperation structures (tourism trends and opportunities, standards, services, product innovation, nature conservation and environmental aspects, destination management, involvement of local population in product development, building of local/border area identity, etc.)
- Awareness raising activities for local population, businesses and CSOs to identify, develop and introduce new products and offers. These actions should be integrated in





pilot/demonstration projects setting up tourist services and complementary offers (e.g. traditional food, crafts, souvenirs, tourist guiding services, nature and cultural interpretation products, accommodation)

- Small scale investments in tourism infrastructure (e.g. arrangement of natural sites for opening to increased visits considering conservation requirements, equipment for interpretation programmes, enhancement or setting up visitor centres, sign-posting)
- Support activities necessary for operation of new or improved offers (e.g. cleaning of the sites, collection of wastes at sites located in peripheral areas where such services don't exist)
- Establishment of site management where these are not yet in place (e.g. areas of natural values, cultural or historical heritage)
- Activities linking the various tourist providers into joint cooperation structures (e.g. value chains, product based cooperation, and similar)
- Production of communication materials and development of innovative communication channels, including multimedia, social media, setting up info-centres, etc.)
- Promotion actions to increase the visibility of the tourism products.

Note: Training and capacity building activities should be part of the product/destination development and not a stand alone action.

Target groups:

- Local and regional tourist organisations
- National tourism boards
- Local and regional development organisations/agencies
- Local self-governments
- Chamber of commerce, crafts, business associations
- Nature protection institutions
- Institutions in the field of cultural heritage
- CSOs active in tourism, nature, environment, cultural heritage, culture and other relevant fields
- Educational and research institutions
- Local population, visitors, tourists
- Owners/managers of heritage sites
- Nature/environment protection organisations

Specific objective 2.2: To foster the development of joint risk management systems for natural and cultural sites, as well as human settlements, including disaster or emergency preparedness plans.

Focus of the specific objective:

- Establishment of cooperation between national, regional and local actors in the field of management of natural and man-made disasters to jointly **identify and manage risks** in the border area with focus on locations of natural and cultural value, human settlements and areas of increased tourist/passenger flows
- Improvement of **professional capacities and coordination** for joint interventions in border area





- Awareness raising on **disaster or emergency preparedness** for the local population and visitors to the areas of natural and cultural heritage.

Results:

R 2.2.1: Capacities for cross-border risk management and intervention increased

Established knowledge base and common approaches to risk management at natural and cultural sites in the border area provide a basis for further cooperation. Relevant authorities at national, regional and local level will be able to coordinate and intervene across the border in case of emergency events. Awareness of local providers, population and visitors to areas of natural and cultural heritage regarding the risks and prevention measures will be raised.

Table 7: Indicators – TP2/SO 2.2

Indicator	Unit	Baseline	Target 2022	Source
iR 2.2.1.1 Level of cooperation between actors in the field of risk management and emergency preparedness increased	rank	To be defined	Increase by 20%	Survey by JTS 2017, 2022
iO 2.2.1.1.1 Number of cross-border cooperation agreements signed	number	0	1	Monitoring system
iO 2.2.1.1.2 Number of joint risk management plans developed and operationalised	number	0	1	Monitoring system
iO 2.2.1.1.3 Number of staff (men and women) of local and regional authorities participating in in joint cross-border capacity building activities	persons	0	40	Monitoring system
iO 2.2.1.1.4 Number of local information campaigns for local population in the border area	number	0	5	Monitoring system
iO 2.2.1.1.5 Number of small small scale investments realised	number	0	2	Monitoring system

Types of activities (the list is non-exhaustive)

- Establishing connections between relevant actors across the border
- Mapping of the programme area with regard to priority locations/areas of natural and cultural heritage and related hazard risks
- Joint planning and risk management (collection, management and exchange of data, identification of administrative burdens and operational gaps to cross-border risk management and interventions, establishment of protocols for joint interventions in border areas)
- Activities aiming at increasing preparedness and capacities for joint interventions in the event of natural or man-made disasters (fires, floods, earthquakes, technical or technological hazards) in the areas of cultural or natural heritage or high visitor/tourist flows
- Awareness raising of the population, tourism providers, visitors and tourists on the potential risk, prevention measures and conduct in the event of emergency situations
- Information and communication activities
- Investment in equipment of the intervention units
- Pilot small scale investment in risk prevention measures

Target groups:





- National, regional and local authorities responsible for risk management (flood risks, fire risks, and others)
- Municipalities where natural and cultural heritage is exposed to high risks of floods, fires and other natural or man-made hazards
- Local population, businesses, visitors and tourist
- Owners/managers of cultural heritage
- Relevant local/regional structures dealing with emergency situations
- Institutions in the field of nature protection, environment and cultural heritage preservation
- CSOs active in the field of nature protection, environment and cultural heritage preservation
- Other actors

Table 8: Overview of the programme strategy

Thematic priority (TP)	Specific objective(s)	Results	Indicators	Types of activities (examples)
TP1: Promoting employment, labour mobility and social inclusion	SO 1.1: Skills improvement and creation of employment opportunities in perspective sectors	R 1.1.1 Employability of the working age population raised	iR 1.1.1.1 Number of programme target groups with improved practical skills and knowledge	<ul style="list-style-type: none"> - Mapping of actors and resources - CB labour mobility analysis - pilot CB employment initiatives - Capacity building - Promotion of social entrepreneurship - Development of CB cooperation models, programmes, services addressing skills development and job creation support - Small scale investments
		R 1.1.2 Organisational capacities to activate cross-border employment potentials strengthened	iR 1.1.2.1 Number of partnerships between labour market stakeholders for addressing labour mobility and employment development iR 1.1.2.2: Number of new cooperation models, programmes, services or tools developed or upgraded	
	SO 1.2: Development of an inclusive society	R 1.2.1 Capacities for social and cultural inclusion of disadvantaged groups improved	iR 1.2.1.1 iR 1.2.1.1 Number of networks and partnerships amongst actors setting new services and/or programmes iR 1.2.1.2 Programmes, services or tools developed	<ul style="list-style-type: none"> - Mapping of actors and resources - Promotion of social innovation related to social and cultural inclusion of disadvantages groups - New programme and service development - Health promotion actions - Capacity building, awareness raising - Cross cultural cooperation actions - Small scale investments





Thematic priority (TP)	Specific objective(s)	Results	Indicators	Types of activities (examples)
TP 2: Encouraging tourism and cultural and natural heritage	SO 2.1: Mobilising natural and cultural resources for joint development of sustainable tourism	R 2.1.1 Development of sustainable CB tourist products and destinations initiated	iR 2.1.1.1 Number of cross-border partnerships between local authorities, SMEs, CSOs and other stakeholders dealing with tourism development	<ul style="list-style-type: none"> - Mapping of actors and resources - Strategic concepts of sustainable tourism development - Capacity building and awareness raising - Sustainable tourist product development - Setting up of CB cooperation structures - Communication and visibility activities - Small scale investment in heritage preservation, visitor infrastructure
		R 2.1.2 Quality and visibility of tourist offers improved	iR 2.1.2.1 Number of visitors (men and women) to natural and cultural sites supported by the programme	<ul style="list-style-type: none"> - Communication and visibility activities - Small scale investment in heritage preservation, visitor infrastructure
	SO 2.2: Fostering joint risk management systems of natural and cultural sites, as well as human settlements, including disaster or emergency preparedness	R 2.2.1 Capacities for cross-border risk management and intervention increased	iR 2.2.1.1 Level of cooperation between actors in the field of risk management and preparedness	<ul style="list-style-type: none"> - Mapping of actors and locations - Risk assessment of natural and cultural heritage sites - Joint planning and risk management - Capacity building for interventions - Awareness raising for population, providers and visitors - Small scale investments

The promotion of local cross-border **people to people actions** is considered as a horizontal modality that may be applied, where relevant, in pursuing all the selected thematic objectives.

3.2.3 Technical Assistance

Specific objective 3.1:

The specific objective of the technical assistance is to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area. It also supports awareness-raising activities at country level in order to inform citizens in both IPA II beneficiaries. Moreover, as experience has shown under the programming cycle 2007-2013, this priority will also reinforce the administrative capacity of the authorities and beneficiaries implementing the programme with a view to improve ownership and suitability of the programme and projects' results.

The technical assistance allocation will be used to support the work of the national Operating Structures (OS) and of the Joint Monitoring Committee (JMC) in ensuring the efficient set-up, implementation, monitoring and evaluation of the programmes as well as an optimal use of resources. This will be achieved through the establishment and operation of a Joint Technical Secretariat (JTS) based in Leskovac, on the territory of the Republic of Serbia and an Antenna Office in Kumanovo on





the territory of the former Yugoslav Republic of Macedonia. The JTS will be in charge of the day-to-day management of the programme and will be reporting to the OS and JMC.

Results:

R 3.1.1: The administrative support to the OSs and JMC of the programme is enhanced

This priority will secure a smooth programme implementation during all its phases. It includes the availability of the financial means and the deployment of qualified staff in charge of assisting the OSs and the JMC, as well as establishing and enforcing management, monitoring and control mechanisms and procedures. If required, it will also contribute to the preparation of the successive financial cycle (2021-2026).

Table 9: Indicators – TP3/SO 3.1

Indicator	Unit	Baseline	Target 2022	Source
iR 3.1.1.1 Average share of beneficiaries satisfied with the programme implementation support ⁵	%	0(to be established)*	60 %	Survey by JTS 2018, 2022

*As there is no prior CBC cooperation programme the baselines for the two indicators will be established using as a basis the first call for proposals

R 3.1.2: The technical and administrative capacity for programme management and implementation is increased

This priority will also provide opportunities for improving the competences and skills of the management structures of the programmes, as well as of the potential applicants and grant beneficiaries. Specific capacity building activities will be planned and executed on the basis of identified needs in the course of the implementation of the programme. As part of the lessons learned from the programme cycle 2007-2013, (i) an increased participation of the JMC members in the tasks stipulated under the IPA II legal framework will be expected; (ii) the capacity of potential applicants to develop sustainable cross-border partnerships will be enhanced; and (iii) the capacity of grant beneficiaries to satisfactorily meet the obligations of their contracts will be reinforced.

Table 10: Indicators – TP3/SO 3.1

Indicator	Unit	Baseline*	Target 2022	Source of verification
iR 3.1.2.1 Average increase in the number of proposals received in each consecutive call	%	0 (to be established)	10 %	Monitoring system
iR 3.1.2.2 Average increase in the number of concept notes that would qualify for further assessment.	%	0 (to be established)	5 %	Monitoring system

*As there is no prior CBC cooperation programme the baselines for the two indicators will be established using as a basis the first call for proposals

R 3.1.3: The visibility of the programme and its outcomes is guaranteed.

⁵ Requires a regular and simple survey using a standard questionnaire with closed types of questions





The CBC programmes have been very popular in the eligible areas thanks, amongst other things, to the visibility actions undertaken during the 2007-2013 programme cycle. Looking at the number of applicants in subsequent calls, it has been noted that there is an increasing interest for cooperation initiatives. These achievements should be maintained and even improved during the implementation of the financial perspective 2014-2020. A variety of communication channels and publicity tools should be developed to ensure regular information between programme stakeholders and a wider audience, including participation in events related to the macro-regional strategies where the countries are both participating.

Table 11: Indicators – TP3/SO 3.1

Indicator	Unit	Baseline	Target 2022	Source of verification
iR 3.1.3.1 People participating in promotional events	number	0	1 000	Monitoring system
iR 3.1.3.2 Visits to the programme website	number	0	5 000	Monitoring system

Type of activities:

A non-exhaustive list of potential activities covered by the technical assistance allocation would include:

- Establishment and functioning of the Joint Technical Secretariat and its Antenna.
- Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives
- Participation of staff of the management structures in Western Balkans or EU forums
- Preparation of internal and/or external manuals/handbooks
- Assistance to potential applicants in partnership and project development (partners search forums, etc.)
- Advice to grant beneficiaries on project implementation issues
- Monitoring of project and programme implementation, including the establishment of a monitoring system and related reporting
- Organisation of evaluation activities, analyses, surveys and/or background studies
- Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc.
- Support to the work of the Joint Task Force in charge of preparing the programme cycle 2021-2026

Target groups and final beneficiaries (non-exhaustive list):

- Programme management structures, including the contracting authorities
- Potential applicants
- Grant beneficiaries





- Final project beneficiaries
- General audience

3.3 Horizontal and cross-cutting issues

3.3.1 Sustainable development

The programme area is characterised by great geographical diversity and relatively well preserved nature. At the same time the nature and environment are exposed to many risks which result from human activities as well as climate change.

The programme authorities shall throughout the programme implementation ensure that the selected operations will not have any environmentally harmful effects. Moreover, environmental aspects shall be specifically assessed in the assessment of the full applications. A positive contribution to environmental protection shall be ensured in the design and implementation of cross-border operations.

Under the **TP1**, environmental aspects shall be addressed through exploring opportunities for creation of jobs through organising local value chains and promoting sustainable use of local resources (e.g. employment initiatives in the organic production and processing, sustainable tourism, green economy, circular economy, local social services, and similar).

The **TP2** is primarily focused on mobilising the natural and cultural heritage and local area resources for development of sustainable tourism. Respect for environmental standards in product development will be specifically observed. Various interpretation programmes and services shall bring forward awareness raising of the visitors regarding the importance of nature conservation and heritage protection. Special attention shall be given to appropriate arrangement of high nature value sites in order to manage the increase in the visits and prevent any degradation. The specific objective 2 under this thematic priority shall significantly contribute to strengthening joint risk management systems and emergency preparedness in case of any natural and man-made disasters affecting the border area natural and cultural heritage.

3.3.2 Equal opportunities

Throughout the programme design and its implementation equal opportunities shall be promoted and any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation shall be prevented.

Promotion of equal opportunities is strongly addressed in the cooperation programme. Findings from the situation analysis show that the programme area is diverse in many socio-economic aspects, such as levels of economic development, access to public services, emigration, territorial connectivity and poverty issues. Equal opportunities should be strengthened in particular in relation to the strong rural-urban divide and in relation to specific disadvantaged groups that are at higher risk of social exclusion (e.g. elderly in peripheral areas with poor access to social and health services, young unemployed, Roma, long-term unemployed, ex-convicts, people with physical or mental disabilities and others).

The **TP1** will to a great extent contribute to promotion of equal opportunities, in particular through implementation CBC operations under the specific objective 2. Cross-border partnerships will be established to upgrade or develop new opportunities for inclusion of different disadvantaged groups. Priority shall be given to concepts where the persons threatened by exclusion are actively engaged in project implementation and their potentials and resources are further developed. Special attention





shall be given to initiatives contributing to strengthening socio-cultural relations and cooperation between national and ethnic minorities in the programme area.

The **TP2** shall be tackling sustainable tourism development of the border area, providing opportunities especially for the rural population to improve generation of additional income through tourism and tourism related activities.

3.3.3 Equal treatment for women and men

Equal treatment for women and men shall be respected by all involved actors and programme authorities in the process of design and implementation of the cross-border cooperation programme. Beneficiaries will be encouraged through information activities to explore gender mainstreaming by highlighting and explaining differences between women and men, and consider this in their project proposals where appropriate.

Equal treatment for women and men in the labour market is a matter of principle. It is estimated that a large share of working age women in rural areas belong to inactive population. The share of women and men in the structure of registered unemployed varies between regions and districts, e.g. the share of unemployed women in the North-East Region is higher than that of men, while in the Skopje Region the share of unemployed men is higher than that of women.

Equal treatment has to be enforced in laws covering a range of areas including when applying for a job, equal treatment at work, protection of pregnant workers and breastfeeding mothers, and rights to maternity leave and parental leave.

The TP1 will address equal employment opportunities for women and men. However, in some cases, the programme will try to redress inequality promoting employment initiatives that activate the hard to place unemployed, especially women in rural areas.

The TP2 shall give equal treatment for women and men to develop their specific talents and valorise them through tourism (intangible cultural heritage, crafts, local products, etc.) and risk management and emergency preparedness.

Projects prepared under the Area Based Development (ABD) approach to facilitate sustainable growth in defined geographical areas in cross-border regions in the Western Balkans, in particular rural areas characterised by specific complex development problems, may be considered for funding under this cross-border cooperation programme. Account will be taken of the preparatory work for the ABD approach already carried out in the cross-border region covering Serbia and the former Yugoslav Republic of Macedonia.





Section 4: Financial Plan

Table 1 shows the indicative annual amount of Union contribution to the cross-border cooperation programme for the period 2016-2020. Table 2 provides an indicative distribution of the allocations per thematic priority as well as an indication on the maximum amount of Union co-financing

Table 12: Indicative financial allocation per priority and rate of Union contribution (EUR)

PRIORITIES	IPA II CBC programme Serbia - the former Yugoslav Republic of Macedonia			
	European Union funding	Co-financing	Total funding	Rate of Union contribution
	(a)	(b)	(c) = (a)+(b)	(d) = (a)/(c)
1 Thematic Priority 1 Promoting employment, labour mobility and social and cultural inclusion across the border	€1 225 000.00	€216 177.00	€1 441 177.00	85 %
2 Thematic Priority 2 Encouraging tourism and cultural and natural heritage	€1 925 000.00	€339 706.00	€2 264 706.00	85 %
3 Technical Assistance	€350 000.00	€0.00	€350 000.00	100 %
GRAND TOTAL (EUR)	€3 500 000.00	€555 883.00	€4 055 883.00	86.3 %

Table 13: Indicative annual allocations for the period 2016 – 2020 (EUR)

	IPA II CBC programme Serbia - the former Yugoslav Republic of Macedonia					2016-2020
	European Union funding (EUR)					
	2016	2017	2018	2019	2020	
TP1 and TP2	€560 000	€700 000	€560 000	€700 000	€630 000	€3 150 000.00
Technical assistance	€140 000	€0	€140 000	€0	€70 000	€350 000.00
TOTAL (EUR)	€700 000	€700 000	€700 000	€700 000	€700 000	€3 500 000.00

The Union contribution has been calculated in relation to the eligible expenditure, which is based on the total eligible expenditure including public and private expenditure, as agreed by the participating countries and laid down in the cross-border programme. The Union co-financing rate at the level of thematic priority shall not be less than 20% and not higher than 85% of the eligible expenditure.

The co-financing under the two thematic priorities will be provided by the final grant beneficiaries. Final grant beneficiaries should contribute with a minimum of 15% of the total eligible expenditure.

Funds for the thematic priorities will be committed through Commission Implementing Decisions covering one to three year allocations, as appropriate. Funds for technical assistance will be committed through the same Commission Implementing Decisions or separate Commission Implementing Decision.





Section 5: Implementing Provisions

Calls for proposals:

The responsible authorities in the participating countries are planning to implement the majority of interventions through grant schemes based on public calls for proposals. They will ensure full transparency in the process and access to a wide range of public and non-public entities. The Joint Monitoring Committee (JMC) will be responsible for identifying the thematic priorities, specific objectives, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission.

The dynamics of publication of calls for proposals depends on a number of factors, including logistics, timing of the evaluation and level of interest from the potential applicants. It cannot be therefore defined at this stage how many calls for proposals will be published during the programme period. The responsible authorities are anyway committed to publish calls for proposals avoiding overlapping of TPs between different CBC programmes. The calls for proposals will in principle use the rotating principle for selection of TPs and their specific objectives.

Before the publication of the calls for proposals (and the definition of tender dossiers for strategic projects) the responsible authorities will reassess the needs of the programme area and the achievement of indicators in previous CfPs. On this basis a list of TPs and specific objectives to be published in the CfPs will be proposed. The plan will be coordinated with other programmes/CfPs that could be eventually open/published at the same time, to avoid overlapping. For subsequent CfPs under this financial cycle, those TPs and/or specific objectives which had not been previously published would be selected.

Strategic projects:

During the preparation of the programme no strategic projects have been identified. However during the programme implementation period it might be considered to allocate part of the financial allocation of the programme to one or more strategic projects. The identification of strategic projects will depend on whether the two participating countries demonstrate interest in addressing specific strategic priorities. Strategic projects may relate to all two TPs under this programme, whereas the biggest potential lies within the Priority 2. Projects of a preparatory character, such as the compilation of project documentation, cannot be considered strategic projects. Where necessary, depending on the nature of the investment, an EIA procedure should be carried out.

The strategic framework of the projects can be defined in the relevant macro-regional strategies where both countries are members.

Strategic projects can be selected through calls for strategic projects or outside calls for proposals. In the latter case the participating countries will jointly identify and agree on any strategic project(s) that will be approved by the JMC at the appropriate moment along the programme implementation. After the identification and confirmation of the strategic approach by the responsible authorities and the JMC, relevant institutions (lead institutions for strategic projects) will be invited to submit their proposals in the form of terms of reference, technical specifications or bills of quantities. In that event, after being proposed and approved by the JMC and endorsed by the European Commission, the CBC programme must be amended to incorporate such a strategic project.

In both cases the received proposals will be evaluated on the basis of pre-defined and non-discriminatory selection criteria. Strategic projects shall deliver clear cross-border impact and benefits





to the border area and its people. The following shall also be observed: relevance and contribution of the project for the programme specific objectives and expected results, maturity and feasibility of the project sustainability of results.

Macro-regional strategies:

As Serbia is participating in the EU Strategy for the Danube Region (COM(2010) 715) and the EU Strategy for the Adriatic and Ionian Region (COM(2014) 357), the definition and development of the strategic projects can be made in the framework of the priority areas or the topics identified in both communication and action plans of those strategies. The same also applies for the Calls for Proposal which can be launched in relation to the priority areas or topics of the macro-regional strategies where the programme is a part which may bring benefit to entire territory.





List of Annexes

ANNEX 1: Situation Analysis

ANNEX 2: SWOT Analysis

