



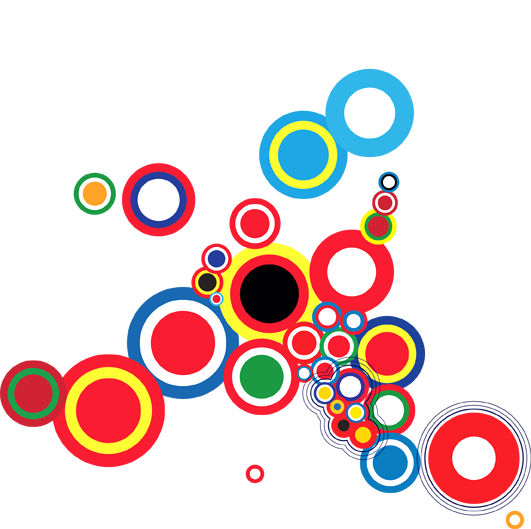
IPA III

Cross Border Cooperation Programme

2021-2027

*Serbia-North Macedonia*

*ADOPTED ON .../…/2021*



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# Programme synopsis

|  |  |
| --- | --- |
| Programme title | IPA III cross-border cooperation programme between Serbia and North Macedonia |
| Programme area | Republic of Serbia:  *Jablanica district*: City of Leskovac and municipalities of Bojnik, Lebane, Medveđa, Vlasotince and Crna Trava  *Pčinja district*: City of Vranje with two city municipalities: Vranje and Vranjska Banja, and municipalities of Vladičin Han, Surdulica, Bosilegrad, Trgovište, Bujanovac and Preševo  Republic of North Macedonia:  *North – East Region*: municipalities of Kratovo, Lipkovo, Kumanovo, Staro Nagoričane, Rankovce and Kriva Palanka  *Skopje Region*: municipalities of Aračinovo, Čučer Sandevo, Ilinden, Petrovec, Sopište, Studeničani, Zelenikovo, and municipalities Butel, Gjorče Petrov, Šuto Orizari, Gazi Baba, Cair, Kisela Voda and Saraj of the City of Skopje |
| Programme overall objective | To contribute to the **socio-economic development** of programme area by **social and cultural inclusion** and by **intensified economic cooperation** through sustainable use of natural and cultural resources |
| Programme thematic clusters, thematic priorities and specific objectives per thematic priority | |  | | --- | | TP 0: Technical Assistance  TC 1: Improved employment opportunities and social rights  TP 1: Employment, labour mobility and social and cultural inclusion across borders  TC 4: Improved business environment and competitiveness  TP 5: Encouraging tourism and cultural and natural heritage  **NB:** The thematic cluster TC 5: *Improved capacity of local and regional authorities to tackle local challenges* will be mainstreamed. Beneficiaries’ proposal for the mainstreaming of this thematic cluster will be presented in Section 3.3 of the final draft of this document. | |
| Total EU financial allocation 2021-2027 | € <…> |
| Management implementation mode | Indirect Management |
| Contracting authority | Government of the Republic of Serbia, Ministry of Finance, Central Financing and Contracting Unit (CFCU) |
| Relevant authorities in the participating beneficiaries | Government of the Republic of Serbia, Ministry of European Integration  Government of the Republic of North Macedonia, NIPAC office and Operating Structrure |
| Offices of the joint technical secretariat (JTS) | Main office: Leskovac, Republic of Serbia  Antenna office: Kumanovo, Republic of North Macedonia |

# List of acronyms

|  |  |
| --- | --- |
| CA | Contracting Authority |
| CBC | Cross-border cooperation |
| CBC-Forum | CBC regional consultative forum |
| CBIB+3 | Cross-border Institution Building Plus Phase III |
| CFCU | Central Finance and Contracting Unit |
| CfP | Call for Proposals |
| CSO | Civil Society Organisation |
| EC | European Commission |
| EU | European Union |
| DEU | Delegation of European Union |
| GDP | Gross Domestic Product |
| GVA | Gross Value Added |
| IPA | Instrument for Pre-accession Assistance |
| JMC | Joint Monitoring Committee |
| JTF | Joint Task Force |
| JTS | Joint Technical Secretariat |
| MEI | Ministry of European Integration, Serbia |
| MK | Republic of North Macedonia |
| MLSG | Ministry of Local Self-Government, North Macedonia |
| 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 |
| TC | Thematic Cluster |
| TP | Thematic Priority |

# Section 1: Programme summary

The cross-border cooperation programme between Serbia (RS) and North Macedonia (MK) will be implemented under the framework of the 2021-2027 Instrument for Pre-accession Assistance (IPA III) with a view to promoting good neighbourly relations, fostering Union integration and promoting socio-economic development through joint local and regional initiatives.

The legal basis for drafting of the cross-border programme[[1]](#footnote-1):

* Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Instrument for Pre-accession Assistance (IPA III), COM(2018) 465 final, June 2018.

## 1.1 Summary of the programme

The cross-border cooperation programme between the two countries was designed on the basis of findings from the Situation and SWOT analyses presented in Annex I.

The programme area is located in the central and southern part of the Balkan Peninsula, comprising the south-eastern part of Serbia with Jablanica and Pčinja districts and the north-eastern part of North Macedonia with the North-East Region and part of the Skopje Region. The area covers **10 368 km2** with approximately **1 040 000**  **people,** out of which XY% are women, residing in **34 municipalities**. About 65 % of the population lives in ten larger urban centres: Leskovac, Vranje, Kumanovo and the seven municipalities of the City of Skopje.

This programme area differs from the eligible area of IPA II CBC programme Serbia-North Macedonia. It has been expanded with 4 municipalities of the City of Skopje. Territorial (geographic) proximity and connectivity of these four municipalities to the cross border area are clear since they belong to the City of Skopje as the administrative center. With their inclusion the geographic coverage ratio between the two partner countries has been slightly improved (from 61.7 % : 38.3% to 59.77 % : 40.23 %), seeming that 59.77 % of eligible territory belongs to the Republic of Serbia and 40.23 % to Republic of North Macedonia.

Economic connectivity is particularly important aspect since, apart from Leskovac, Vranje and partially Skopje region, all other programme municipalities on both sides belong to the least developed in both countries. That is additional reason for the inclusion of the least developed municipalities within Skopje City area that has huge disparities.

Cross­ border labour migration is an everyday process between the two countries. Exclusion of these four municipalities may harm the future processes and negatively affect both ongoing and planned models of cooperation in movement of people, capital, goods and services.

An increase of natural risks such as droughts, floods, forest fires, landslides, or extreme weather events still represents an important factor in the Programme area. The new risk that appeared worldwide- health pandemic risk- affects densely populated urban areas more that rural ones. It represents the new risk factor that remain to dictate all human activities in the immediate future. Inclusion of the proposed urban, densely populated area within the Programme enables much better coordination and cooperation in common approaches to tackle the obvious health threat in future.

Probably one of the most important issues in this part of Europe is social cohesion. The cultural and ethnic diversity in the programme area has been considerably increased with inclusion of these four municipalities. The inclusion of the 4 new municipalities covers the majority of Roma population in the cross border region. In the Republic of Serbia the largest number of Roma lives in Leskovac, Vranje and Bujanovac, while in the Republic of North Macedonia, with the inclusion of these four municipalities, 60% of North Macedonian Roma population lives in programme area. This will contribute to the ethnic diversity, cooperation and better cohesion of Serbian, Macedonian, Albanian, Roma and other communities that share the same geographic space and a wealth of different cultural traditions.

Pan-European Corridors X and VIII cross the area. High mountains stretch in the eastern part and give a way to the Leskovac, Vranje and Skopje basins. Nature with **rich bio and geodiversity** as well as **cultural diversity** represent potential for development.

Demographic trends differ between regions. Both districts on the Serbian side recorded population decline and a decline is also characteristic for the predominantly rural North-East Region, while the population of the Skopje Region is growing mainly due to net migrations from other parts of the country to the capital city.

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 underdeveloped municipalities, as well as parts of the most developed Skopje Region on the North Macedonian side. The territory reflects **urban/rural divide** in terms of population density, employment, accessibility of services. High unemployment coupled with low level of economic activity also poses additional challenges of social exclusion for several disadvantaged groups, risk of poverty and deprivation.

**Key needs and challenges** identified in the programme area:

* **Developing good neighborly relations and lasting cross-border partnerships in a region** – As the first cross-border cooperation programme between the two countries started implementation in 2017 but with the first operations kicking off at the beginning of 2021, the establishment of networks and partnerships in all sectors is still essential.
* **Combating poverty and promoting social inclusion -** Poverty and threat of social exclusion of the disadvantaged communities in the programme area is high. There is a need to strengthen cross-border initiatives addressing new approaches and cooperation between the public and private sectors, as well as public and civil sectors, aiming at creating new solutions, services and programmes improving the situation of disadvantaged groups (elderly, women, Roma, young in peripheral areas, people with disabilities, etc.). 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.
* **Activation of resources for socio-economic development -** Great part of the programme area in both participating countries belongs to the category of underdeveloped areas. Low economic activity, 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. Tourism has been seen as one of the opportunities for the less developed settlements to catch-up with the more developed ones in terms of job creation and self-employment, and in catalysing local investments, as well as in directly supporting the most vulnerable categories through engagement in the sector.
* **Protection of nature and environment and strengthening of risk preparedness -** Rich biodiversity, landscape and geodiversity are often put at risk because of human activities and climate changes. 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, floods and fires and there are health risks caused by unhealthy living conditions, air and water (asthma, poisoning, allergies), as well as health risks emerging from inadequate treatment of waste-water. Cross-border cooperation in risk management and preparedness is very low.
* **Capacity building of the programme’s authorities and of the stakeholders’ community**, preparing the (potential) candidate countries for accession and management of EU funds - Supporting European integration of IPA beneficiaries by promoting good neighborhood relations and building capacities of local, regional and national institutions to implement EU programmes is also particularly important.

*Overall objective*

The programme **overall objective** is to contribute to the **socio-economic development** of programme area by **social and cultural inclusion** and by **intensified** **economic cooperation** through sustainable use of natural and cultural resources.

The programme builds on identified potentials and strengths and works towards reducing the weaknesses. Creation of equal opportunities to establish sound foundations and partnerships for cross-border cooperation shall be integrated as a general approach in the implementation.

Considering the identified needs and challenges and the amount of the available funds, the programme shall address two thematic priorities:

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

The priority seeks to promote an inclusive society by developing new or upgrading existing services and programmes that would fall under social welfare and health sectors. The priority shall particularly respond to the social and health needs of disadvantaged groups in the program area, such as elderly, women, persons with disabilities, young in peripheral areas, Roma community and other vulnerable citizens.

**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 can be made in a long term and where a variety of different stakeholders can actively participate. The priority shall respond both to establishing basic conditions as well as to support concrete cross-border tourism products.

## 1.2 Preparation of the programme and involvement of the partners

A Joint Task Force (hereinafter JTF) is a collective body which consists of representatives of the two participating countries within the 2021-2027 Cross-border Cooperation Programme Serbia – North Macedonia[[2]](#footnote-2). The role of the JTF in strategic planning and programming for the future implementation of the 2021-2027 Cross-border Cooperation Programme Serbia – North Macedonia was to ensure the quality of the various drafts of the CBC programme and that  the CBC programme focusses on needs identified in the concerned programme region in terms of thematic clusters, priorities, specific objectives and expected results, by carrying out the following: to identify the needs from the eligible area of the programme, to correlate the local needs with the ones identified at regional and state level; to elaborate the programme strategy, with particular emphasis on all elements of the intervention logic, to decide on the future allocation of funds per thematic priority; to describe in the programme strategy any strategic project and to identify and describe the complementarity with other programmes and the macro-regional strategies.

JTF was established during the 1st JTF meeting that took place on 22 October 2020.

Due to the Covid-19 pandemic all the meetings of the JTF were held online.

Throughout the time of programming process, the Republic of Serbia and the North Macedonia’s operating structures jointly ensured the implementation of all tasks related to the preparation of CBC programmes or amendments, including the following tasks: to agree on the extension of the eligible area of the programme, to organise and monitor the programming process, to ensure the availability of all relevant background documents to the expert team, to finalise, circulate and collect the questionnaires to the CBC stakeholders of the programme area for the SWOT analysis,to collect and make available the list of data needed for the PESTLE analysis (data from the national statistical office, relevant governmental institutions, regional and local government offices, etc.),to prepare the final SWOT,to select thematic clusters, thematic priorities and specific objectives, to select and adopt the final indicators, to prepare the final financial table, to prepare an advanced version of the programming document for the respective programme area, to submit an updated advanced version to DG NEAR when required, to provide technical inputs to the JTF, to ensure visibility and communication of the process (press releases, involve media, etc.) and to host online consultation via their website and the website of the programme.

**Operating structures** received a letter from the European Commission (EC) on 22 April 2020 regarding IPA III and starting of programming process. **The first bilateral meeting** between Serbia and North Macedonia was held on 15 May 2020. The process of appointing JTF members started on 13 July 2020. The second bilateral meeting between Serbia and North Macedonia was held on 29 July 2020 and the third on 13 October 2020. The 4th JTF meeting was organized on 24 November 2020 when the 1st draft programme strategy was discussed and adopted.

**The programming exercise** was supported by the CBIB+3 project (Cross-Border Institution Building). The following steps were taken: i) preparation of the programming advise 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 (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. Also, training for JTF members was held on 2 October 2020 for those coming from North Macedonia and on 12 October 2020 for those from Serbia.

During programme preparation, operating structures focused on ensuring a transparent consultation process, in order to consult all relevant stakeholders (e.g. local self-governments, civil society organisations, educational institutions…). In that sense, a questionnaire was made for potential beneficiaries, in order to thoroughly assess the situation in the border region.

In August 2020 the Operating Structures sent out questionnaires to potential beneficiaries to collect their views on the needs and priorities for cooperation.

21 municipalities out of 34, covering 81 % of the programme area population on the Serbian side (according to census in 2011) and 63 % of the programme area population on the North Macedonian side (according to the census in 2002) responded. In addition, two centres for region development and 14 legal entities other than local authorities in North Macedonia and 22 legal entities other than local authorities in Serbia completed the questionnaires.

Participatory approach was provided through the analysis of questionnaires (more information on received questionnaires and their analysis can be found in the Annex 1 of the Situation analysis) Completed questionnaires served as an important basis for the preparation of SWOT analysis and all obtained questionnaires were carefully analysed.

The draft situation analysis and SWOT were discussed at the 2nd JTF meeting.

The thematic priorities and relating specific objectives were chosen through written procedure by the JTF members between the 3rd and 4th JTF meetings and guidance for the strategy elaboration was given to the expert.

The 1st draft programme was sent for comments to Commission services on 30 November 2020.

First draft of the Progamme document was sent by e-mail on 11thDecember to all stakeholders from the territory that are in our database. Document was also published on the Programme website[[3]](#footnote-3).

There were 20 visits to this article (14 to English and 6 to Macedonian language page), by the statistics.

Document is also published on the websites of the o both OSs: Republic of Serbia[[4]](#footnote-4) and Republic of North Macedonia[[5]](#footnote-5). The web page of Serbian OS was viewed 38 times.

No comment has been received.

**Table 1.1: Summary of the programme milestones**

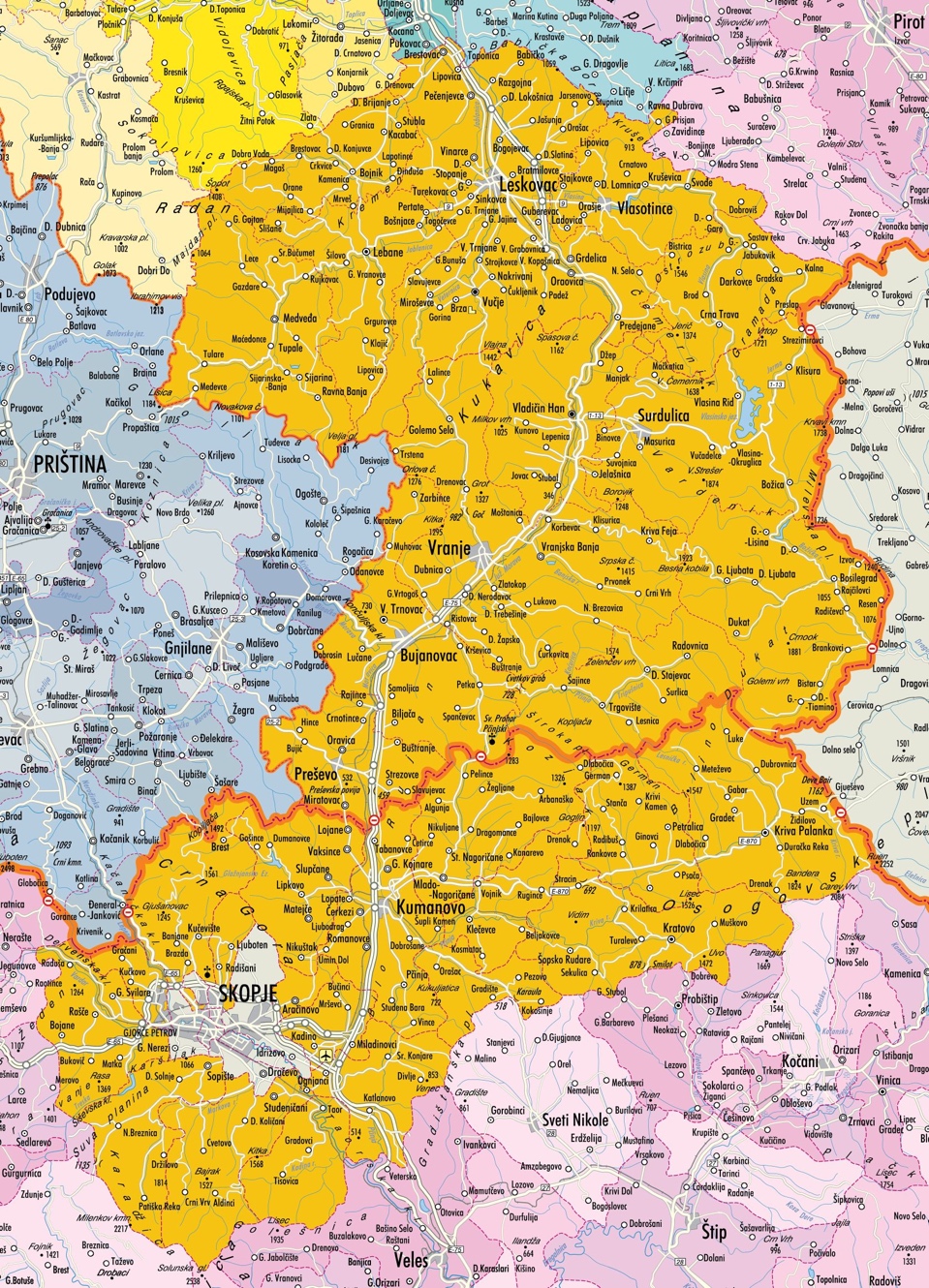
|  |  |
| --- | --- |
| Date and place | Event/purpose |
| 22 April 2020 | A letter from the European Commission (EC) regarding IPA III and starting of programming process received by the NIPAC Office |
| 4 May 2020 | Kick-off meeting between RS OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan) |
| 15 May 2020 | The first bilateral meeting between Serbia and North Macedonia on IPA III CBC programming. Discussion on the required steps and the working plan |
| 18 May 2020 | Kick off meeting between MK OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan) |
| 13 July 2020 | The process of appointing JTF members started |
| 29 July 2020 | The second bilateral meeting between Serbia and North Macedonia |
| 4-6 August 2020 | JTS RS-MK dispatched the questionnaires to the relevant CBC stakeholders |
| 1 September 2020 | Mobilisation of the programming expert for this programme |
| 16 September 2020 | 2nd deadline for the collection of the completed questionnaires |
| 28 September 2020 | The aggregated answers from the collected questionnaires were delivered to the programming expert for further elaboration and analysis |
| 12 October 2020 | Training for JTF members, OSs and JTS staff, programming expert on programme formulation and development |
| 13 October 2020 | The third bilateral meeting between Serbia and North Macedonia |
| 22 October 2020 | 1st JTF meeting: Establishment of the JTF, adoption of its rules of procedure and the programming work plan; presentation of IPA II programme structure/bodies; analysis of the questionnaires; strategic direction of the future programme |
| 3 November 2020 | 1st preparatory meeting for the Serbian JTF members. Discussion on the SWOT and situation analysis |
| 4 November 2020 | 1st preparatory meeting for the North Macedonian JTF members. Discussion on the SWOT and situation analysis |
| 5 November 2020 | 2nd JTF meeting: Discussion and provisionally adoption of the first draft of the Situation and SWOT analysis; preliminary discussion and selection of two scenarios (with two thematic priorities in each one of them) that should be additionally considered and selected |
| 12 November | 2nd preparatory meeting with the Serbian members of the JTF on suggested TPs and SOs |
| 12 November 2020 | 3rd JTF meeting: Approval of the comments included in the provisionally adopted SWOT and SA by JTF; Discussion of the Scenarios, TPs and SOs |
| 17 November 2020 | Completion of a written procedure for the selection of thematic priorities and specific objectives |
| 24 November 2020 | 3rd preparatory meeting with the Serbian members of the JTF on the draft strategy |
| 24 November 2020 | 4th JTF meeting: Discussion and adoption of the first draft of the programme strategy. |
| 30 November 2020 | Submission of the 1st draft of the programme document to DG NEAR |
| December 2020 | Public consultation |
| 25 March 2021 | European Commission’s Review of the draft Cross- Border Cooperation programme Serbia – North Macedonia funded under the Instrument for Pre-accession Assistance (IPA III) received |
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# Section 2: Programme area

## 2.1 Situation Analysis

Geographical coverage and size of the eligible programme area flows from the previous 2016-2020 IPA CBC assistance for the Republic of Serbia and the Republic of North Macedonia.

**Map 2.1: Programme area**



The programme area of the 2021-2027 IPA III cross-border cooperation programme Serbia – North Macedonia comprises the districts of Jablanica and Pčinja in the Republic of Serbia and the North-East Region and part of the Skopje Region in the Republic of North Macedonia, with a total of **34 towns and municipalities and 1 021 settlements.** It covers **10 368 km2**, of which 60.7 % on the Serbian and 39.3 % on the North Macedonian side, representing 7 % of territory of the Republic of Serbia and 15.9 % of territory of the Republic of North Macedonia.

Pan-European Corridor X goes through the area, connecting Salzburg-Ljubljana-Zagreb-Belgrade-Niš-Leskovac-Vranje-Skopje-Thessaloniki, as well as Corridor VIII which connects Skopje-Kumanovo-Sofia.

A variety of landscapes (mountains, valleys, gorges), water resources, including thermal springs, forests and mineral resources are the area’s main natural resources. Nature with rich bio and geo diversity as well as cultural diversity represent a potential for development.

**Demography**

The population of the programme area according to the censuses (2011-RS & 2002-MK) is **1 037 797,** and is relatively balanced between the participating countries (45.16 % RS and 54.84 % MK). From the country perspective, about 6.25 % of the population of Serbia and 28.14 % of the population of North Macedonia is living in the programme area. About 65 % of the population in the programme area reside in four larger urban centres including 11 municipalities: Leskovac, Vranje (with two city municipalities), Kumanovo and seven municipalities of the City of Skopje (Butel, Gjorče Petrov, Kisela Voda, Suto Orizari, Gazi Baba, Cair and Saraj). Some other parts on the contrary are very scarcely populated and remote.

Demographic trends differ between regions. According to the available data for 2018, on the Serbian side both districts recorded population decline in all municipalities (except in the municipality of Preševo), a decline is also characteristic for the predominantly rural North-East Region, while the population of the Skopje Region is growing mainly due to net migrations from other parts of the country to the capital city. Differences exist within the North-East Region - a population decline is noticed in Kratovo, Rankovce and Staro Nagoričane, while the population in Lipkovo and Kumanovo are growing fast.

**Level of development**

The border region is characterized by a **diverse economic structure and levels of development** as well as by sectorial disparities at different levels: districts/regions within the programme area and compared with national statistics, and urban centres as opposed to rural areas.

The districts of Jablanica and Pčinja belong to the Region of South and East Serbia, **the least developed region** in the country, with a GDP per capita about € 4 000, which represents a 64.8 % of the average national GDP per capita. All municipalities in the districts of Jablanica and Pčinja, excluding the City of Vranje (with two municipalities) and the City of Leskovac, belong to the **underdeveloped municipalities** whose level of development is below the 60 % of the average development of Serbia. Nine municipalities are even considered as backward because their level of development is below 50 % of the national average.

The North-East Region is the **least developed region** in the Republic of North Macedonia with a share of only 5 % in the total GDP of North Macedonia in 2016. On the other hand, the Skopje Region, including the country capital city, is the **most developed region** in the Republic of North Macedonia. It participated with 43.1 % in the total GDP of North Macedonia and had a level index of GDP per capita of 143.4 %.

**Economy**

According to the GVA, the **structure of activities** in the programme area shows certain differences between the districts in Serbia and the regions in North Macedonia.

The most important sectors of activity in the North-East Region are industry (food, chemical and metal industry, tobacco and cigarettes) and construction. The natural conditions and resources of the North-East Region provide good opportunities for the development and promotion of the meat and dairy processing industry.

The most important sectors in the Skopje Region are automotive and metal processing industry, information and communication technology, pharmaceutical, food processing and beverages, printing, construction, trade, logistics and business services. The Skopje Region is the region which provides the highest contribution in ‘information and communications’ and ‘financial and insurance activities’ as well as in the industry sector. This activity is concentrated in food industry, textile, printing and metal.

The most important sectors for Jablanica and Pčinja districts are ‘mining, manufacturing, electricity’, ‘public administration, education, social services’ and ‘wholesale and retail trade, transportation, accommodation and food’.

There were more than 32 100 businesses in the programme area in 2018. Most of them are micro[[6]](#footnote-6) enterprises and sole traders, with practical small accumulative power and formed in order to provide economic means for the founders and employees. The number of active businesses per 1 000 inhabitants in the programme area is lower than the national average of each of the participating countries. The smallest rate is found in the North-East Region – 24 active businesses per 1 000 inhabitants.

**Agriculture** is a traditional economic activity of the area. Small size of agricultural holdings, ageing of farm holders, low level of education and lack of youth’s interest to stay on farms is inhibiting factors for the development of this sector. Conditions for agriculture 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** (peppers, melons, tomato, cucumber, cabbage, onions, potatoes …) takes place.

**Tourism** was recognised by majority of municipalities in the programme area as one of the key potentials and driving forces for development, what is also reflected in local and regional strategic documents. At present this economic activity is lagging behind other areas in the domestic economy. Also, it is not yet of great significance in the overall economic structure of the programme territory. The geographical diversity, nature and biodiversity, cultural and historical heritage, traditions, crafts and other distinctive elements provide potential for the development of various types of tourism, such as spa & wellness, outdoor (waters, mountains), rural tourism, city and culture, etc.

Positive trends in arrivals and in the number of overnights have been recorded in recent years, but the length of stay has slowly increased. Utilization rate of accommodation capacity in the programme area is below the satisfactory minimum of 30 %.

The spas are predominantly visited by domestic guests for health treatment reasons, especially in Serbia. 33 % of all tourist arrivals and 45 % of all arrivals of foreign tourists to the Republic of North Macedonia in 2018 were generated in the Skopje Region; at the doorstep to the programme area, the North-East region potentials not seized.

**Labour market**

Employment trends in both countries are positive, comparing official statistical data for 2015 and 2018. In this period, the employment rate in the Republic of Serbia raised from 42.5 % to 46.6 %, while in the Republic of North Macedonia the increase recorded was from 42.1 % to 45.1 %.

Despite the positive employment trends, **lower level of economic activity** and **high unemployment rates** are still characteristic for the programme area.

In 2018 the employment rate of the programme area in Serbia was 35.7 %, while in North Macedonia the lowest employment rate was recorded in the North-East Region, that is 33.7 % in the same year.

Unemployment remains one of the biggest problems in both countries, what leads to a decreased standard of living and eventually to depopulation of border regions. In 2018 the unemployment rate in the Republic of Serbia was 20.6 %, and almost the same as the unemployment rate of the Republic of North Macedonia which was 20.7 %. Looking at the programme area, the unemployment is even more critical. In 2018, the unemployment rate in the North-East Region was 35.9 % and 19.3 % in the Skopje Region. The unemployment rate in rural parts of that region was 43.7 % (for men 44.5 % and 41.3 % for women). The unemployment rate in the programme area in Serbia is 34 % and it is much higher than the country average rate (20.6 %).

Around 32.3 % of the registered unemployed in the Serbian part of the programme area were aged between 15 and 34 years, while that percentage in North Macedonia is even higher than 50 % (53.6 % in 2017).

**Nature and biodiversity**

Relatively **well-preserved nature** is one of the programme area advantages. Landscape diversity including geodiversity (gorges, canyons, river valleys, marches, pastures, etc.) are the bases for the rich biodiversity of the area, including numerous endemic species. The main threats to natural biodiversity and landscape diversity loss in the programme area are human activities (agriculture, mining, uncontrolled use of natural resources), but also climate change. Biodiversity as a concept is poorly understood among the general public. The involvement of the local population in protected areas as well as in planning and management is becoming more important, in particular regarding sustainable tourism development and maintaining a good conservation status of the area.

**Environment and climate change**

Protecting the **quality of waters and soil** are main challenges. Main points of surface and groundwater pollution comprise urban wastewaters, agriculture, inappropriate waste management and mining. The vast majority of the volume of wastewater is discharged into water bodies untreated. Monitoring of the water quality is underdeveloped. Soil is degraded due to operation of heating 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 programme area represents one of the most endangered territories regarding **erosion and torrential processes.** Settlements are endangered with torrents and their consequences: sedimentation of material in urban areas, destroyed streets, bridges, houses and other infrastructure facilities. Another reason for erosion is uncontrolled exploitation of forests and exploitation of river sediments - sand and gravel. North Macedonia, together with Serbia, Montenegro and Albania form the “red zone of water erosion in Europe”.

Potential **elementary hazards** include flooding, landslides and fires. Settlements exposed to floods include Saraj and Petrovec (the floods occurred in Skopje on 6 August 2016, resulting in several casualties, is a typical example), other places usually close to the rivers (e.g. Pčinja, Vardar, Kriva Reka). Special attention needs to be given to forest protection from plant pests and fires.

**Public utility services**

The **water supply** networks and **sewerage systems** are most developed in urban parts. Older systems are worn out and inefficient. There is only one wastewater treatment plant in the programme area, operating in Kumanovo, while in Leskovac the construction of such a plant started in 2019 and in Vranje in February 2020. In other municipalities wastewater is discharged into natural water bodies untreated.

**Waste management** is most problematic in the 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 impose a threat to soil and underground water pollution, but also to wildfires, due to the accumulation of methane gas. Overall, the awareness of people on different aspects of environment and health protection in the programme area is quite low, so it is not surprising that the annual amount of municipal waste per person has increased by 10 % from 2014 till 2018.

**Social cohesion**

According to the UNDP Human Development Report 2019, the Republic of Serbia and the Republic of North Macedonia belong to the group of countries with high human development indexes (HDI).

Serbia’s HDI value for 2018 was 0.799 (the 63rd in the ranking of 189 UN countries and territories), while North Macedonia’s HDI value was 0.759 (the 82nd). Between 1990 and 2018, both countries made progress in each of the HDI indicators.

Life expectancy at birth is 75.8 years in Serbia and 75.7 in North Macedonia. In Serbia, the expected period of schooling is 14.5 years, but the average is 11.2 years, while these numbers are lower in North Macedonia with 13.5 years of expected schooling and 9.7 years of average schooling. The GNI per capita was $ 15 218 in Serbia and $ 12 874 in North Macedonia.

According to 2019 EUROSTAT data, in the EU-28, more than two fifths (43.8 %) of the population were at risk of poverty before social transfers in 2017, with this share dropping to one sixth (16.9 %) of the population once the impact of social transfers was taken into account. At the same time the proportion of the population that was **at risk of poverty** (after social transfers) in Serbia was at 25.7 % (25.4 % of male and 26 % of female) and somewhat lower rate was recorded in North Macedonia (22.2 % - 22.4 % of male and 22 % of female).

People living in households with very low work intensity (% of population until 59 years old) in 2017 represented 16 % on the part of North Macedonia and 20.6 % in Serbia (2016 data). The proportion of persons aged 0-17 years living in households with very low work intensity was 19.4 % in North Macedonia (in 2017) and 18.8 % in Serbia (data for 2016).

**Severe material deprivation** rate was slightly higher than 30 in North Macedonia (in 2017) and slightly higher than 17 in Serbia (in 2016).

One of the most vulnerable and often invisible groups in the programme area are the **elderly living in rural parts** without any income or pensions. In Serbia, due to the conditions governing the entitlement to welfare assistance which exclude those who have some real state, many of these elderly people are not recipients of social welfare assistance and have no health insurance.

The percentage of the inhabitants benefiting from social welfare assistance is higher than the country average.

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 public consultation, many students of secondary and tertiary education attend education across the border.

Access to social and health services is well accessible in urban and municipal centres, while the overall quality of services is decreasing due to shortage of funding.

According to the census in 2002 in the overall programme area, most of the population comprised Serbs (37.92 %), followed by Macedonians (30.28 %) and Albanians (22.91 %). Minorities on both sides enjoy equality granted by the constitution. **Cultural and ethnic diversity** in the programme area is vibrant comprising also Roma (around 50 000), Bulgarians, Turks, Vlahs and others.

The programme area is part of the Western Balkan route for illegal cross-border crossing by non-regional migrants. It became a passageway into the EU in 2012 when Schengen visa restrictions were relaxed for five countries of the Western Balkans, including Serbia and North Macedonia.

**Civil society organisations** in the area are not well developed, especially outside urban centres. Their operational capacities are weak, faced with 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, VIII) and has several international airports in its vicinity. Internal connectivity is poor; local and regional roads are in bad condition.

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

The following table provides an overview of the strengths, weaknesses, opportunities and threats based on the responses to the questionnaires filled out by local self-governments and other legal entities in Serbia and North Macedonia.

**Table 2.1: SWOT analysis based on the responses to the questionnaires filled out by local self-governments and other legal entities**

|  |  |
| --- | --- |
| **Strengths** | |
| **Serbia:** | **North Macedonia** |
| **General aspects** | |
| Tourism, cultural and natural heritage  Quality of the environment, including green economy initiatives, disaster resilience and disaster prevention, preparedness and response  Educational, sports and youth services  Governance, planning and administrative capacity | Tourism, cultural and natural heritage  Quality of the environment, including green economy initiatives, disaster resilience and disaster prevention, preparedness and response |
| **Infrastructure** | |
| Availability of business sites / premises (industrial zones, incubators) | Availability of business sites / premises (industrial zones, incubators)  Telecommunications / internet access |
| **Weaknesses** | |
| **Serbia:** | **North Macedonia** |
| **General aspects** | |
| Development of digital economy and society  Research and technological development  Entrepreneurial support, including access to financing | Health care services  Social care services  Research and technological development |
| **Infrastructure** | |
| Gas supply  Waste management (dumps/landfills, separation, recycling)  Roads  Wastewater treatment | Waste management (dumps/landfills, separation, recycling)  Wastewater treatment  Sewerage  Roads  Gas supply |
| **Opportunities** | |
| **Serbia:** | **North Macedonia** |
| Development of tourism offer connected with the promotion of culture/natural heritage  Development of agricultural production and food processing  Efficient and sustainable use of natural resources  Disaster management systems and emergency preparedness  Enhanced wastewater treatments  National policy for development of SMEs | Development of tourism offer connected with the promotion of culture/natural heritage  Development of agricultural production and food processing  Disaster management systems and emergency preparedness  Enhanced wastewater treatments  Specific new tourism trends  Improved solid waste collection and disposal systems, including recycling and green agenda principles |
| **Threats** | |
| **Serbia:** | **North Macedonia** |
| Migration  Unresolved property issues  Insufficient financial resources from the public budget for addressing the infrastructure shortages (transport, water, energy and other environmental issues)  High costs of infrastructure maintenance  Lack of qualified human resources  Grey economy  Degradation of the environment | Insufficient financial resources from the public budget for addressing the infrastructure shortages (transport, water, energy and other environmental issues)  Degradation of the environment  Lack of qualified human resources  Migration  Unresolved property issues  Grey economy  Permanent danger of various natural disasters  Slow decentralisation |

## 

## 2.2 Main findings

The situation analysis and SWOT analysis have identified several potential intervention areas that are regarded as instrumental for the development of the border region. (See details in Annex I).

**Key needs and challenges** identified in the programme area:

* **Developing good neighborly relations and lasting cross-border partnerships in a region**

As the cross-border cooperation programme between the two countries started in 2016 without a single project implemented so far, the establishment of networks and partnerships in all sectors is necessary. Although some cooperation agreements at local levels exist, these have not been explored so far due to various reasons, ranking 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 (Bulgaria-Serbia, Bulgaria-North Macedonia).

Support for people to people actions was seen appropriate instrument for establishing a sound platform for successful cross-border cooperation in the long term.

* **Combating poverty and promoting social inclusion**

A few disadvantaged groups were identified in the programme area. Poverty and threat of social exclusion of the disadvantaged people 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 to strengthen cross-border initiatives addressing new approaches and cooperation between the public and private sectors, as well as public and civil 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, arts and cultural sphere can contribute to diminishing language barriers, promoting diversity, cooperation of the young and strengthening of institutional cooperation.

* **Activation of resources for socio-economic development**

Great part of the programme area in both participating countries belongs to the least developed. Low economic activity, unemployment rates above average combined with relatively high share of inactive population especially in rural areas severely affect the living standard and quality of life in general. Young generations lack practical experience to advance their employability. Better cooperation of education and businesses is necessary to seize opportunities for creation of jobs in perspective sectors, including social economy. Lack of attractive job opportunities is among the main reasons for the emigration of the workforce.

Tourism has been seen as an opportunity for the less developed settlements to catch-up with the more developed ones in terms of job creation and self-employment, and in catalysing local investments.

* **Protection of nature and environment and strengthening of risk preparedness**

The area is rich in biodiversity, landscape and geo diversity. Common approaches to nature conservation and to improved awareness of the population regarding the nature conservation and influence of human activities biodiversity is necessary. Conservation is needed due to vulnerability of the environment. However, carefully planned activation of these resources for sustainable tourism and arrangement of site and visitor management can contribute to the development of the area and local economy.

Nature values and environment are 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 areas main challenges due to underdeveloped wastewater treatment and waste management. Monitoring of the waters and soil is insufficient.

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

* **Capacity building of the programmes authorities and of the stakeholders’ community**, preparing the (potential) candidate countries for accession and management of EU funds

Supporting European integration of IPA beneficiaries (Serbia and North Macedonia) by promoting good neighborhood relations and building capacities of local, regional and national institutions to implement EU programmes is also particularly important.

**Key potentials** of the programme areaare its people and organisations and natural and cultural heritage.

* **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 comprise main actors who can establish links and create basis for cross-border cooperation. Sharing a common history in former Yugoslavia, some institutional arrangements are similar and can provide a starting point for exchanges in the areas of common interest.

* **Natural and cultural heritage**

Natural and cultural heritage could be mobilised for development of sustainable tourism in the cross-border area provided that smart and integrative approach is used in order to keep a balance and synergy between the preservation and valorisation.

# Section 3: Programme strategy

## 3.1 Rationale - Justification for the selected intervention strategy

IPA III cross-border programme Serbia – North Macedonia 2021-2027 was prepared in cooperation with many stakeholders from the programme area. The process of selection of thematic priorities was conducted in participative manner, ensuring consensus.

During the preparation of the situation analysis, more than 100 representatives of the local  authorities, chambers of crafts and economy, civil society organisations, educational institutions and development organizations were directly invited to take part in a survey in order to collect opinions on the strengths, weaknesses, opportunities and threats with regards to cooperation as well as the identification of development potentials and priorities to be addressed within the new IPA cross-border programme Serbia – North Macedonia 2021-2027. Questionnaires were developed by CBIB+ in cooperation with operating structures from both countries.

After thorough analysis of the received questionnaires and opinions collected in a field survey, outcomes of the questionnaires filled out by local self-governments and other legal entities were prepared, presented and discussed with operating structures of both countries as well as JTF members. Pursuant to the proposal for IPA III Regulation and obligation to focus on limited and most relevant thematic clusters and thematic priorities for assistance for cross-border cooperation, the operating structures and JTF members agreed upon a list of the 3 thematic clusters (namely: Improved employment opportunities and social rights, Greener and improved resource efficiency and Improved business environment and competitiveness). Data driven socio-economic Situation analysis and SWOT structured around these 3 clusters were prepared. Following presentation, discussion, consultation and adoption of the first draft of the Situation and SWOT analysis by the JTF members, two ”scenarios” relevant to the selected thematic clusters were introduced. Scenarios were sent by operating structures to all JTF members in order to make strategic choices on thematic priorities and later specific objectives. This wide consultation process included the choice of scenario and selection of a minimum two and maximum three specific objectives per chosen scenario. The thematic priorities and relating specific objectives were chosen through written procedure by the JTF members between the 3rd and 4th JTF meetings.

The following approaches were considered in the selection of thematic clusters and relevant thematic priorities and subsequent design of the intervention strategy:

* Promoting the integration of the programme area
* Building on strengths and potentials to seize the most relevant opportunities
* Mitigating the most relevant weaknesses and minimising threats
* Creating synergies and value added in addressing common needs and challenges by cross-border cooperation
* Respecting specifics within the programme area
* Promoting sustainable, innovative and inclusive development of the regions aiming at better quality of life for the people
* Building on the past experience and aiming at improving the effectiveness of partnerships, feasibility of implementation and the quality and sustainability of results
* Complementing national, EU and other donors’ programmes
* Focusing on a limited number of thematic priorities.

*Overall objective of the programme*

The programme **overall objective** is to contribute to the **socio-economic development** of programme area by **social and cultural inclusion** and by **intensified economic cooperation** through sustainable use of natural and cultural resources.

All thematic priorities are relevant for the programme area. Yet, one needs to consider also constraints ranking from a relatively small financial allocation for the programme, the need to focus on a limited number of thematic priorities and above all, the fact that cross-border cooperation programme between these two countries exists since 2016 and still no project has been implemented under this programme.

In making the strategic choice on selection of TPs also these aspects were considered:

* TP provides opportunity to connect a wider range of stakeholders and contributes to integration objectives of the cross-border cooperation.
* TP enables a pro-active approach in addressing the areas of challenges and potentials.
* TP allows achievement of tangible results in the given period of programme duration and can have a multiplier effect on other sectors/themes of cooperation.
* TP provides space for relevant integration of topics that are primarily addressed in other thematic priorities.

On the basis, of the programming process and the factors described above, the JTF members selected the **following two thematic priorities**:

**TP1: Employment, labour mobility and social and cultural inclusion across borders (to become the programme’s TP1)**

**TP5: Encouraging tourism and cultural and natural heritage (to become the programme’s TP2)**

**Table 3.1: Synthetic overview of the justification for selection of thematic priorities**

| **Selected thematic priorities** | **Justification for selection** |
| --- | --- |
| TP1: Employment, labour mobility and social and cultural inclusion across borders (to become programme’s TP 1) | * Mostly underdeveloped areas (except the City of Skopje) in both countries with high unemployment rates, low mobility of labour force and distinct ‘brain drain’, as well as population aging. Due to low cooperation between educational institutions and enterprises there are skills mismatch in the labour market. * Deep rural-urban divide; Poor accessibility of social, health and cultural services, particularly in remote rural areas; Poor internal connectivity. * Vulnerable groups with multiple socio-economic problems, such as elderly, victims of violence, population at rural areas, Roma. * Further increase of the share of population at risk of poverty and social exclusion. * Continuation of the refugee/migration crisis. * Long-term effects of the Covid-19 pandemic on the labour market trends. * Existence of basic educational, social and healthcare networks and active CSOs in the programme area which could carry out joint CBC initiatives. |
| TP5: Encouraging tourism and cultural and natural heritage (to become programme’s TP 2) | * Potentials for sustainable tourism development exist in mobilisation and valorisation of the area’s extraordinary natural, cultural and historical heritage, as well as intangible cultural heritage. * Large number of tourists/passengers already pass the programme area through Corridors X and VIII, substantial tourist arrivals generated by Skopje. * 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 (local food, crafts, transport, IT services…). * Favourable ground for achieving strong cross-border cooperation effect. * Trends in green tourism, outdoor, cultural and city tourism not seized. * Main cultural/historical sites lack the necessary tourist infrastructure to accept visitors, sites are not promoted. * Overall visibility of the programme area in terms of tourism is quite low; tourist infrastructure and services underdeveloped. * Low level of knowledge and skills for development of sustainable tourist 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 management of the most important nature protected areas, which are potentially interested in the development of green tourism products. |

The technical assistance priority will ensure sound programme management throughout its entire lifecycle and capacity development of relevant programme stakeholders. The financial allocation towards this priority is 10 % of the programme budget.

**The -financial allocation** of the programme funds is as follows:

* Approximately **35 %** shall be allocated to Thematic priority 1 - It is expected that a number of initiatives shall be supported focusing on increasing the employability, social and cultural inclusion and that approved operations will, besides soft measures, include also minor investments in equipment and building up of the markets.
* Approximately **55 %** shall be allocated to Thematic priority 5 - 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 arrangement of small-scale public infrastructure, purchase of the necessary equipment related to product development. Investments are also necessary in the field of risk management and 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.

## 3.2 Description of programme priorities

### Thematic priority 1: Employment, labour mobility and social and cultural inclusion across borders (TP1)

The proportion of the population that was at risk of poverty in both countries was higher than the average of EU-28. In the programme area, this risk is even greater if we take into account that it includes two districts in Serbia, which are among the least developed and the North East Region, which is one of the least developed in North Macedonia. The percentage of the inhabitants benefiting from social welfare assistance in the programme area is higher than the countries’ average.

Many different groups in the programme area can be considered as vulnerable, such as people in rural areas, elderly, women, young, ethnic minorities, disabled persons, people with mental health problems, refugees/migrants. Among them are groups that are vulnerable in many ways, such as elderly living in rural parts without any income or pensions, women and children exposed to domestic violence, Roma women, disabled persons in rural area, etc.

Creation of an inclusive community was a primary goal in the process of the European integration from its start, and intention of this Programme is to contribute to that goal – to enable social and cultural inclusion.

Given the fact that this is a relatively young programme (which was adopted end of 2016 and in which not any project has been implemented yet), it is very important to support initiatives that nurture 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’s social and cultural diversity.

**Specific objective 1.1: Fostering social and cultural inclusion**

Focus of the specific objective:

* Joint approaches to **improving existing programmes and services** provided for citizens of the programme area (in particular people in rural area, elderly, women, young, ethnic minority groups, persons with disabilities, people with mental health problems, refugees/migrants, and others).
* Promotion of social innovation[[7]](#footnote-7) - **development and testing new innovative approaches, programmes or services** through cooperation of public and private sector with focus on active approaches to inclusion.
* Promotion of **healthy lifestyle** and addressing **health inequalities** among 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.

**Main beneficiaries[[8]](#footnote-8):**

* CSOs active in the field of social and health policies
* Formal and informal educational institutions and organisations
* Social and health institutions
* Local self-governments
* Organisations representing national or ethnic minorities
* Local and regional development organisations/agencies
* Educational, science and research institutions and organisations
* Governmental ministries and institutes overseeing social and health policy

### Thematic priority 2: Encouraging tourism and cultural and natural heritage (TP5)

Tourism is an opportunity for the less developed settlements to catch-up with the more developed ones in terms of job creation and self-employment, and in catalysing local investments.

The programme area has a high potential for tourism based on its natural heritage (e.g. thermal springs; landscape diversity including geodiversity (gorges, canyons, river valleys, marches, pastures, etc.) and rich biodiversity with numerous endemic species) and tangible and intangible (living) cultural heritage (churches, mosques and monasteries and other historic sites).

The following bottlenecks can be however identified: limited number of joint tourism products and jointly branded offers with attractiveness for longer stays; low overall visibility of the programme area in terms of tourism; underdeveloped tourist infrastructure and services; main cultural/historical sites lack the necessary tourist infrastructure to accept visitors; lack of interconnection amongst individual elements of supply; low awareness on the importance of preserving bio and geo diversity, healthy and clean environment as preconditions for development of sustainable tourism.

**Specific objective 2.1: Enhancement of cultural and natural heritage for sustainable tourism development**

Focus of the specific objective:

* Establishing knowledge base and common approach to **protection and revitalisation** of natural and cultural heritage.
* Improvement of **professional capacities and coordination** for joint interventions in sustainable tourism.
* Awareness raising and **promotion of a culture of safety** for the local population and visitors to natural and cultural heritage sites.
* Smart and sustainable approaches to **mobilising the natural and cultural heritage** for development of sustainable tourism in the programme area (active preservation and valorisation).
* Identifying and activating **resources among the local population** for the creation of complementary offers to key natural, cultural and historical attractions (crafts, foods, traditions, etc.).
* Applying innovative approaches in **management and increasing visibility** of sustainable tourist products and destinations.

**Main beneficiaries[[9]](#footnote-9):**

* Local and regional tourist organisations
* National tourism boards
* Local and regional development organisations/agencies
* Local self-governments
* Chamber of commerce, crafts, business associations, clusters, cooperatives, associations of farmers
* Nature/environment protection institutions
* Institutions in the field of cultural or historical heritage
* CSOs active in tourism, nature, environment and/or cultural/historical heritage
* Educational, science and research institutions and organisations
* Education and training organisations involved in provision of formal and/or informal education
* Government ministries and institutes overseeing tourism policy

### Thematic priority 0: Technical assistance

**The specific objective of the technical assistance** is twofold: (i) to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme; and (ii) 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 III beneficiaries. 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 operation of a Joint Technical Secretariat (JTS) whose main office is based in the territory of the Republic of Serbia (Leskovac) and its antenna office in the Republic of North Macedonia (Kumanovo). The JTS will be in charge of the day-to-day management of the programme and will be reporting to the OS and JMC.

**Expected results:**

* 1. Enhanced administrative support to the operating structures and the joint monitoring committee
  2. Increased technical and administrative capacity for programme management and implementation
  3. Guaranteed visibility and publicity of the CBC programmes and their outcomes

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

* Programme management structures
* Potential applicants
* Grant beneficiaries
* Final project beneficiaries
* Wider public

**Main beneficiaries:**

* Operating Structures
* Joint Monitoring Committee
* Joint Technical Secretariat/Antenna

**Disclaimer**

* The OSs allow the possibility that due to the COVID-19 crisis some of the specific objectives, results and indicators might be altered during the mid-implementation period. This could be the case if the epidemiological crisis extends into the implementation period and a broad impact is higher than expected. Eventual amendments would be done based on a mid-term evaluation.
* The OSs would also like to note that minor amendments to the specific objectives, results and indicators might be introduced, based on the results of public consultations. If this is the case, a justification will be provided together with the final version of the Programme.

**Table 3.2: Overview of the intervention logic**

| **Thematic cluster: Improved employment opportunities and social rights (TC1)** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Thematic priority 1: Employment, labour mobility and social and cultural inclusion across the border (TP1)** | | | **Indicators** | **Baseline**  **value (year)** | **Target value (2027)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities**  (examples) | Impact | | | |
| Number of new beneficiaries[[10]](#footnote-10) of the upgraded[[11]](#footnote-11) social, health and cultural services (disaggregated by gender) | 0 | 2 000 | Relevant institutions’ reports,  statistical data |
| 1.1. **Fostering social and cultural inclusion** | 1.1.1. **Increased access to social, health and cultural services** | * Activities promoting social and cultural inclusion (including gender equality and integration of migrants, seasonal workers, refugees, returnees and vulnerable groups) * Activities promoting social innovation related to social and cultural inclusion – demonstrations projects focusing on the joint development of new solutions (services, tools, programmes) improving the wellbeing and active participation of, for instance, groups at disadvantage in society (elderly, women, young in peripheral areas; victims of domestic violence, victims of bullying, people with mental health problems, people with disabilities, etc.) * Programmes promoting healthy lifestyle and sickness prevention activities * Activities supporting the exchange of experience between local self-governments, CSOs and other actors in the field of social and cultural inclusion * Small scale investments into equipment or renovation of facilities for improvement of the quality and accessibility of health and social services * 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)   (the list is non-exhaustive) | Outcome | | | |
| Number of participants in promotional events and programmes (such as events and programmes promoting social and cultural inclusion, healthy lifestyle, cultural and sports events)  (disaggregated by gender) | 0 | 120 | Relevant institutions’ reports,  JTS reports, Monitoring system |
| Number of new solutions (services, tools, programmes) developed for fostering social and cultural inclusion | 0 | 2 | AIR,  Monitoring system |
| Number of existing health and social services improved as well as their accessibility | 0 | 2 | AIR,  Monitoring system |
| Output | | | |
| Number of events organized across the border for promotion of social and cultural inclusion (including gender equality and integration of migrants, seasonal workers, refugees, returnees and vulnerable groups) | 0 | 3 | AIR,  Monitoring system |
| Number of innovative approaches, methods and processes designed in promoting social and cultural inclusion across the border | 0 | 4 | AIR,  Monitoring system |
| Number of programmes promoting healthy lifestyle and sickness prevention activities (to be disaggregated by type of activity) | 0 | 3 | AIR,  Monitoring system |
| Number of local actors that exchange their experience in the field of social and cultural inclusion (to be disaggregated by type of inclusion) | 0 | 4 | AIR,  Monitoring system |
| Number of investments into equipment or renovation of facilities for improvement of the quality and accessibility of health and social services | 0 | 4 | AIR,  Monitoring system |
| Number of cultural and sports events as a result of cross-cultural cooperation (to be disaggregated by type of event) | 0 | 3 | AIR,  Monitoring system |

| **Thematic cluster: Improved business environment and competitiveness (TC4)** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Thematic priority 2: Encouraging tourism and cultural and natural heritage (TP5)** | | | **Indicators[[12]](#footnote-12)** | **Baseline**  **value (year)** | **Target value (year)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities**  (examples) | Impact | | | |
| Number of tourist arrivals in the cross-border area[[13]](#footnote-13) (disaggregated by domestic and foreign tourists) | 83 299 (domestic)  351 498 (foreign)  (2018) | Increase of 30% | State statistical offices |
| Length of tourist stays in the cross-border area (disaggregated by domestic and foreign tourists) | 3.1 (domestic)  1.7 (foreign)  (2018) | Increase of 15% | State statistical offices |
| 2.1. **Enhancement of cultural and natural heritage for sustainable tourism development** | 2.1.1. **Cross-border tourism products developed** | * Planning and designation of routes, signs * Small scale investments in conservation of natural and cultural heritage sites, related to visitors’ infrastructure and accessibility * Investments in new exhibition and interpretation methods, including digital solutions and interpretation * Creation, improvement and connection of local offers (food, crafts, accommodation and other services) * Development of complementary specific thematic products (e.g. hiking, biking, culture, nature) * Integration of local offers itineraries, packages * Skills development for raising quality of services * Introduction of quality standards * Destination management and promotion * Establishment of common structures to coordinate and promote CB sustainable tourism products * Marketing actions, digital marketing   (the list is non-exhaustive) | Outcome | | | |
| Number of new/improved CB tourism products[[14]](#footnote-14) commercialized | 0 | 8 | AIR,  Monitoring system |
| Number of tourist providers with improved competences | 0 | 10 | AIR,  Monitoring system |
| Output | | | |
| Number of new/improved sites | 0 | 4 | AIR,  Monitoring system |
| Number of investments in new exhibition and interpretation methods, including digital solutions and interpretation | 0 | 3 | AIR,  Monitoring system |
| Number of new itineraries developed | 0 | 3 | AIR,  Monitoring system |
| Number of new/improved services/thematic products | 0 | 4 | AIR,  Monitoring system |
| Number of people with increased capacity for provision of complementary services | 0 | 40 | AIR,  Monitoring system |
| Number of people with increased capacity for management of tourism products | 0 | 20 | AIR,  Monitoring system |
| Number of hotels and other hospitality facilities included in activities aiming to introduce international quality standards (to be disaggregated by type of facility) | 0 | 5 | AIR,  Monitoring system |
| Number of participants in visibility and communication events organized to promote newly developed tourism products | 0 | 200 | AIR,  Monitoring system |
| 2.2.1. **Cultural and natural heritage protected and valorized** | * Activities related to knowledge base development, such as: cross-border mapping of common cultural and/or natural heritage, identification of good practices in its conservation, protection and revitalisation * Common cross-border training for specific common cultural and/or natural heritage preservation, management * Investments in rehabilitation, accessibility and revitalisation of cultural heritage * Investments in protection and revitalisation of natural heritage and values * Common management of cultural and natural heritage * Promotion of cultural and natural heritage * Cross-border awareness raising events * People to people actions for strengthening cultural cooperation   (the list is non-exhaustive) | Outcome | | | |
| Number of newly established thematic routes | 0 | 3 | AIR,  Monitoring system |
| Number of cross-border networks between cultural institutions formalized | 0 | 3 | AIR,  Monitoring system |
| Output | | | |
| Number of knowledge bases established | 0 | 2 | AIR,  Monitoring system |
| Number of cultural heritage places which received support | 0 | 2 | AIR,  Monitoring system |
| Number of natural heritage places which received support | 0 | 2 | AIR,  Monitoring system |
| Number of people with increased capacity for common cultural and/or natural heritage preservation and management (disaggregated by gender) | 0 | 15 | AIR,  Monitoring system |
| Number of cross-border intangible cultural/natural heritage coordination bodies established | 0 | 4 | AIR,  Monitoring system |
| Number of participants in joint cultural/awareness raising events | 0 | 200 | AIR,  Monitoring system |

|  | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Thematic priority 0: Technical assistance** | | | **Indicators** | **Baseline**  **value (year)** | **Target value (year)** | **Data source** |
| **Specific objective(s)** | **Results** | **Types of activities**  (examples) | Impact | | | |
| Percentage of funds available under the programme that are contracted | 0 | 100 | AIR,  Monitoring system |
| 0.1**.** 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 | 0.1.1The administrative capacity for CBC reinforced | * Establishment and functioning of the Joint Technical Secretariat and its Antenna * Organisation of JMS and OS meetings * Support to the work of the Joint Task Force in charge of preparing the programme cycle 2028-2034 * 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 | Outcome | | | |
| Percentage of JMC and OSs decisions implemented in a timely manner (as prescribed in the minutes of meetings) | 0 | 90 | AIR,  MoM,  Monitoring system |
| Percentage of projects covered by monitoring missions |  |  | AIR,  project reports,  Monitoring system |
| Output | | | |
| Number of JTS/antenna offices newly equipped and functional | 0 | 2 | AIR |
| Number of events organized in relation to programme management | 0 | …. | AIR,  Monitoring system |
| Number of project monitoring missions implemented |  |  | AIR,  project reports, Monitoring system |
| 0.1.2. Potential applicants and grant beneficiaries supported | * Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives * 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 | Outcome | | | |
| Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support | 0 | 60% | AIR,  project reports, Monitoring system |
| Output | | | |
| Number of capacity building events for potential applicants, grant beneficiaries and programme structures’ employees | 0 | …. | AIR,  project reports, Monitoring system |
| Number of internal/external manuals or handbooks prepared | 0 | … | AIR and other reports |
| Number of queries of grant beneficiaries resolved | 0 | … | AIR and other reports |
| 0.1.3 The visibility of the programme and its outcomes is guaranteed | * 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. | Outcome | | | |
| Number of people reached by information/promotion campaigns | 0 | … | AIR and other reports |
| Output | | | |
| Number of information/promotion campaigns implemented | 0 | …. | AIR and other reports |
| Number of promotional and visibility events organized | 0 | …. | AIR and other reports |
| Number of publications produced and disseminated | 0 | … | AIR and other reports |

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## 3.3 Horizontal and cross-cutting issues

### 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 climate changes as well as human activities.

Sustainable development has been a key principle throughout the programming process – reflected in the findings of the Situation analysis and in defining of specific objectives, as well as in type of activities envisaged.

With regard to the thematic priority 2: *Encouraging tourism and cultural and natural heritage*, all activities under this TP will pay special attention to promoting sustainable utilisation and development of natural and cultural heritage, while protecting and maintaining the functionality of the ecological network. 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. When improving the accessibility of tourist attractions, the environmentally friendly transport solutions will be preferred.

The programme authorities shall throughout the programme implementation ensure that approved projects will not have any environmentally harmful effects. Moreover, environmental aspects shall be specifically assessed in the assessment of the projects. Positive contribution to the environment shall be promoted in the design and implementation of cross-border projects.

### 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 level of economic development, access to public services, out-migration, territorial connectivity and poverty issues. Equal opportunities should be strengthened in particular in relation to rural-urban disparities 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 person, Roma, women in rural areas, inactive working age population and others). The programme adopts social inclusion which also implies equal opportunities and non-discrimination. It will consider the principles of equal opportunities and non-discrimination based on for instance sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during its life cycle. It will take into account the needs of the various target groups at risk of such discrimination and in particular the requirements of ensuring accessibility for disabled persons. Generally, all projects will be obliged to avoid discrimination of any kind and to ensure that their activities comply with the principles of equal opportunities.

Thematic priority 1: *Employment, labour mobility and social and cultural inclusion across borders* will to a great extent contribute to promotion of equal opportunities, in particular through implementation under specific objective 1.1 *Fostering social and cultural inclusion*. 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 of socio-cultural relations and cooperation between national and ethnic minorities in the programme area.

Thematic priority 2: *Encouraging tourism and cultural and natural heritage* 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.

### Contribution to the promotion of equality between men and women

The aim of equality between women and men belongs to the fundamental values of the European Union. The principle of gender equality will be applied throughout the implementation of the programme, and generally, all projects will be obliged to avoid discrimination of any kind, and to ensure that their activities comply with the principles of equality between men and women. The programme will measure the involvement of men and women in its monitoring and evaluation processes, when relevant. For this reason, the Call for Proposals and Guidelines for Applicants may define that certain indicators are disaggregated for measuring and monitoring the contribution of the implemented projects to equality between men and women.

Differences between men and women in the programme area were explored primarily with a view to employment. 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 regions is higher than of men, while in Skopje region the share of unemployed men is higher than of women.

Thematic priority 1: *Employment, labour mobility and social and cultural inclusion across borders* will address issues regarding social and cultural inclusion, for both men and women.

Thematic priority 2: *Encouraging tourism and cultural and natural heritage* shall give opportunities to men and women to develop their competences and valorise them through tourism products (intangible cultural heritage, crafts, local products, etc.).

The application of the **horizontal principles and cross-cutting issues** (sustainable development, equal opportunities and promotion of equality between men and women) at project and programme level will be monitored, assessed, and reported in the Annual Implementation Reports as well as in the evaluations done during and after the programming period.

## 3.4 Coherence with other programmes and macro-regional strategies

Macro-regional strategies as the EU Strategy for the Danube Region (EUSDR) and EU Strategy for the Adriatic and Ionian Region (EUSAIR) present a great opportunity for harmonizing the development of geographical areas, where countries work together on the areas of common interest for the benefit of each country and the whole region.

The EUSAIR covers nine countries: Italy, Greece, Croatia, Slovenia, Serbia, North Macedonia, Albania, Bosnia and Herzegovina and Montenegro. The European Council endorsed the EUSAIR in October 2014. The EUSAIR is built on four pillars: “Blue growth”, “Connecting the Region”, “Environmental quality” and “Sustainable tourism”. "Capacity Building, “Research and innovation”, “Small and medium size business”, “Climate change mitigation and adaptation” and “Disaster risk management”, represent cross-cutting aspects relevant to those pillars. The EUSAIR will mobilise and align the existing EU funding instruments for each of the topics identified under the four pillars.

Challenges that will be tackled jointly by the EUSAIR and by IPA CBC programme Serbia – North Macedonia relate to strategy pillar dealing with challenge of increasing regional attractiveness by supporting sustainable development of inland, coastal and maritime tourism and preservation and promotion of culture heritage (pillar 4 Sustainable tourism) that is in line with thematic priority *Encouraging tourism and cultural and natural heritage* of the Programme. As for the EUSAIR cross-cutting aspect "Capacity Building", it has to be noted that capacity building is envisaged to be tackled horizontally through implementation of all Programme thematic priorities.

The Danube Region covers 14 countries: Germany, Austria, the Slovak Republic, the Czech Republic, Hungary, Slovenia, Romania, Bulgaria, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Republic of Moldova and Ukraine. The EUSDR was adopted by the European Commission in December 2010 and endorsed by the European Council in 2011. The European Commission and the Danube Region countries – with the involvement of relevant stakeholders – have developed the EUSDR jointly in order to address common challenges together. The EUSDR aims at creating synergies and coordination between existing policies and initiatives taking place across the Danube Region. The territory of the IPA CBC programme Serbia – North Macedonia is part of the area covered by EUSDR and it can be stated that certain challenges of the Danube Region could be also identified as the ones related to the Programme area. The EUSDR addresses a wide range of issues which are divided into 4 pillars and 11 priority areas. The especially relevant EUSDR priority areas (PA) that are corresponding to the Programme thematic priorities are as follows: PA 9 to invest in people and skills, PA6 to preserve biodiversity, landscapes and the quality of air and soils and PA3 reflects the priority of the EUSDR aiming at promotion of culture and tourism and people to people contacts.

Based on the similarities of the existing challenges, the EUSDR and EUSAIR priorities have been considered during the preparation of the Programme. It should be noted that while implementing the activities under the thematic priorities of the Programme, the Danube and Adriatic – Ionian Strategies will be taken into account, as appropriate. Cooperation and synergy between the Programme and EU Strategies will raise political awareness, strengthen commitment and lead to better visibility of the EUSDR, EUSAIR and the Programme. The cooperation also facilitates the capitalization of the results and benefits of the actions.

IPA III cross-border cooperation Programme 2021-2027 Serbia-North Macedonia seeks to improve existing social programmes and services primarily for specifically vulnerable groups with multiple socio-economic problems, such as elderly, victims of violence, population at rural areas, Roma, to promote social innovation as well as healthy lifestyle. The specificity of the IPA III program is also taking into account the long-term effects of the Covid-19 pandemic on the labour market trend.

The TP 1: *Employment, labour mobility and social and cultural inclusion across borders* is in line with strategic documents of the national levels, as well as with previously elaborated regional and macro-regional EU documents, with the same aim of addressing common challenges of the territory in more efficient manner. Therefore, above mentioned specific objectives defined within the TP1 are in line with the objectives of the **National Strategy of Social Inclusion of Rome, Republic of Serbia 2016-2025,** which indicate the expected full inclusion when it comes to Roma education, great improvement of housing conditions for Roma as well as health through better access to health services, encouragement of involvement of Roma in the formal labour market, improving their employability, employment and economic empowerment and improvement of the social security services. Further, **National Youth Strategy for the period from 2015 to 2025** defines nine strategic goals which are in line with the TP1, which point to improving the quality of life of young people through improvement of the following: employability and employment, health and well-being, active participation, mobility, youth safety culture and social inclusion of young people at risk of social exclusion. TP 1 also refers to the **Employment Strategy of the Republic of Serbia 2021-2026** which seeks established stable and sustainable employment growth based on knowledge and decent work, which would be achieved through the implementation of three specific objectives. These goals through defined measures will improve position of unemployed persons on the labour market as well as institutional framework for employment police, and achieve growth of quality employment through cross-sectoral measures aimed at improving labour supply and demand for labour. In terms of support to vulnerable groups with multiple socio-economic problems, which is defined by TP1, the contributions provides the **Strategy for improving the position of persons with disabilities of the Republic of Serbia 2020 – 2024** with the following priorities: to increase socialinclusion of persons with disabilities, to ensure the enjoyment of the right of persons with disabilities to legal capacity and family life on an equal basis with others and effective protection against discrimination, violence and abuse and to and to systematically introduce disability perspective in the adoption, implementation and monitoring of public policies. As for economic migration, Republic of Serbia adopted the **Strategy on economic migration of the Republic of Serbia 2021-2027.** with goals to build and strengthinstitutional capacities to monitor and improve the quality of data on economic migration, go improve the living and work conditions in economic and social sectors, harmonize education system with industry demand, to improve cooperation between the diaspora and home country and stimulating transnational entrepreneurship, to create conditions for monitoring, stimulating and supporting circular and return migration as well as create more efficient governance of internal migration flows.

Further, the goals of the **National Small and Medium Enterprise Strategy of the Republic of Macedonia 2018-2023** seeks to create a conducive business environment in which entrepreneurship and investment is encouraged, to help SMEs in Macedonia to become highly productive and competitive participants in European and other international markets, to drive Macedonia’s economic competitiveness through a more enhancing the entrepreneurial and innovative capacities of the SMEs. **Country Strategy for North Macedonia 2019-2024** indicates to competitiveness and enhancing value chains, upskilling the workforce and strengthening governance as well as regional integration, soft connectivity and support EU approximation.

Therefore, tourism and cultural and natural heritage was recognised as one of the key potentials and driving forces for development of both CB countries, on national but also on local self-government unit level.

**Tourism Development Strategy of the Republic of Serbia for the period 2016-2025.** ambitiously and precisely envisaged several goals: sustainable economic, environmental and social development of tourism in Serbia, strengthening the competitiveness of the tourism industry and related activities, increasing the direct participation of the tourism industry in GDP and total number of employees, and improving Serbia's image in the region, Europe and the world. It is presented that Serbia has significant potentials for the development of tourism (diverse natural environment, authentic gastronomy, natural and cultural heritage, and cities with attractive content) which is supported by an adequate legal framework. **Culture Development Strategy of the Republic of Serbia for the period 2020-2029.** defines three priorities, where encouraging the role of culture in the development of society is also an integral part, which will be achieved through cultural heritage and contemporary creativity as priority areas of operation.

One of the main recognized potentials for development of **Republic of North Macedonia** is tourism and cultural heritage as well, which is supported by several documents adopted on national level, such as, **National Strategy for tourism development 2016-2021**, **Sub strategy for traditions and events, and Strategic Plan for Promotion and Support of Tourism for 2021**, which are determine the territory as an attractive for its remarkable tourism potentials and cultural heritage, with tradition as a most famous value in the area. Besides, Thematic priority 2: *Encouraging tourism and cultural and natural heritage* was also established within strategic, planning and public policy documents, adopted by local level in the cities of the districts and regions in the Programme area.

# Section 4: Financial plan

<A table specifying programme allocations in maximum figures and percentages per year by thematic priority for the entire period. A single 7-year Commission financing decision with a suspensive clause will be adopted.>

**Table 5: Indicative financial allocations per year for the period 2021-2027**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **IPA III CBC PROGRAMME SERBIA - NORTH MACEDONIA** | | | | | | | **Total (EUR)** |
| **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2021-2027** |
| **CBC operations (all thematic priorities)** |  |  |  |  |  |  |  |  |
| **Technical assistance** |  |  |  |  |  |  |  |  |
| **Total (EUR)** |  |  |  |  |  |  |  |  |

**Table 6: Indicative financial allocation per priority and rate of Union contribution**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Clusters | Priorities | **IPA III CBC PROGRAMME SERBIA – NORTH MACEDONIA** | | | |
| European Union funding | Co-financing | Total funding | Rate of Community contribution |
| (a) | (b) | (c)=(a)+(b) | (d)=(a)/(c) |
| TC 1 Improved employment opportunities and social rights | TP 1 Employment, labour mobility and social and cultural inclusion across borders |  |  |  |  |
| TC 4 Improved business environment and competitiveness | TP 2 Encouraging tourism and cultural and natural heritage |  |  |  |  |
| TP 0 Technical assistance | |  |  |  |  |
| GRAND TOTAL | |  |  |  |  |

The European Union contribution has been calculated in relation to the eligible expenditure, which is based on the total expenditure, as agreed by the participating beneficiaries and laid down in the cross–border programme. The European Union contribution at the level of [thematic priority shall not exceed the ceiling of 85%] of the eligible expenditure. The co-financing under thematic priorities 1-4 will be provided by the final grant beneficiaries and it can be from public and private funds. Final grant beneficiaries should contribute with a minimum of 15% of the total eligible cost of the project, both for investment and institution building projects. The co-financing under the priority ‘technical assistance’ will be provided by the national authorities.

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# Section 5: Implementing provisions

This section will be updated following the discussions on the implementation provisions for CBC under IPA III. The implementing provisions should provide only the information on the method for the selection of operations (e.g. call for proposals vs strategic projects). All other issues such as programme management structures, payment and controls, reporting, monitoring and evaluation, as well as information and publicity have been presented under Framework and/or Financing Agreements. .

## 5.1 Financing agreement

In order to implement this programme, it is foreseen to conclude a financing agreement between the European Commission, [beneficiary X and beneficiary Z].

## 5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is <number> months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s responsible authorising officer by amending this Decision and the relevant contracts and agreements.

## 5.3 Implementation method

Choose between a) or b)

***(a) Indirect management with <Beneficiary X>***

***(b) Direct management***

See responsibilities and tasks under section 5.4 below

**Delivery methods**

[Grey shading indicates an option, blue is guidance and yellow needs to be filled in.]

**[Procurement[** *(where relevant only in case of Strategic Projects)*

*Specify which objective/result in section 3 the procurement will contribute to achieving.* Do not mention the procurement procedure; its choice is the responsibility of the authorising officer, not the College.

<…>

*In case it is necessary to launch a call for tenders with a suspension clause before the adoption of this financing decision, the launch date must be mentioned and the nature of the exceptional circumstances hindering the possibility to launch the call after the financing decision is adopted must be explained. Moreover, the internal NEAR prior approval procedure must be followed* [This call has been launched on <date> under a suspensive clause prior to the adoption of this decision. This is justified because <explain the exceptional circumstances> .]

Theglobal budgetary envelope reserved for procurement:EUR <…>

*Give the total envelope available for procurement out of the overall Union contribution to the programme. Do not specify any amount per contract or amount per type of contract.*

***[Grants]***

*It is not necessary to specify the award procedure (call for proposals or direct award), unless the situation is as described in point c) below. Note that a direct award is always possible if the reasons for the exception from a call are applicable (Article 195 FR).*

1. Purpose of the grants: *Specify which objective/result in section 3 the call will contribute to achieving.* <…>

*In case it is necessary to launch a call for proposals with a suspension clause before the adoption of this financing decision, the launch date must be mentioned and the nature of the exceptional circumstances hindering the possibility to launch the call after the financing decision is adopted must be explained. Moreover, the internal NEAR prior approval procedure must be followed* [This call has been launched on <date> under a suspensive clause prior to the adoption of this decision. This is justified because <explain the exceptional circumstances> .]

1. Type of applicants targeted:

*Define the type of eligible applicant with regard to their type – for example: legal entities, natural persons or groupings without legal personality, local authorities, public bodies, international organisations, NGOs, economic actors such as SMEs, profit, or non profit organisations.* *See section 2.1.1. of the PRAG guidelines for grant applicants (annex E3a). In the case of Twinning grants, applicants must be EU Member State administrations or their mandated bodies.*

*The beneficiaries shall be legal entities and be established in an IPA II beneficiary participating in the CBC programme.*

*Potential beneficiaries could be: local authorities, legal entities managed by local authorities, associations of municipalities, development agencies, local business support organisations, economic factors such as SMEs, tourism and cultural organisations, NGOs, public and private bodies supporting the workforce, vocational and technical training institutions, bodies and organisation for nature protection, public bodies responsible for water management, fire/emergency services, schools, colleges, universities and research canters including vocations and technical training institutions.*

*Other essential characteristics of the potential applicants, such as their place of establishment shall be specified in the guidelines for applicants of the call for proposals. The default scope of potential beneficiaries given above may be narrowed down in terms of nationality, geographical location or nature of the applicant where it is required because of the specific nature and the objectives of the action and where it is necessary for its effective implementation.*

1. Direct grant award: (where relevant, i.e. in the case of technical assistance)

Direct grant award for technical assistance to the Operating Structure:

A grant will be awarded for the implementation of the thematic priority technical assistance under this programme. Under the responsibility of the Commission’s authorising officer responsible, this grant may be awarded without a call for proposals to *<name of the direct grant beneficiary, i.e. the name of the operating structure in the beneficiary where the contracting authority of the programme for operations is located>.*

The recourse to the award of this grant without a call for proposals is justified to bodies with de jure or de facto monopoly in managing this cross-border cooperation programme, pursuant to Article 195(c) of Regulation (EU, Euratom) 2018/1046. As stipulated under the Section VIII ‘Provisions on cross-border cooperation programmes’, Title V ‘Programme structures and authorities and their responsibilities’ of the Framework Agreement for the IPA III programme, operating structures are the bodies that enjoy this monopoly.

1. *Other* direct grant award: *(where relevant)*

*If you are 100% certain of the grant beneficiary then you may specify it here and delete point (b) above, or you could have points (a) and (b). Moreover, specify the relevant provision of Article 195 FR providing the basis for the direct award and outline briefly the actual circumstances which explain why this entity is best placed to be awarded the grant.*

[Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to <name of the direct grant beneficiary>]. Where this is filled in, you have to submit the direct award for a prior approval in parallel.

[The recourse to an award of a grant without a call for proposals is justified because <provide factual circumstances justifying any of the circumstances listed in Article 195 FR>.]

1. Exception to the non-retroactivity of costs:

*If it is required to accept costs made before the adoption of this financing decision, add:* [The Commission authorises that the costs incurred may be recognised as eligible as of <a date prior to the adoption of this Financing Decision> because <add justification>.] *If this phrase is not included, the costs incurred shall be eligible as of the date of entry into force of the grant agreement. The eligibility date may be set prior to the entry into force of the grant agreement but not before the date of adoption of this Financing Decision.*

The **global** budgetary envelope reserved for grants: EUR <……>

Give the total envelope available for grants out of the overall Union contribution to the Programme. The responsible structures may decide to publish more than one call for proposals. Every call for proposals will have the same objectives, results, essential eligibility, selection and award criteria as described above. Each grant contract will be funded from one budgetary commitment. The responsible structures may decide to merge the yearly budget allocations.

## 5.4 Programme management structure

<Description of the programme management structures with the list of their main responsibilities and tasks in programme preparation, implementation and management (Joint Monitoring Committee, Operating Structures/relevant CBC body (ies), Contracting Authority, Joint Technical Secretariat/Antenna, the audit authority, the role of the European Commission, Audit Authority).>

## 5.5 Project development and selection and implementation

<Description of project development and generation, modalities for project selection (e.g. CfP, tenders, etc.). If one or more strategic projects are mature enough for being funded, this is the section where they need to be depicted in detail. Description of the contracting process and the project implementation (e.g. role of the lead beneficiary).>

## 5.6 Payments and financial control

<Description of payment modalities and financial control system established in order to ensure sound, efficient and effective implementation of programmes, including:

- A summary description of the management and control arrangements between the countries participating in the programme.

- Financial flows and procedures from project to programme level>

## 5.7 Reporting, monitoring and evaluation

<Description of the reporting, monitoring and evaluation requirements and modalities>

## 5.8 Information and visibility

<Description of measures to be taken in order to ensure the popularity, recognition and public dimension of the cross-border programme (e.g. website, publications in local newspapers, information sessions, workshops, etc.). Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force.>

# LIST OF ANNEXES

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## ANNEX 1: Description and analyses of the programme area

### Situation and SWOT/PESTLE analysis

<The main methods for data analysis are the so-called PESTLE (political, economic, social, technological/territorial, legal, environmental factors) and SWOT (strengths, weaknesses, opportunities, threats analysis). PESTLE is applied for identification of external factors that have an effect on the development of the programme area and SWOT for marking the region’s strengths and weaknesses in view of that development. These analyses should look at the programming area as a whole.>

1. Also, during the programming process, document Advice for programming developed by CBIB+ was used as a key guidance and useful tool. [↑](#footnote-ref-1)
2. The members of the JTF represent, in a balanced and effective manner, the competent authorities of the programme's eligible territory. They have been appointed by the following relevant authorities of the participating countries: 1) Ministry for Labour, Employment, Veteran and Social Affairs; 2) Ministry of Public Administration and Local Self- Government; 3) Chamber of Commerce; 4) Ministry of Construction, Transport and Infrastructure; 5) Ministry of Foreign Affairs; 6) Office for Cooperation with Civil Society; 7) Ministry of Trade, Tourism and Telecommunications; 8) Ministry of the Interior; 9) Standing Conference of Towns and Municipalities; 10) Ministry of European Integration; 11) Ministry of Environmental Protection and 12) NAO - from Serbia and 1) Ministry of Local Self Government; 2) Secretariat for European Affairs; 3) Ministry of Economy; 4) Ministry of Environment and Spatial Planning; 5) Ministry of Culture; 6) Ministry of Finance; 7) Skopje Planning Region; 8) North- East Planning Region; 9) Municipality of Kumanovo; 10) Bureau for Regional Development; 11) Ministry of Foreign Affairs – from North Macedonia. [↑](#footnote-ref-2)
3. <https://eu.rs-mk.org/2020/12/11/preparation-of-the-new-ipa-iii-cross-border-cooperation-programme-serbia-north-macedonia-2021-2027/> [↑](#footnote-ref-3)
4. <https://www.mei.gov.rs/srp/vesti/2178/189/335/detaljnije/priprema-novog-ipa-iii-programa-prekogranicne-saradnje-srbija-severna-makedonija-2021-2027/> [↑](#footnote-ref-4)
5. <https://mls.gov.mk/en/information/public-announcements/2143-preparation-of-the-new-ipa-iii-cross-border-cooperation-programme-serbia-%E2%80%93-north-macedonia-2021-2027> [↑](#footnote-ref-5)
6. There is no classification of sole traders by size in Serbia. The assumption that they have less than 10 employees has been used in this document. [↑](#footnote-ref-6)
7. **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. Source: Guide to social innovation, European Commission. [↑](#footnote-ref-7)
8. Legal entities that would be expected to implement the CBC operations under this thematic priority. [↑](#footnote-ref-8)
9. Legal entities that would be expected to implement the CBC operations under this thematic priority [↑](#footnote-ref-9)
10. New beneficiaries are beneficiaries form vulnerable, excluded groups who have, thanks to this programme, been given the possibility to access to social, health and cultural services that they didn’t have before. [↑](#footnote-ref-10)
11. Upgraded service refers to new service based on innovative solution and/or existing service that is improved. [↑](#footnote-ref-11)
12. Should the Covid-19 pandemic carry on for several years, the target values of indicators will have to be revised at the first possible occasion, for instance when a mid-term revision of the programme document will be performed. [↑](#footnote-ref-12)
13. The 2018 data include the entire Skopje region as there was no data available for the municipalities of the Skopje region that are part of the programme area. [↑](#footnote-ref-13)
14. “A **tourism product** is a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific centre of interest which represents the core of the destination marketing mix and creates an overall visitor experience including emotional aspects for the potential customers. A tourism product is priced and sold through distribution channels and it has a life-cycle”, Source: UNWTO.

    In that respect **new or improved CB tourist product** should be considered any combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities from both sides of the border around a specific centre of interest, developed or improved by beneficiaries of this programme and offered in the market. [↑](#footnote-ref-14)