

## SFC2021 INTERREG Programme

CCI	2021TC16IPCB007
Title	(Interreg VI-A) IPA Bulgaria Serbia
Version	1.1
First year	2021
Last year	2027
Eligible from	01-Jan-2021
Eligible until	31-Dec-2029
EC decision number	
EC decision date	
NUTS regions covered by the programme	BG311 - Видин BG312 - Монтана BG313 - Враца BG412 - София BG414 - Перник BG415 - Кюстендил RS221 - Бурска област RS223 - Зајечарска област RS224 - Јабланичка област RS225 - Нишавска област RS226 - Пиротска област RS228 - Пчињска област RS229 - Топличка област
Strand	Strand A: CB Cross-Border Cooperation Programme (ETC, IPA III CBC, NDICI-CBC)

## Table of Contents

1. Joint programme strategy: main development challenges and policy responses .....	4
1.1. Programme area (not required for Interreg C programmes).....	4
1.2 Joint programme strategy: Summary of main joint challenges, taking into account economic, social and territorial disparities as well as inequalities, joint investment needs and complimentary and synergies with other funding programmes and instruments, lessons-learnt from past experience and macro-regional strategies and sea-basin strategies where the programme area as a whole or partially is covered by one or more strategies. ....	5
1.3. Justification for the selection of policy objectives and the Interreg-specific objectives, corresponding priorities, specific objectives and the forms of support, addressing, where appropriate, missing links in cross-border infrastructure .....	18
Table 1 .....	18
2. Priorities.....	22
2.1. Priority: 1 - Competitive border region .....	22
2.1.1. Specific objective: RSO1.3. Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments .....	22
2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate .....	22
2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure .....	24
2.1.1.2. Indicators .....	25
Table 2 - Output indicators .....	25
Table 3 - Result indicators.....	26
2.1.1.3. Main target groups.....	27
2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools .....	28
2.1.1.5. Planned use of financial instruments .....	29
2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention.....	30
Table 4 - Dimension 1 – intervention field.....	30
Table 5 - Dimension 2 – form of financing .....	31
Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus .....	32
2.1. Priority: 2 - Integrated development of border region.....	33
2.1.1. Specific objective: RSO5.2. Fostering the integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security, in areas other than urban areas.....	33
2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate .....	33
2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure .....	36
2.1.1.2. Indicators .....	37
Table 2 - Output indicators.....	37
Table 3 - Result indicators.....	38
2.1.1.3. Main target groups.....	39
2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools .....	40
2.1.1.5. Planned use of financial instruments .....	42
2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention.....	43
Table 4 - Dimension 1 – intervention field.....	43
Table 5 - Dimension 2 – form of financing .....	44
Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus .....	45
2.1. Priority: 3 - A more resilient border region.....	46
2.1.1. Specific objective: RSO2.4. Promoting climate change adaptation and disaster risk prevention, resilience taking into account eco-system based approaches .....	46

2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate .....	46
2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure .....	48
2.1.1.2. Indicators .....	49
Table 2 - Output indicators .....	49
Table 3 - Result indicators .....	50
2.1.1.3. Main target groups .....	51
2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools .....	52
2.1.1.5. Planned use of financial instruments .....	53
2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention .....	54
Table 4 - Dimension 1 – intervention field .....	54
Table 5 - Dimension 2 – form of financing .....	55
Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus .....	56
3. Financing plan .....	57
3.1. Financial appropriations by year .....	57
Table 7 .....	57
3.2. Total financial appropriations by fund and national co-financing .....	58
Table 8 .....	58
4. Action taken to involve the relevant programme partners in the preparation of the Interreg programme and the role of those programme partners in the implementation, monitoring and evaluation .....	59
5. Approach to communication and visibility for the Interreg programme (objectives, target audiences, communication channels, including social media outreach, where appropriate, planned budget and relevant indicators for monitoring and evaluation) .....	62
6. Indication of support to small-scale projects, including small projects within small project funds .....	64
7. Implementing provisions .....	65
7.1. Programme authorities .....	65
Table 9 .....	65
7.2. Procedure for setting up the joint secretariat .....	66
7.3. Apportionment of liabilities among participating Member States and where applicable, the third or partner countries and OCTs, in the event of financial corrections imposed by the managing authority or the Commission .....	67
8. Use of unit costs, lump sums, flat rates and financing not linked to costs .....	68
Table 10: Use of unit costs, lump sums, flat rates and financing not linked to costs .....	68
Appendix 1 .....	69
A. Summary of the main elements .....	69
B. Details by type of operation .....	70
C. Calculation of the standard scale of unit costs, lump sums or flat rates .....	71
1. Source of data used to calculate the standard scale of unit costs, lump sums or flat rates (who produced, collected and recorded the data, where the data is stored, cut-off dates, validation, etc): .....	71
2. Please specify why the proposed method and calculation based on Article 94(2) is relevant to the type of operation: .....	72
3. Please specify how the calculations were made, in particular including any assumptions made in terms of quality or quantities. Where relevant, statistical evidence and benchmarks should be used and, if requested, provided in a format that is usable by the Commission: .....	73
4. Please explain how you have ensured that only eligible expenditure was included in the calculation of the standard scale of unit cost, lump sum or flat rate: .....	74
5. Assessment of the audit authority or authorities of the calculation methodology and amounts and the arrangements to ensure the verification, quality, collection and storage of data: .....	75
Appendix 2 .....	76
A. Summary of the main elements .....	76
B. Details by type of operation .....	77
Appendix 3: List of planned operations of strategic importance with a timetable - Article 22(3) CPR .....	78
DOCUMENTS .....	79

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

### 1.1. Programme area (not required for Interreg C programmes)

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

The Bulgaria – Serbia cross-border (CB) area is located in South East Europe and covers 13 NUTS III regions or equivalents, namely: 6 districts on Bulgarian side - Vidin, Montana, Vratsa districts Sofijska oblast, Pernik and Kyustendil and 7 districts on the Serbian side - Bor, Zaječar, Nišava, Toplica, Pirot, Jablanica and Pčinja.

The length of the border between Bulgaria and Serbia is 341 km, 315 of which land border (including five operating border crossings Bregovo - Mokranje, Kula - Vrska Čuka, Kalotina - Gradina, Strezimirovci and Otomanci - Ribarci) and respectively 26 km along the Timok River. The total CBC area covers of 43 963 km<sup>2</sup>. In Bulgaria representing 20,56% of the total country territory, while in Serbia it represents 23,92%.

The total population of the programme area 14,23% of the total population of both countries with average population density of 46,33 inhabitants per sq. km.

The settlement structure is characterized by sparse population, small size of settlements and limited number of bigger cities such as Vidin, Montana, Vratsa, Pernik and Kyustendil (on the Bulgarian side) and Pirot, Niš, Leskovac, Vranje and Dimitrovgrad (on the Serbian side).

The border Mountains of Osogovo and Vlahina are also located there, as well as parts of several other mountains: Stara planina, Rila, Verila, Konyavska and Zemenska, (on the Bulgarian side) and Stara planina, Deli Jovan, Rtanj, and Ozren (on Serbian side).

The programme area is rich in water resources: rivers, the Danube River which borders the region to the North is a natural resource with strong potential for the region, Nišava, Južna Morava, Timok, Erma, Struma, Iskar, Ogosta and Lom; lakes (Ogosta, Zavojsko jezero and Vlasina, numerous smaller ponds complement the rich water resources of the region) available across the whole cooperation area.

The climate is diverse, from moderate-continental, transitional-continental to mountainous. The border region is assessed as having rich cultural and natural heritage and a high level of environmental sensitivity in terms of climate change.

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

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

## **1. ECONOMIC, SOCIAL AND TERRITORIAL DISPARITIES**

Multifaceted factors collide and shape the specific context of the CB cooperation at EU external borders. It is impossible for one to shadow the dividing lines on the EU external borders whose particularities can be traced in every policy domain and institutional setting. One such factor is the lasting negative impact of the historically rooted detachment of the two neighboring countries on the CB area which continues to overwhelm the prosperity of the region. Another factor is the divergent institutional governance structures in both countries, which often affects attempts to joint and integrated actions and solutions. All these are only few of the preconditions that determine different strategic focus and implementation approaches in Interreg programs of external and internal borders. While most EU internal programs provide support for solutions to global challenges, the CBC-IPA territories are still confronted with the need to catch up in their socio-economic development. Therefore, the main joint challenge of the CBC region for 2021-2027 is to take on more advanced course of development while still facing persistent risk of poverty and income inequalities issues urged by negative demographic change, underdeveloped CBC regional value chains and entrepreneurship, low technological specialization, unattractive and uncompetitive business setting. The following territorial divergence pattern across the CB area can be outlined: a tendency for higher scores on the efficiency dimension (GDP and GVA), but lower scores on the basic dimension (infrastructure, health and education), innovation (digital readiness and business dynamisms) and environmental protection (diverse sources of all forms of pollution, limited capacity for civil protection against natural hazards). When these economic pushbacks take place in a weak cross-border institutional context and in the absence of carbon free practices, the prospects for territorial cohesion in line with EU objectives (Territorial Agenda 2030; Green Deal) are further challenged. The carried out Territorial Analysis for programming purposes and its updated version allows for structuring main findings into the following groups of policy areas, viewed from the perspectives of disparities and driving forces for development:

### 1.1. Negative demographic change

The programme area is sparsely populated having population density below the national average of the corresponding country and far from the EU-27 average. In overall, the CB area is characterised by a negative natural population change (both countries experienced population decline by more than 5% in a decade), negative net migration and high proportion of population aged 65 years and more (as compared to EU average).

### 1.2 Poverty and income intraregional inequalities

Low income levels and inequalities continue to drawback the economic development of the CB area. Eurostat data[1] show that the CBC territory falls within the groups of regions with the second highest rate of poverty risk and social exclusion. Nearly one quarter of the total population (Bulgaria – 32,1%, Serbia – 29,8%) and at nearly half, on average, of the unemployed (Bulgaria – 51,5%, Serbia – 42,1%) were viewed as being at risk of poverty in 2020. Bulgaria holds the second highest rate of retired persons in the EU-27 at risk of poverty in 2020, while reciprocal data for Serbia place the country in a better position (28,8%), being, however, below the EU-27 average (19,2%). It should be noted, that nearly one fourth of the CBC population is concentrated in the 4th poorest EU NUTS 2 region for 2020 – the Northwest region of Bulgaria. In the 2019 Regional Competitiveness Index the region reported negative scores in all observed indicators except Macroeconomic stability.

In terms of income inequalities, the Eurostat indicator “income quintile share ratio”[2] shows opposite processes that undergo in both countries (Bulgaria: 8.01; Serbia: 6.06) in 2020, yet their individual

performance is below the EU average (5.42). Latest topical data (EU-SILC) places Bulgaria on top of all Member states with the biggest income gap between the poorest and the richest (8 times bigger gap than the EU average of 5,2 times). The main factor increasing the risk of poverty is the lack of job prospects.

### 1.3 Disparities in educational and employment outcomes

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

Serbia outperforms Bulgaria and the EU average on the Eurostat ‘Early leavers from education and training (% of population aged 18-24)’ indicator for 2020, as follows: 5.6% (Serbia), 12.8% (Bulgaria), 9.9 (EU-27). Bulgaria does not meet the ET 2020 (Strategic framework for European cooperation in education and training) benchmark of 10% share of early leavers from education and training, while Serbia not only meet the ET 2020 target, but it also marks an improvement of this key determinant for economic prosperity.

Both countries underperform in adult education with slight differences as for Bulgaria placing the country in a better off position. The participation rate in education and training (25-64 years) for 2020 (measured by Eurostat) ranks Bulgaria (1,6%) and Serbia (3,7%) at the bottom of the European classification (EU27: 9,2%)

In overall, the labor market in the border area is characterized by low level of employment (63.3 in the BG CBC part and 46.2 in the RS part), high unemployment, extreme wages (minimum and maximum wages of Bulgaria present in the Bulgarian CBC), and low mobility of labor force. In terms of employment, on the Bulgarian side, it is only Sofia district who performs above the national average, while in the Serbian part of the border only Toplica region’s employment rate equals the national benchmark. While the Serbian NUTS III level equivalent regions show an unemployment rate either above or close to the national average, the figures of the Bulgarian district are quite diverse – for example the rate in Vidin district is almost 4 times above the national average, while for Sofia-district is almost 2 times below the average. Despite the high unemployment rate of Serbia, its size has been continuing decreasing since 2014, whereas the employment rate has been keeping relatively stable value over the same period of time.

Another employment-related challenge for both countries is the need to struggle with the high rate of youth NEETs (neither in employment nor in education and training) – Bulgaria (19.2%), Serbia (20.7%), EU-27 (15.0%) - data is for 2020. The lack of equal employment opportunities for youth in the CB area gives rise to concerns that the regional economic disparities may further deepen by making a whole generation of young people excluded from the CBC labour market for years to come. Therefore, institutional and business efforts to develop attractive working arrangements for the millennials are utterly needed, especially in the transition stage from education into the labour market.

### 1.4 Inequalities in access to healthcare

The health challenges in CBC region are mainly related to: (1) inequalities in the supply of health services across urban and rural areas; (2) the quality of health services, (3) shortages of medical professionals, (4) high relative share of individual health costs. The remoteness of some small municipalities/settlements from urban agglomerations from the point of view of medical assistance delivery (primary, specialist, hospital, urgent and emergency) remains a serious CBC challenge in healthcare. Reliance on eHealth solutions within the system carries a significant potential for efficiency gains in the system, but both countries lags behind EU on eHealth[3].

### 1.5 Disparities in competitiveness and business environment

In the 2018-2019 edition of the Global Competitiveness Index (GCI), Bulgaria ranks 49th out of 141 countries analysed, advancing from 51st place in the previous edition, while Serbia is at 72nd globally, falling down with 7 places from the previous edition. The business environment in both countries resembles a distinct dual structure. At one extreme there exist a few large modern capital-intensive, resource-based, import-dependent and assembly-oriented enterprises, while at the other extreme there are small and micro enterprises that use very simple and traditional technologies and serve a limited local market. The number of enterprises and the total turnover of each CBC district increases every year, except for Vidin, whose economic activity has been shrinking over the last years. Active enterprises in the

service sector prevail in the CB area, followed by the number of enterprises in industry and construction. This regional service-industry specialization provides significant opportunities for the integration of domestic enterprises in regional and international value chains, as well as displays high potential for the development of cross-border regional value chains, but more supportive measures and interventions in this field are needed.

#### 1.6 Weak digital and innovation adoption

Ever since DESI index[4] for 2020 has been built, Bulgaria has been ranked last in every edition of the index in its all indicators – connectivity, digital skills, use of internet services, integration of digital technologies, digital public services. Serbia also scores low (3 out of 5) in the OECD Competitiveness Outlook (2021) with regards to digital society on the six Western Balkan economies. The European Innovation Scoreboard 2021[5] assesses Bulgaria and Serbia as emerging innovators. On regional level the Bulgarian South-West region (incl. Sofia, Pernik and Kyustendil districts) is assessed as moderate innovator. Nevertheless, in both countries there is a lack of attractive research system and cooperation and coordination among academia, the private sector and the government which makes their innovation helix frameworks underdeveloped. In terms of entrepreneurship, no representative data for Serbia has been found. As per Bulgaria, the country performs far below the EU average in entrepreneurship, with the lowest score of all Member States.

Among most important preconditions for implementing digital transformation policies and practices is the internet connection and usage. Both countries score almost equally on the use of internet and the share of households with access to the internet at home. Mobile broadband penetration is also expanding in Bulgaria and Serbia. In the 2019 GSMA's publication on The State of Mobile Internet Connectivity both countries are placed in the group of advanced countries.

#### 1.7 Underdeveloped tourist infrastructure

The variety of natural and cultural assets in the CB area is a key precondition for defining target-oriented tourist offer, but tourism in the region faces insurmountable weaknesses: underdeveloped tourism product as a whole, underdeveloped network of tourism companies, insufficiently qualified staff in the field of tourism services, poor condition and limited access to natural and cultural-historical heritage sites. Furthermore, there is still no developed interaction of the tourist function across the border.

The number of tourists is by far the most important indicator showing the degree of tourism attractiveness. Sofia and Kyustendil (Bulgaria) hit the top of the most visited districts in the CBC regions, followed by Zaječar and Nišava (Serbia) – which cumulatively account up to 66% of the total number of tourists in the Serbian part of the programme area. The least attractive regions are Pirot, Pčinja, Toplica and Jablanica on the Serbian side and Pernik (industrial centre with lacking tourist attractions) and Vidin (distant from tourism hotspots despite its location on the Danube, with underdeveloped transport connectivity and low quality of the road system) in the Bulgarian part of the region.

Tourism attractiveness of the CB area is mainly shaped by the rich diversity of historical and cultural assets, national parks and landmarks, as well as balneo resources. All these constitute a key prerequisite for development of integrated tourist products, but despite the allocated so far vast Interreg support to individual tourism projects, sustainable integrated and cross-border tourism effect (e.g. year-round CBC tourism products that includes visits to various CBC sites) has not been achieved. Therefore, in spite of the enabling factors and preconditions,.

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

The link between biodiversity and the provision of ecosystem services has not yet been built in the CB area, despite the large amount of natural areas that enjoy various national and international protection statuses. Due to extensive mining and other industrial production with negative footprint on the environment, as well as taking into account all the negative climate change implications, the CB area is at high risk of natural hazards. In recent years, natural disasters as droughts, floods, forest fires and landslides have become more frequent in the programme area due to mix of factors such as climate change and industrialization. This will have a negative impact on all sectors of the economy, human health, ecosystems and biodiversity.

Since the ecological infrastructure in the CB area is generally assessed as underdeveloped, the absence of

ecosystem-based practices and services to deal with various environmental challenges, weakens efforts for addressing climate change issues. The integrity of almost all natural ecosystems in the CB area is currently threatened, due partly to ongoing climatic changes but also to anthropogenic pressures, resulting in habitat degradation and the increasing threat of forest fires. The biodiversity loss continues, and populations of several rare species continue to decline in size. Currently applied management approaches and strategies do not provide for effective biodiversity conservation. The current national protected areas network that falls within the CB area does not ensure ecological continuity and connectivity, as linking ecological corridors are still lacking. The integration of ecosystem-based practices and services to handle natural hazards involves all authorities at local, regional and national levels, the private sector, civil society organisations and citizens to collectively deal with natural hazards by: (1) developing institutional capacity through building of expertise, knowledge base, monitoring and reporting; (2) raising awareness: improving education, participation of society in humanitarian and climate adaptation actions and 3) building sustainability by strengthening infrastructure, protecting natural and human capital.

### 1.9 Limited preparedness for green transition

Bulgaria's and Serbia's economies are highly energy-intensive. In both countries the main energy source is coal. In Serbia it supplies approximately 50% of the total energy, while in Bulgaria its share amounts to 25%. In January 2020, the country adopted its national emission reduction plan. One positive outcome in this direction has been already achieved: the energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2010 constant prices) has been decreased from 543.2 in 2007 to 424.3 in 2018. Similarly, the Gross inland energy consumption has also marked a slight decrease of 6% from 2007 to 2018[6]. In Serbia, the recycling rate of municipal waste is the lowest in Europe – 0.3% in 2018. The country needs to redouble efforts to close its non-compliant landfills and invest in waste reduction, separation and recycling.

Bulgaria remains the most energy-and greenhouse gas-intensive economy in the EU by a wide margin. The Country Report Bulgaria 2020 states that, in 2017, the country needed 3.8 times more energy and produced 4.4 times more carbon emissions per unit of GDP than the EU average. However, the country is still on track to achieve its targets for GHG emissions and renewable energy. It is not progressing, though, towards its energy efficiency indicative targets and the gap between the current and target levels of energy consumption is widening.

Although policy actions promoting green transition have been taken in Bulgaria, the country continues lagging behind the EU in all components of the circular economy[7]. The scale of resource productivity of Serbia also is far below the EU-27's average. Both countries lack a circular economy strategy.

Other important targets of the EU Green Deal concern agricultural and food-processing practices. The GVA share of agriculture in the CB area has been gradually shrinking over the last decade accounting for nearly 4% GVA share in the Bulgarian CB area and 5,2% GVA share in the Serbian part for 2019. There are no reliable data on the use of chemical pesticides and antimicrobials, as well as on the scale of nutrient losses and the level of development of organic farming - all these components have green targets up to 2030. Corresponding indicators are not expected to exhibit significant contribution to the green targets, but there is a potential for encouraging sustainable and environmentally friendly production of safe and quality food and developing organic value chains which can have a greater impact in terms of biodiversity conservation and food security.

### 1.10 Underutilized potential for regional connectivity

Despite its strategic location, in view of current and future international transport traffic flows, the CBC area is presently not in a position to fully benefit from this asset. Through its territory pass two of the core TEN-T network corridors with extensions to third countries: Rhine-Danube corridor and Orient/East-Mediterranean corridor.

Another important Pan-European corridor (London-Budapest-Belgrade-Sofia-Plovdiv-Istanbul-Calcutta), which is the shortest road connecting Western Europe, the Near East and the Middle East, also crosses the CB area. Reconstruction of 48 km long road of this Europe motorway connecting Kalotina border crossing and Bulgaria's capital Sofia is undergoing. Serbia has already built its own section to the Bulgarian border - the extension of the Belgrade-Niš highway. With the implementation of the entire cross-border motorway project, the travel time between Sofia and Belgrade it is expected to be reduced to



three hours. Beside that joint motorway project, no other significant transport infrastructure improvements have been implemented.

The only railway connection between the two countries (Sofia-Niš-Belgrade) is single-tracked and has several black points where the speed has to be seriously slowed down. Most of the railway lines inside the border area are quite old and need a complete overhaul.

## **2. DRIVING FORCES FOR ECONOMIC GROWTH OF THE PROGRAMME AREA**

### 2.1 Favourable macroeconomic background and SME performance

The pandemic of COVID-19 has disrupted lives across all countries and communities and negatively affected global economic growth in 2020 beyond anything experienced in nearly a century. However, estimates indicate the outbreak reduced global economic growth in 2020 to an annualized rate of around -3.2%, with a recovery of 5.9% projected for 2021. Therefore, this section emphasizes on the macroeconomic stability and growth potential that both countries exhibited until COVID-19. The GDP of both countries has hovered around 3,5% since 2016, with total factor productivity the main factor behind its expansion, alongside with growing export market share, increasing cost of labour per unit of output produced and continued integration in global value chains for Bulgaria. The GDP of Serbia is driven by strong exports and increased domestic consumption.

At the CBC level, some discrepancies in the regional GDP pop up. The largest economic output for 2018 has been produced in Sofia district (1 844,15 mln. Euro), followed by Nišava district (1637,86 mln. Euro). The Toplica district has produced the smallest economic output - 303,51 mln. Euro, slightly outperformed by Vidin district who reports GDP of 348,24 mln. Euro.

In overall, the economic structure (in terms of GVA) of the CBC region on both sides of the border follow national trends, who report continuing growth of services sector at the expense of shrinking industry and agriculture. The productivity of Serbian SMEs, calculated as value added per person employed, is almost four times lower than the EU average. In Bulgaria SMEs generate two thirds of total value added and three quarters of total employment in the country, far exceeding the respective EU **averages** of 56.4% and 66.6%. Likewise Serbia, the annual SME productivity, calculated as value added per person employed, is far below the EU average.

### 2.2 Rich biodiversity with a strong impact on economic growth

The programme area enjoys a very rich and diverse natural heritage. Bulgaria ranks third EU country in the National Ecological Network (NEN) having covered 34.4% of its national territory under Natura 2000 network. The number of CB protected areas included in NATURA 2000 is very high. The border area is characterized by a variety of flora, fauna and natural habitats. Numerous plains and valleys form a strong natural potential for the development of agriculture, forestry and tourism. The region is rich in natural parks, protected areas and natural reserves due to its location in the centre of the Balkan Peninsula. Numerous geomorphologic phenomena (caves, natural bridges, gorges and canyons), hydrologic (springs), dendrology monuments and smaller nature reserves are protected by formal instruments as well. A further credit to the natural wealth of the region bring also its healthy thermal springs, which form a factor with significant added value to the potential for tourism development in the region. There are also wetlands of international importance, with suitable nutrition conditions, microclimate and wind regime. The bird migration route – Via Aristotelis - crosses the CB area.

### 2.3 Potential for integration in international tourism network

Three of the European cycle routes, namely EuroVelo 13 “Iron Curtain Trail”, EuroVelo 6 - Atlantic–Black Sea (from Nantes via Ruse to Constanta) and EuroVelo 11 - East Europe Route (from the north-east tip of Norway to Athens), passes through the CB area. Each route gives the possibility of visiting different countries starting in from North Europe to South Europe and provides a welcome reminder of the peace and reconciliation that have followed the fall of the ‘Curtain’ as well a beautiful coasts, rivers and castles.

### 2.4 Good regional connectivity and potential for multimodal transport

There are 5 border crossing checkpoints (BCCP): Bregovo – Mokranje, Kula - Vrska Čuka, Kalotina – Gradina, Strezimirovci and Otomanci – Ribarci, but only one of them (Kalotina – Gradina) is suitable for international traffic. The Kalotina BCCP is located on the main road and railway connections between the

two countries. The border checkpoint is one of the most important BCCP for Bulgaria due to its proximity to Sofia through which passes the main traffic between Europe and Asia.

The regional connectivity is not exhausted with the 5 land borders. The inland waterways provides opportunities for the development of environmental friendly and low cost transport services which makes it a viable alternative to international road transport. Having an outlet to one of the most important European waterways – the Danube River, the region thus gains a significant advantage. The CB area enjoys 6 ports as follow: Vidin, Lom, Oryahovo (Bulgaria) and Kladovo (new one, still not in operation), Prahovo, Donji Milanovac International Passenger Port (Serbia). Part of the port system of the area has been connected to other means of transport, yet further substantive investments are needed to build up a modern, flexible and business-oriented CBC multimodal infrastructure.

### **3. JOINT INVESTMENT NEEDS**

- Investments for multidimensional integrated territorial measures addressing income gap, the relatively high poverty risk, social inclusion through community-based services and integrated employment, health and social mobile support in the home environment, improved access to and quality of general services for people and enterprises;
- Investments for development and implementation of attractive job prospects and comprehensive digital upskilling programmes, including measures of the silver economy;
- Investments for improving the quality, labour market relevance, and inclusiveness of education and training;
- Investments for technological modernization, adoption of circularity models, digitalization, internationalization, entrepreneurship, accessing and setting up regional value chains, facilitating cross-border enterprise networking, etc.
- Investments for development of ecosystem-based approaches in handling environmental issues, particularly in enhancing civil protection capacity;
- Investments for development and application of technological solutions aimed at reducing GHG emissions and increasing circularity performance;
- Investments for utilization of the CBC potential for integration in international tourism network and for developing all-year-round tourism products with attractive offering of services in the off-peak season.

### **4. COMPLIMENTARITIES AND SYNERGIES WITH OTHER FUNDING PROGRAMMES AND INSTRUMENTS**

Close coordination between the Managing Authority and the EU Delegation in Serbia will be maintained in order to maximise the effect of the assistance with other EU activities in the overlapping areas of support. The Interreg VI-A IPA Bulgaria Serbia Programme accounts for complementarity and synergies. with the following funding programmes and instruments, yet most of them are still under development, therefore, it is only possible to refer to their draft (if any) versions.

The programme *Interreg VI-A IPA Bulgaria Serbia* interacts with the *Human Resources Development Programme 2021-2027 of Bulgaria* in the field of employability and labor market, which will have a real impact on the implementation of the planned activities under *PO5: Europe closer to the citizens* and the objectives for promoting integrated, social, economic development. Part of the reform intentions in the education system (Programme Education 2021-2027 of Bulgaria), which is also related to measures improving the quality, inclusiveness, effectiveness and labour market relevance of education systems, with focus on skills related to digital transformation and green economy, i.e. the Programme will support all educational stages - pre-school, school, VET and Higher education.

Interventions under *PO1: A smarter Europe for improving the sustainable growth and competitiveness of SMEs and job creation in SMEs, incl. productive investments* under the proposed Programme also largely supplement the following national programmes: *Programme Development of the Regions 2021-2027; Programme Competitiveness and Innovation In Enterprises 2021-2027; Bulgarian National Resilience and Recovery Plan.*

Major options for amplifying territorial investments and their impact stem from the strong synergies

between the CBC programme and the **Programme Development of the Regions 2021-2027** in, practically, all selected policy areas, with the exclusion of PO1 Smart economy. The CBC districts of Pernik and Kyustendil fall under the group of regions most affected by the transition to climate neutrality and therefore, relevant enterprises and their zero-carbon solutions will be supported by the mainstream programme within **PRIORITY 3: A Fair Energy Transition**.

There is a strengthened strategic alignment of the CBC programme with the **Bulgarian National Resilience and Recovery Plan** as well, in terms of increasing the ability of people to timely adapt to technological transformation and the respective changes in the labour market, increasing the level of digitalization and greening of Bulgarian SMEs, biodiversity. Complementarity is also identified in the area of sustainable growth, competitiveness of SMEs and job creation in SMEs as business development and internationalisation, as well as in the sphere of skills development for smart specialisation and entrepreneurship and protection, development and promotion of cultural heritage and cultural services.

Complementarities exist with the **Programme Competitiveness and Innovation In Enterprises 2021-2027** particularly in the field of competitiveness, digitalization, green production solutions and technologies.

Since the IPA III Serbia-North Macedonia programme identifies similar thematic priorities, coordination and exchange of information between the programmes will be necessary in order to create complementarity under priority “Promoting employment, labour mobility and social and cultural inclusion across the border”. However, clear demarcation will need to be provided between the types of actions supported under priority “Encouraging tourism and cultural and natural heritage” in order to avoid duplication in the overlapping eligible territory in Serbia that covers Jablanica and Pcinia districts.

Interventions under **PO2: A greener, low-carbon Europe** to promote adaptation to climate change, risk prevention and disaster resilience supplement the **PRIORITY 4 Risk and Climate Change** under **Programme Environment 2021-2027**, which will take flood and drought risk prevention and management measures, risk analyses and implementation of prevention and protection measures related to adverse geodynamic processes, increasing the preparedness of the population and improving the resilience by ensuring wild fire-fighting capacity on the ground, raising public awareness, as well as trainings, information and education measures for the formation and implementation of policy objectives related to climate change and disaster protection, establishing new, optimizing and/or expanding existing warning, monitoring, reporting, forecasting and alarming systems.

The most significant synergy with the **Interreg VI-A IPA Romania Serbia programme** will be under **PO2: A greener, low-carbon Europe, Specific objective: Promoting climate change adaptation, risk prevention and disaster resilience** of the current Programme. **Interreg VI-A IPA Romania Serbia programme** proposes measures like investments in restoration of natural areas (e.g. forests, river banks) to prevent floods and land-slides, afforestation and reforestation of the areas vulnerable to floods and landslides, prevention and management of climate related risks (fires, storms, drought), risk prevention and management of non-climate related natural risks and risks linked to human activities, civil protection and disaster management systems and infrastructures, development and implementation of awareness measures and training products in the field of environment and emergency preparedness, implementing joint works for flood prevention on Danube River, joint strategies and action plans for preventing natural risks, development and implementation of awareness measures in the field of climate change. Both programmes will have a great contribution to the implementation of interventions proposed under **Specific objective: Fostering the integrated social, economic and environmental development, cultural heritage and security in urban areas and other than urban areas**. Few of them are development and implementation of measures to develop and promote tourism assets and services, natural heritage and eco-tourism, cultural heritage and cultural services.

Complementarities exist with the Programme Internal Security Fund 2021-2027, which will support measures aimed at protection of people, public spaces and critical infrastructure from security related incidents, as well as efficient management of the security related risks and crises. Internal Security Fund 2021-2027 will support measures in the field of protection of public spaces and critical infrastructure as regards cross border, serious and organised crime and terrorism, including preparedness and counteraction to CBRN-E threats. Management of risks and reaction to natural disasters and crises are beyond the scope of the Internal Security Fund.

The programme is consistent with the strategic programming framework for the Instrument for Pre-Accession Assistance (IPA III), adopted with Commission Implementing Decision C(2021) 8914 final of 10 December 2021. The clear and strategic commitment of the EU to the region is reflected in a number of key actions. The IPA III Instrument for Serbia provides important assistance complementing the vast EU funded support in the Western Balkans. The implementation of the CBC programme's strategic project, in the field of disaster risk prevention and resilience, will unequivocally add to the achievement of the outcome 1 of the 'EU for connectivity and green agenda' Action of the IPA III Programming Framework. The IPA III mechanism will promote the green agenda in the country by reinforcing environmental protection infrastructure and increasing capacities for environmental protection and climate change. The synergies between the CBC programme and the IPA III Instrument for Serbia are further strengthened by the provision of different in scale, but equal in purpose, support for private sector development, trade, research and innovation through the Action 'EU for sustainable economy, agriculture and rural development' (IPA III framework) and the priorities 1 and 2 of the CBC programme. Thus, as a cumulative effect, both instruments would help border enterprises deal with competitive pressures in a more comprehensive way.

Furthermore, the CBC programme has a potentially strong impact on the progress of implementation of 3 out of 6 flagship initiatives of the EU-Western Balkans Strategy (EUWBS), namely '*Support for socio-economic development*' (Common Regional Market), '*Digital Agenda*' (digitalisation of industries) and '*Good neighbourly relations*' (cooperation in education, culture, youth and sport). By providing support to border businesses to cooperate, internalize and join international value chains while also facilitating free movement of goods, services, capital and people, the Programme, through its priority 1, complements the EU-Western Balkans efforts for establishment a Common Regional Market covering aspects of digital, investment, innovation and industrial policy and promoting the region as one investment destination. The vast and comprehensive support of the CBC programme to SMEs (direct support under priority 1 and indirect one under priority 2) has a strong digitalization focus which would contribute to the accomplishment of the Western Balkan Digital Agenda mission. The largest share (55%) of the programme budget is earmarked for integrated territorial development. Collected project ideas from stakeholders, during programming, showed a definite need to join efforts to improve access to and quality of services in education, culture, youth and sport. Outcomes of the CBC cooperation in these fields (under specific objective 1 'To expand and improve service provision' of the Integrated Territorial Strategy) are expected to magnify and strengthen the impact of the 'Good neighbourly relations' flagship initiative of the EUWBS. The CBC programme touches upon priorities of the Green agenda of EUWBS in relation to climate proofing defining a strategic project on the topic. As Commission's Guidelines for the Implementation of the Green Agenda for the Western Balkans (SWD(2020) 223 final) highlights '*strengthening the efforts on climate proofing, resilience building, prevention and preparedness in the region is therefore crucial*'.

The Programme Interreg VI-A IPA Bulgaria Serbia will promote the synergies and complementarities in the areas of environment protection and climate change, competitiveness, tourism, culture such as: (Interreg VI-B) IPA Adriatic-Ionian 2021-2027, Danube transnational programme and other relevant EU programmes.

In terms of implementation of an interprogramme coordination approach to address geographical and thematic challenges and to facilitate interprogramme synergies, the managing bodies will take on two paths: 1) Invite representatives of managing bodies of all relevant (those whose geographical coverage overlaps with the CB area) EU funding programmes to the JMC/JWG of the Programme; and 2) Set up interprogramme thematic working groups and staff/experts exchange at the stage of development of Guidelines for applicants.

## **5.LESSONS-LEARNT FROM PAST EXPERIENCE**

Bulgaria-Serbia IPA CBC Programme 2007-2013 operated in a wide range of priority areas and covered a variety of sectors, without clear prioritization. Despite the thematic concentration imposed by the EU Regulations in 2014 -2020 period, the areas of intervention defined under INTERREG-IPA CBC Programme 2014 -2020 still remained quite diverse and without any interdependence.

Opposite to limited (even reduced in 2014-2020 period) financial resources, the interest in the programme

remained high during both programming periods. In 2007-2013 period – under the 2 open calls 367 projects were submitted and 156 contracts signed while in 2014-2020 period – under the 2 open calls 559 projects were submitted and 101 contracts signed. This comes to show that more than 70 % of the project proposals were not financed. Reasons for that varies from high expectations of potential beneficiaries through low quality of project proposals to lack of clear thematic focus of the calls. The evident disproportion between the numbers of applied and contracted projects resulted in scattered sectoral investments, as well as in fragmented and dot-like interventions which are generally not capable of comprehensively addressing actual needs and potentials of the CB area, thus fail also to significantly impact inclusive and sustainable growth.

Despite the demonstrated high interest, the low competence of some beneficiaries in terms of project implementation of certain measures and the low level of partnership between public and non-governmental sectors contributed to the lack of capitalization of the project results. In addition exhaustion in generation of project ideas was observed – e.g. circulation of routine and repetitive project actions has been vastly observed as well as an increased number of projects, with already financed similar ideas/objectives. Furthermore, and in all calls most of the applicants were one and the same organizations/institutions.

In order to improve the weak capacity of some beneficiaries to prepare and implement projects the new Programme will use Technical Assistance (TA) funds for organisation of the information days and training sessions for potential beneficiaries after the launch of the Calls for proposals and Partnership forums for identification of the project partners and also for trainings during the implementation period of the projects.

#### *Outcomes of the performed mid-term and ex-post evaluations*

The Impact Evaluation of the 2007-2013 Programme, as well as the Midterm evaluation of 2014-2020 Programme, showed that, in correspondence to the diversity of the spheres of intervention, a wide number and range of outputs were delivered. From a financial perspective, it was observed a drastic discrepancy between available, requested and contracted funds - in average, the total budget of all applications exceeds with 498 % the available one, while only 16 % of the total requested funding has been contracted. Often, such financial disproportion is a precondition for weak programme effects in terms of efficiency and sustainability. That is why it is difficult for the programme to bring out benefits for the communities, to intensify its effects for the region and especially its value added achieved through cooperation. In that respect, in order a visible impact to be achieved, a new, more results-oriented approach in the implementation of the future programmes was recommended. It is expected that a better programme focus would strengthen linkages between needs and resources (through concentrating more funds to most demanded intervention areas) thus generating proportionate and sustainable effects on the territory.

## **6. MACRO-REGIONAL STRATEGIES (MRSs) AND SEA-BASIN STRATEGIES**

The programme area is at the centre of the European Danube Macro-Region and it partially overlaps with the European Adriatic-Ionian Macro-Region, where Serbia participates with its territory. Through their integrated approach, EU Macro-regional strategies encourage targeted solutions to challenges within functional areas, which cannot be solved by a single country, region or municipality. Hence, the European Strategy for the Danube Region (EUSDR) and the European Strategy for the Adriatic and Ionian Region (EUAIRS) are an important tool on the strategic side for identifying the main objectives of the Interreg VI-A IPA Bulgaria Serbia Programme.

The territorial challenges that the CBC programme addresses (e.g. environmental threats, uneven socio-economic development, uncompetitive business environment, untapped tourism potential) have been also recognized as such in both MRSs. This opens up possibilities to align relevant priorities of the CBC programme with the two MRSs and to embed the latter into the strategic framework of the reference programme. The synergies and coordination of actions between the CBC programme and the two MRSs can be potentially projected in the area of institutional capacity and exchange of practices/knowledge/solutions in the following MRSs priorities:

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

A substantial scope of the CBC programme actions, that are going to be supported under priority ‘Integrated development of the border region’, corresponding to 40% of the priority budget, will be focused on tourism. Investments are expected to improve tourism-related infrastructure and services, branding and marketing as well as to strengthen inter-institutional coordination and policy development while fostering the preservation of and re-connecting with natural ecosystems in pursuit of a sustainable tourism cross-border community. People to people relations are at the heart of this community.

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

Under priority 3 “A more resilient border region” the CBC programme will seek to reduce the risk of natural disasters as a means to prevent biodiversity and human lives loss, as well as ecosystem collapse. Public authorities are traditional risk prevention and rapid response management bodies, therefore putting forward practices for strengthening institutional capacity for climate change adaptation would add on valuable impact to the achievement of EUSDR and EUAIRS targets.

## **7. PROGRAMME STRATEGY: main development challenges and policy responses**

The policy and strategic framework of the programme came out as a result of a three-year long elaboration process. It first started in 2019 with regional consultations on both sides of the border complemented by a parallel study of cross-border territorial needs and potentials - both provided the bottom-up data and trends. During the meetings with the regional stakeholders some well-known territorial challenges have been confirmed as continuing and still unresolved (such as lack of diverse possibilities for work, high unemployment, low income, uneven economic and year-round tourism development across the CB area, etc.). It has been confirmed that tourism is the most suitable sector for building strong cooperation links, but persistent obstacles hamper sector’s potentials to flourish and expand, partially because of the limited participation of tourism service providers in the programme (in most cases these are SMEs). The need to provide SMEs with equal access to programme resources and perceive the enterprises as change boosters addressing, however, their specific needs, particularly in the field of competitiveness and internationalization, was stressed out. The prospective of establishing cross-border added value chains in certain sectors was positively assessed. In parallel to the public consultations, a separate round of CBC institutional consultations has been implemented to sort out project ideas of strategic importance. The relevancy and feasibility of the joint idea of the Bulgarian and Serbian Ministry of Interior on improvement of risk prevention and rapid response management in case of natural disaster had been assessed against the other collected ideas but its maturity and contribution to solving joint challenges made it preferred by the members of the JWG.

Most of the discussed territorial needs and potentials have found their evidence support in the Territorial analysis and have further been linked with key EU policies such as green and digital transition, TA2030, EU enlargement with the Western Balkans. In line with the Council Conclusions, good neighbourly relations and regional cooperation remain essential elements of the Enlargement process, as well as of the Stabilisation and Association Process. The very selection of PO5 and the largest programme budget share it enjoys (55%), unequivocally reveals that building mutual trust (highlighted accession principle in the Communication from the Commission ‘Enhancing the accession process – A credible EU perspective for the Western Balkans’) and cooperation between territorial actors has been put on central in the programme strategy. The abundant possibilities of PO5 for territorial development, particularly from the perspective of functioning of democratic institutions and economic reforms, which are part of the ‘fundamentals’, have been fully incorporated in the programme strategy and its implementation arrangements. Therefore, the programme is expected to contribute to the EU accession process and at the same time to the strengthening of the territorial cohesion. Having regard to all this, as well as taking into account the need for preservation of cultural, social and economic links between the regions of both countries, the JWG agreed on the following overall objective of the Programme:

***To strengthen the territorial cohesion of the Bulgaria-Serbia cross-border region***

The programme goal is ambitious – sharp territorial divergences are observed between the programme regions having extreme ranges of socio-economic development, while the overall economic performance of the CB area remains lowest in the EU and below national average. The programme response to this challenge is the delineation of programme priority “Integrated development of the cross-border region”

with 60% budget earmarked for expanding access and improving quality of services of general interest and for provision of framework support to local businesses to grow, expand and perform better in a greener and smarter competitive global market whose outcomes are expected to influence the labour market in a long-term perspective. The implementation of the priority through a dedicated Integrated Territorial Strategy addresses territorial challenges such as depopulation, ageing, high unemployment (particularly youth one), low income level. The integrated development aligns fully with the programme objective, because both concepts precondition strong collaboration and cooperation between territorial actors. The promotion of genuine cooperation under that priority has been done at three levels: programming (JWG), implementation (through Interreg indicators preconditioning cross-border dimension of the investments) and management (joint committee/strategy board will be set up to participate in the project selection process).

The uneven territorial and socio-economic development of the CB area finds further strategic reflections in priority 1 whose aim is to support the enterprise sector in increasing productivity through direct productive investments. The expected effects of the interventions envisage an increase in the productivity of the supported enterprises, which will reflect in a higher rate of economic growth, higher employment and labour incomes.

The new EU cohesion legislative package made the policy actions arising from the Green Deal imperative for all EU funded programmes. Thus, the selection of PO2 as a priority in the programme was top-down driven. Even in the absence of this obligation, however, the collected data from the institutional consultations and the Territorial analysis in the area of environment unequivocally confirm the need for continuous joint actions in risk prevention of natural and man-made hazards in order to reach long-term sustainability. The interest of territorial actors to invest joint efforts in this field has been traditionally strong. The CB area is rich in natural parks, protected areas and natural reserves due to its location in the centre of the Balkan Peninsula. However, due to extensive mining and other industrial production with negative footprint on the environment, as well as taking into account all the negative climate change implications, the CB area is at high risk of natural hazards. Therefore, in pursuit of more sustainable results, a strategic project with three main courses of action, namely inter-institutional coordination on risk prevention and rapid response management, harmonization of procedures and approaches, and improved citizen preparedness, has been proposed by its authors, and agreed by JWG, as a programme response to this challenge.

## **8. HORIZONTAL PRINCIPLES 2021-2027**

The CBC programme will scrutinize each project approved for funding whether it contradicts the principles described here. The **EU Charter of Fundamental Rights** remains the main principle promoting and ensuring equality and inclusiveness across Europe. The MA will seek to ensure gender balance in the composition of JMC, as well as it will require from project promoters to adhere to EU Charter and provide evidence for that. The MA will take any possible action to positively influence poverty eradication, social exclusion and any form of inequality and discrimination by promoting social inclusion encompassing the principles and objectives of the EU Charter and ensuring the respect for the principles of gender equality, non-discrimination and accessibility through the preparation, implementation, reporting and evaluation of the programme. All supported project activities, regardless of their sectoral focus, must contribute to the achievement of at least one of the selected 7 Sustainable Development Goals (SDGs) that are most likely to be tackled by the programme. These **SDGs** are: (7) Affordable and Clean Energy, (8) Decent Work and Economic Growth, (9) Industry, Innovation and Infrastructure, (10) Reduced inequalities, (12) Responsible Consumption and Production, (13) Climate Action, (15) Life On Land. Selection of projects as to how they contribute to the sustainable development as set out in Article 11 of the TFEU, taking into account the UN Sustainable Development Goals, the Paris Agreement and the "Do No Significant Harm" principle, is ensured through the JEMS application form which will be used for all POs. Furthermore, to ensure maximum adherence to the principles and targets of the Green Deal, each project supported by the programme, should have gone a positive DNSH (Do No Significant Harm (DNSH) Principle) assessment during the selection process, based on the programme analysis for compliance with the DNSH principle.

During the implementation of the Programme the Managing Authority will promote the strategic use of public procurement to support Policy Objectives (including professionalization efforts to address capacity

gaps). Beneficiaries should be encouraged to use more quality-related and lifecycle cost criteria. When feasible, environmental (e.g. green public procurement criteria) and social considerations as well as innovation incentives should be incorporated into public procurement procedures. A monitoring mechanism will be set by the Programme on the reporting and follow up of the developments related to the horizontal principles. Overall progress will be reported to the European Commission regularly, accounting for all the operations. Finally, a dedicated part of the Programme evaluation will treat the actions in this regard.

The environmental dimension of the sustainability is rooted across the entire programme. To ensure maximum adherence to the principles and targets of the Green Deal, each project supported by the programme, should have a green component that contributes to at least one of the environmental objectives set out in Article 9 of the Taxonomy Regulation. Such approach provides for broad promotion and applicability of the **Do No Significant Harm (DNSH) Principle**.

The programme will also promote the **New European Bauhaus** principle by requiring applicants and project promoters to align their project activities with the surrounding environment in order to provide for harmonious co-existence with nature, social inclusion and accessibility the objectives of this principle. Supported projects should ideally contribute to the regeneration of the environment and ecosystem functions and services, climate neutrality as well as the sustainable management and enhancement of cultural landscapes.

A programme contribution to EU climate and biodiversity targets is envisaged. The Programme will take into account the importance of combating the decline of biodiversity and will address the Biodiversity Strategy for 2030, estimating an indicative contribution to biodiversity objectives representing approximately 14,20% of its ERDF allocation (based on related calculation methodology). The Programme estimates an indicative contribution representing approximately 31,79% of its ERDF allocation to support climate change objectives and approximately 44,02% to meet environmental objectives.

On **e-cohesion**, a fully functional system is set up (JEMS), which guarantees that all exchanges between beneficiaries and programme authorities are carried out by means of electronic data exchange in accordance with article 69(8) and Annex XIV of the CPR. The system will be fully functional with the launch of the Programme and will allow diminishing the administrative burden of beneficiaries.

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

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

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

[1] [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living\\_conditions\\_statistics\\_at\\_regional\\_level#Poverty\\_and\\_deprivation](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_statistics_at_regional_level#Poverty_and_deprivation)

[2] [https://ec.europa.eu/eurostat/databrowser/view/ilc\\_di11/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_di11/default/table?lang=en)

[3] [https://www.espon.eu/sites/default/files/attachments/Final%20report.%202019%2003%2025\\_final%20version\\_0.pdf](https://www.espon.eu/sites/default/files/attachments/Final%20report.%202019%2003%2025_final%20version_0.pdf)

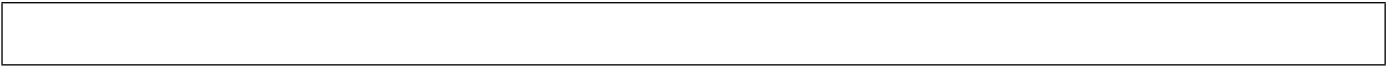
[4] <https://ec.europa.eu/digital-single-market/en/digital-economy-and-society-index-desi>

[5] [https://ec.europa.eu/growth/smes/sme-strategy/performance-review\\_en](https://ec.europa.eu/growth/smes/sme-strategy/performance-review_en)

[6] [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/serbia\\_report\\_2020.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/serbia_report_2020.pdf)

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





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

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

Table 1

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
1. A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity	RSO1.3. Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments	1. Competitive border region	Rapid growth in productivity is essential for achieving the competitiveness goals and new cohesion targets of the EU. Bulgaria scores the lowest % of EU27 of labour productivity per person employed and hour worked in 2019 – 48.7%. Corresponding data for Serbia lacks, but the expert assessments show slightly better performance on this indicator. Therefore, the priority aims to support the enterprise sector in increasing productivity through direct productive investments with the aim also to assist SMEs in the double transition and to provide them a favourable environment for internalization and participation in regional and international value chains. Taking into account the significant unfavourable effect of Covid-19, the programme is considered suitable for supporting SMEs competitiveness. Moreover, economic activity is expected to further contract in 2021 as the Covid-19 outbreak constrains private consumption and investment. The pandemic's negative impact on the economic activity may be further deepened if focused and targeted measures to combat it are not put into effect. In addition, CBC business activities take place mainly at local level and thus significant opportunities for development remain unexploited because of the limited market size and geographical scope of the economic activities, the economic disparities in border region will continue to worsen. Bulgarian and Serbian companies find it difficult to take full advantage of the opportunities

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			<p>offered by new digital technologies – only 6% of the turnover of Bulgarian SMEs and 5,39% of the turnover of the Serbian SMEs (EU average is 10,13%) comes from e-commerce. Thus, the solution of the productivity and digitalization problem will find valuable support in the programme approach toward SMEs. The projects supported under this SO will be in the form of grants considering the nature of the operations (cross-border dimension and relative reduced budget).</p>
<p>2. A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation risk prevention and management, and sustainable urban mobility</p>	<p>RSO2.4. Promoting climate change adaptation and disaster risk prevention, resilience taking into account eco-system based approaches</p>	<p>3. A more resilient border region</p>	<p>Locally occurred natural disasters may have a nationwide impact. As evident from the Territorial Analysis, since 1990s a series of disasters have been taking place and have been causing serious material damages and casualties in many regions in Bulgaria and Serbia, including the border region. In the last five years, an increasing share of the CBC fires has been observed. Having in mind the already established good cooperation between the responsible bodies in Bulgaria and Serbia and the recognized need for integrated and coordinated measures to reduce the risk of natural disasters, a strategic approach on risk prevention and rapid response management in case of different emergencies – wildfires, disasters, earthquakes etc. could be envisaged. The concept of disaster preparedness is embedded into a number of international commitments, including the UN’s Sendai Framework for Disaster Risk Reduction, Agenda 2030, the New Urban Agenda, and the Grand Bargain commitments. The European Commission’s Action Plan on the Sendai Framework for Disaster Risk Reduction 2015-2030 proposes a new all-of-society and all-hazards risk approach across economic, social, and environmental policy areas. The above-mentioned, as well as the outcomes of the regional consultation process on the</p>

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			<p>development of the next CBC programme paved the way to the evolvement of a cross-border strategic project in the field of disaster preparedness with the aim to make the emergency response as local as possible – a streamlined approach in the EC’s Action plan on Sendai Framework. This project is expected to have a greater impact on the targeted area and in national context as well, as it shall involve key authorities playing diverse roles on various levels in the entire system of disaster management – from public bodies through academia to NGOs. Moreover, the project envisages to enhance the interface between science and policy to build up a stronger knowledge base for decision-making. The implementation of the strategic project will go under the form of a grant considering the nature of the operation (cross-border dimension and impact).</p>
<p>5. A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives</p>	<p>RSO5.2. Fostering the integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security, in areas other than urban areas</p>	<p>2. Integrated development of border region</p>	<p>There is a strong need to overcome the developed/underdeveloped dichotomy in the policy approaches to territorial development and to further strengthen the cohesion of the CBC region. This is viewed to be done by bringing more territoriality and multi-sectoral perspectives to the programme, and that is the main rationale behind the selection of PO5 – to lay the foundation for gradual transitioning from territoriality to functionality by refocusing away from stand-alone initiatives towards territorial approaches and integrated projects. The dominating sectoral approach (vastly applied in the two previous programme periods, as well as conceptually rooted in PO1-PO4) failed to build cross-border territorial interlinkages. PO5 promotes “wise use of scarce resources” (Interact) through multi-sectoral interventions, which, in the context of the programme, will enjoy a significant degree of predictability and</p>

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			<p>improved targeting of the support in the calls for proposals due to a dedicated ongoing PO5 campaign for collecting project ideas. This new approach will help overcome the prevailing belief that territorial cohesion is made of bilateral relations bringing out the broad partnership and the multi-level governance instead, as it was widely promoted during the campaign. Actors from the territory must learn how to: 1) cooperate in a broader perspective going inter-sectoral and beyond administrative boundaries, and 2) establish mutually sustained CB networks and interdependencies to close socio-economic disparities and get most out of the territorial commonalities. Projects under PO5 would build CBC culture and positive attitude towards CB shared management of territorial assets and jointly developed solutions. A key milestone in this course of action will be the set-up of a CB Board who will lead the implementation of the Territorial strategy that underpins the performance of PO5. The projects supported under this SO will be in the form of grants considering their CB dimension and the limited budget.</p>

## 2. Priorities

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

### 2.1. Priority: 1 - Competitive border region

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

2.1.1. Specific objective: RSO1.3. Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments

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

Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments

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

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

In many countries, governments are seeking opportunities to enhance productivity growth, foster quality job creation, strengthen trade and investment, and reduce inequalities. MSMEs that grow have a considerable positive impact on employment creation, innovation, productivity growth and competitiveness. Digital technologies and global value chains offer new opportunities for SMEs to participate in the global economy, innovate and strengthen productivity. Taking into account, however, local MSME heterogeneity and their little ability to fulfil their growth potential, scale up, and take advantage of regional and global value chains due to small size, limited resources (such as skills and finance), or industry and market conditions, MSME from the CB area are lagging behind in the digital transition and are disproportionately affected by market failures, trade barriers, policy inefficiencies and the quality of institutions. A new approach of programme support, such as **direct support** to MSME, partnering across the border, can enhance SMEs performance and scale-up, as well as their contributions to inclusive growth. In light of the negative impact of the Covid pandemic on micro and small enterprises typically having insufficient capital and poor development potentials, the direct support to MSMEs becomes more relevant than ever, building on the experience gained from the indirect support to business from the previous programming periods. Moreover, the targeted support to enterprises to maximize production and reach new markets fully complement the EU-Western Balkans efforts in building Common Regional Market as an instrument to increase the attractiveness and competitiveness of the entire region, to speed up the post-pandemic recovery and to attract investors looking for diversification of supply and shorter value chains.

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

- Joint development and implementation of technological solutions that address regional socio-economic challenges, leading to financial and/or non-financial results obtained through cooperation;
- Technological and/or organizational investments aimed at reducing the cost of production/service delivery and any other investment leading to joint solutions for increasing enterprise competitiveness including but not limited to purchase of specialized equipment and technologies (incl. related upskilling), monitoring systems; purchase of IT equipment, training and know-how transfer part of which may consist of digital components such as virtual business centres, e-commerce solutions, possibilities for electronic payments, etc; Joint solutions aimed at increasing productive capacity. Digitalisation can only be a minor supporting part of a broader project proposal of enterprises whose productions enjoy high export potential
- Investments aimed at improving product/service quality, including but not limited to improvements in the design of product/service features, improvements in customer after-sales service, improvements in product guarantee, total quality management systems, and any other aspect that defines overall product/service quality level;
- Joint actions aimed at fostering networking and business collaboration across the border, as well as accessing new markets or market segments including but not limited to marketing studies, distance-spanning technologies, organisational cooperation and joint business schemes with other enterprises,

integration into regional value chains, etc.

-Joint marketing and promotion actions, participation in international fairs, exhibitions and other promotional events, consultation and information services, including e-marketing, communication with clients, etc.

The areas of interventions will be closely coordinated with the national competitiveness strategies and applicable analyses. The support for MSMEs will be provided through a competitive approach – open calls for proposals, in full respect of the application of the de-minimis rules (Regulation (EU) 1407/2013). The corresponding legal provisions impose financial limitations (EUR 200 000 for each undertaking over a 3-year period) on SMEs projects that are eligible for programme funding.

In order to concentrate the use of limited resources in the most efficient way, the programme support will be limited to micro, small and medium-sized enterprises within the meaning of Commission Recommendation 2003/361/EC.

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

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

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

2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

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

--



### 2.1.1.2. Indicators

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

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
1	RSO1.3	RCO01	Enterprises supported (of which: micro, small, medium, large)	enterprises	0	30
1	RSO1.3	RCO116	Jointly developed solutions	solutions	0	15
1	RSO1.3	RCO02	Enterprises supported by grants	enterprises	0	30
1	RSO1.3	RCO84	Pilot actions developed jointly and implemented in projects	pilot actions	0	15

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
1	RSO1.3	RCR104	Solutions taken up or up-scaled by organisations	solutions	0.00	2021	11.00	MA monitoring system / Survey	

### 2.1.1.3. Main target groups

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

The **main target** groups for the SO 1.1 *Enhancing sustainable growth and competitiveness of MSMEs and job creation in MSMEs, including by productive investments* are operating MSMEs.

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

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

The entire programme area is targeted.

2.1.1.5. Planned use of financial instruments

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

**Not applicable**

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

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

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
1	RSO1.3	IPA III	021. SME business development and internationalisation, including productive investments	2,394,705.00
1	RSO1.3	IPA III	171. Enhancing cooperation with partners both within and outside the Member State	2,394,704.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
1	RSO1.3	IPA III	01. Grant	4,789,409.00

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

Priority	Specific objective	Fund	Code	Amount (EUR)
1	RSO1.3	IPA III	33. Other approaches - No territorial targeting	4,789,409.00



## 2.1. Priority: 2 - Integrated development of border region

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

2.1.1. Specific objective: RSO5.2. Fostering the integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security, in areas other than urban areas

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

Fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism, and security in areas other than urban areas

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

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

The '8th Cohesion Report: Cohesion in Europe towards 2050' states that less developed regions and peripheral regions need a new development paradigm. Likewise, the experience from the previously implemented programmes and provided recommendations from the performed evaluation shows that there is a need to change the approach for achieving programme targets and objectives in a way to substitute the uncoordinated and dot-like investments with multilateral- and multi-sectoral-driven solutions in all key policy domains that define the degree of territorial cohesion. Integrated territorial development, anchored in place-based approaches and the involvement of all governance levels, as outlined in the new 2030 Territorial Agenda, is believed to be the new development paradigm making the most of the potential of the programme area. Priority 2 will give the opportunity common challenges of the border area to be pursued through a dedicated Territorial strategy (TS), applying integrated measures across different sectors. These common challenges can be summarised in one statement: the CBC area has the lowest scores in key EU development indicators (please, refer to the Territorial Analysis) with fragmented economy and depopulation trend being the most urgent challenges to be tackled.

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

**Strategic objective:** To enhance growth in all its aspects

Specific objective 1: To expand and improve service provision (with expected large-scaled positive impact on depopulation)

Specific objective 2: To enhance regional competitiveness, incl. in the area of tourism ((with expected large-scaled positive impact on economic cohesion and depopulation)

At least 40% of the priority's budget to be allocated to projects with a focus on sustainable tourism and culture.

From a typological point of view the TS could support a wide range of actions – research and development activities; creation and dissemination of information, knowledge and skills; trainings; services; cooperation and networking; joint policy and decision making; renovation, improvement, and maintenance of facilities of public importance; expanding access to public goods while strictly observing environmental regulations where applicable. The cumulative outcomes of all these diverse actions that are going to address broad thematic obstacles and challenges shall produce the integrated effect on the

territorial development.

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

- **Actions aimed at expanding accessibility and improving quality of services of general interest (SGI) in support of social and economic growth** – developing joint solutions that respond to changing needs by taking-up new technologies (better price/quality ratio, faster service delivery), societal challenges (e.g. population ageing, depopulation, silver economy, etc.); developing joint solutions that diversify the ways in which SGI are organised, provided and financed;
- **Development and provision of framework support to local businesses to grow, expand and perform better in a greener and smarter competitive global market** - business support organisations from the region will cooperate in setting up a comprehensive joint business services and consultancy programme, designed to meet needs of local MSME to scale-up and become more competitive on the regional and international market. The programme will focus on training and development, which will provide exposure to a diverse range of themes (entrepreneurship, circularity, resource efficiency, digitalization, internalization), along with a robust support network of supervision and mentoring in place. This indirect support to local business will generate wider benefits for the programme area. Such benefits could include increased employment, entrepreneurship and competitiveness in the region, as well as improved environmental conditions, enhanced innovation and better business survival rates. The enterprise support under priority 2 will complement the direct support envisaged under priority 1 in the following way. The objective of priority 1 (direct support to SMEs) is to improve productiveness and increase market shares through: 1) jointly developed technological solutions to enhance sustainable growth, and 2) provision of productive investments (**acquisition of fixed capital and intangible assets**) to up-scale these solutions. The objective of priority 2, when it comes to SMEs, is to improve knowledge and skills of enterprises (**acquisition of knowledge capital**) in various policy domains (e.g. integration in regional and international value chains) to address diverse territorial socio-economic challenges through the provision of indirect support (consultancy, training, exchange of experience). In practice, the individual support to enterprises under priority 2, which will be devised in the form of business support programmes based on thoroughly studied growth needs and potentials, may pursue goals such as: enhancing innovation and entrepreneurial capacity, transitioning to a more digital and greener mode of operation, joining international value chains, business growth and etc.
- **Actions aimed at streamlining the utilization of the CBC region's tourist resources, incl. ensuring faster, equitable and environmentally friendly access to and conditions for networking of cultural heritage and tourist sites in the CBC region** – development of new integrated regional tourism products; restoration, preservation, exposition of cultural heritage sites; support for natural tourism sites; set-up of natural sites for economic use; investments in tourist support infrastructure and facilities; strengthening the links between natural and cultural sites, including through enhancing the cycling network, road infrastructure, border crossing points infrastructure; training of staff of tourism attractions; improving CBC tourism marketing and branding practices.

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

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

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

Due to the wide-range programme support to integrated territorial development, the solutions and outcomes of the implemented interventions could contribute to the achievement of the objectives of the economic development, tourism, environment and institutional capacity strands of EUSDR and EUAIRS.



2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

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

--

### 2.1.1.2. Indicators

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

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
2	RSO5.2	RCO58	Dedicated cycling infrastructure supported	km	0	6
2	RSO5.2	RCO116	Jointly developed solutions	solutions	0	21
2	RSO5.2	RCO74	Population covered by projects in the framework of strategies for integrated territorial development	persons	0	980000
2	RSO5.2	RCO77	Number of cultural and tourism sites supported	cultural and tourism sites	0	12
2	RSO5.2	RCO75	Strategies for integrated territorial development supported	contributions to strategies	0	1
2	RSO5.2	RCO84	Pilot actions developed jointly and implemented in projects	pilot actions	0	21
2	RSO5.2	RCO76	Integrated projects for territorial development	projects	0	29
2	RSO5.2	RCO01	Enterprises supported (of which: micro, small, medium, large)	enterprises	0	200
2	RSO5.2	RCO04	Enterprises with non-financial support	enterprises	0	200

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
2	RSO5.2	RCR77	Visitors of cultural and tourism sites supported	visitors/year	36,980.00	2020	38,480.00	MA monitoring system / Survey	
2	RSO5.2	RCR104	Solutions taken up or up-scaled by organisations	solutions	0.00	2021	15.00	MA monitoring system / Survey	
2	RSO5.2	RCR64	Annual users of dedicated cycling infrastructure	users/year	0.00	2021	1,000.00	MA monitoring system / Survey	

### 2.1.1.3. Main target groups

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

The **main target** groups of the *SO 2.1 Fostering the integrated social, economic and environmental development, cultural heritage and security in areas other than urban*, are:

- Civil society;
- Local/ regional bodies and authorities, regional structures of central public authorities;
- NGOs;
- R&D, academic and training institutions;
- Social institutions;

MSMEs and their professional organisations, start-up companies, social enterprises, clusters etc

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

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

Locally developed and implemented Territorial Strategy (TS), in accordance with art. 28 (c) of the CPR Regulation, will underpin the implementation of Priority 2. The TS will seek to reinforce the integrated approach to further strengthen territorial development axes built upon functioning cross-border linkages in the business domain. The TS looks into existing socio-economic and governance flows across the border region making up the entire programme territory a functional area. The programme area is considered functionally coherent due to the following particularities:

- small size of the programme territory – below the (Interreg VI-A) IPA CBC programmes average. The smaller size questions the economic rationality for delineating functional areas for subsets of the territory;
- uneven spread of common territorial assets and economic activities across the entire programme area, resulting in scattered functional interlinkages. There are still underdeveloped regions of remote and mountainous villages, which are functionally incoherent with the economic centers from the programme territory;
- broad participation legitimizes the selected approach - a Task Force Group (TFG) made of local stakeholders, who develops the TS, has already agreed on the assessed territorial characteristics and functionalities.

The economic cooperation between Serbia and Bulgaria is expanding, and the trade exchange between the two countries has a tendency of further growth[1]. In particular, the CBC area enjoys sound cross-border economic relations in the field of retail and tourism, underpinned by relatively good CB connectivity that is concentrated in 5 border crossing check points, a railway corridor that is part of a bigger TEN-T network (expecting new investment for a 33,34km long section between Voluyak and Dragoman of more than €110 million in the coming years) and 6 ports along the Bulgarian and Serbian border with Danube. Since 1991, the CB business cooperation and its strong tourism-oriented specialization, has been gradually expanding and adapting to changing technological and competitive factors, eventually delineating the business function. The functional linkages, that this domain exhibit, are unevenly spread between the six regional centres of Sofia region, Vratsa, Montana, Bor, Nis, Pirot (all have GDP above the CB average per country) who often intersect or complement each other. This gave rise to the emergence of business networks whose economic CB cooperation has been gradually shifting to middle- and high-value added segments of the global value chains (GVC), such as electronics and electrical engineering, ICT, chemical and pharmaceutical industry, machine building, transport and logistics, food industry, agriculture and health care. However, the intercity relations of these 6 regional centres need to scale up and set up a sort of hierarchical networks of nodes and hubs in order to further develop functional links between urban and rural areas. On an enterprise level, the cooperation capacity of SMEs from both sides of the border needs to be further developed in order to provide better chances for participation in the regional and GVC. Regretfully, there is no credible and reliable statistics at CB level to illustrate the precise degree of border interactions in the business and the tourism domain. Instead, a proxy for this assessment is programme historical data underpinned by corresponding national-level statistics (see below). The most recent programme data (2014-2020) show that the biggest funding needs of stakeholders from both sides of the border come from the tourism domain (other options were environment and youth) where it enjoyed 38% share of all project proposals. Likewise, the share of contracted applicants (44%) under the tourism priority has also marked the highest programme value. The extensive programme support to tourism increased the degree of cross-border valorisation of cultural and natural heritage through cooperation in tourist offer, connected services and creative industries[2]. Statistical data[3] for 2019 (not most recent data are used to avoid data distortion due to COVID-19 pandemic) on trips of Bulgarians to Serbia show that 31% of the trips are tourism-oriented and a 17% are work-driven. Reciprocal data[4] for Serbians travelling to Bulgaria displays even larger ratio - 51% out of all trips are of tourism purposes and 16% are



triggered by professional incentives. Following deductive approach, provided nation-level data can be narrow down to regional level and infer strong arguments in support of the delineation of the business functional area across the programme territory (30% of the priority budget) prioritizing the tourism as a sub-function of the business development (40% of the priority budget). Both enjoy a total cumulative share of 70% of the priority budget. Bulgaria and Serbia have been traditional economic partners for many years. There are only nine EU countries with which Serbia does not have negative trade balance and Bulgaria is one of them. In the 2017-2021 period Bulgaria's exports to Serbia[5] reaches the highest growth rate (57%) of all Bulgaria's Balkan partners, while reverse data show a slower growth rate of Serbia's export to Bulgaria amounting to 20%. Focusing roughly identical TS budgetary appropriations on CB business cooperation and tourism increases the intra-regional functionalities and strengthens further the cohesion of the territory. The composition of the TFG is also built on the concept of territorial coherence, i.e. actual participation of stakeholders in the TS evolution is done through nominations of persons, for members of the TFG, from the entire programme area. These persons act as representatives of various interest groups. After the development of the TS is finalized, the TFG will be transformed into Strategy Board (SB). The transition of TFG into SB is seen as a way to sustain the local ownership of the TS and at the same time to ensure broad public representation in its governance. Thus, SB reflects the partnership principle comprising relevant actors from both sides of the border. The SB will: (1) select project proposals based on jointly developed, with programme bodies, selection criteria, (2) agree on the content of the application package, and (3) govern the entire implementation of the TS by informing programme bodies on the TS progress within a certain timeframe. The TS shall be endorsed both by the SB and the JMC, and checked by the MA/NA – all that by the end of 2022/beginning of 2023.

[1] <https://www.srbija.gov.rs/vest/en/138755/improvement-of-polit-ical-economic-relations-between-serbia-bulgaria.php>

[2] <http://www.ipacbc-bgrs.eu/bg/projects-funded>

[3] [https://infostat.nsi.bg/infostat/pages/reports/result.jsf?x\\_2=112](https://infostat.nsi.bg/infostat/pages/reports/result.jsf?x_2=112)

[4] [https://infostat.nsi.bg/infostat/pages/reports/result.jsf?x\\_2=203](https://infostat.nsi.bg/infostat/pages/reports/result.jsf?x_2=203)

[5] <https://www.bnb.bg/Statistics/StExternalSector/StForeignTrade/StFTExports/index.htm>

2.1.1.5. Planned use of financial instruments

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

**Not applicable**

### 2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention

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

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
2	RSO5.2	IPA III	024. Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	1,960,000.00
2	RSO5.2	IPA III	061. Risk prevention and management of non-climate related natural risks (for example earthquakes) and risks linked to human activities (for example technological accidents), including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches	1,308,726.00
2	RSO5.2	IPA III	067. Household waste management: prevention, minimisation, sorting, reuse, recycling measures	1,226,798.00
2	RSO5.2	IPA III	023. Skills development for smart specialisation, industrial transition, entrepreneurship and adaptability of enterprises to change	1,960,000.00
2	RSO5.2	IPA III	166. Protection, development and promotion of cultural heritage and cultural services	1,800,000.00
2	RSO5.2	IPA III	079. Nature and biodiversity protection, natural heritage and resources, green and blue infrastructure	1,400,000.00
2	RSO5.2	IPA III	083. Cycling infrastructure	1,850,000.00
2	RSO5.2	IPA III	165. Protection, development and promotion of public tourism assets and tourism services	1,800,000.00
2	RSO5.2	IPA III	046. Support to entities that provide services contributing to the low carbon economy and to resilience to climate change, including awareness-raising measures	1,200,000.00
2	RSO5.2	IPA III	167. Protection, development and promotion of natural heritage and eco-tourism other than Natura 2000 sites	1,800,000.00
2	RSO5.2	IPA III	171. Enhancing cooperation with partners both within and outside the Member State	880,000.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
2	RSO5.2	IPA III	01. Grant	17,185,524.00

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

Priority	Specific objective	Fund	Code	Amount (EUR)
2	RSO5.2	IPA III	24. Other type of territorial tool - Other types of territories targeted	17,185,524.00

## 2.1. Priority: 3 - A more resilient border region

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

2.1.1. Specific objective: RSO2.4. Promoting climate change adaptation and disaster risk prevention, resilience taking into account eco-system based approaches

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

Promoting climate change adaptation and disaster risk prevention, and resilience, taking into account eco-system based approaches

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

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

Only few, however being also one-off projects with limited territorial impact, combating natural risks, have been implemented in the CB area throughout the two previous programme periods. All of these projects have addressed only certain aspects of the targeted problem, leaving disaster risks prevention measures behind. This is so, because these measures, in their essence, require integrated participatory and institutional approaches to develop nature-based solutions for preventing and reducing natural and climate-related disasters. A cross-border large-scale flagship project that ensures comprehensive response to challenges and needs in the area of risk prevention and that has an impact on the whole cross-border area is, therefore, proposed to tackle natural and climate-related disasters in a more spatial and resilient way. The project strengthens the main components of a comprehensive disaster response framework, namely (1) technological performance boosted by relative equipment, (2) broad community engagement, (3) mainstream education and informal training, (4) multi-level outreach and cooperation, (5) cross-border harmonization of procedures and approaches on risk prevention and rapid response management in case of different emergencies – wildfires, disasters, earthquakes, collapses etc. The project ‘Preparation of the population for actions in case of disasters and improvement of the capacity of the professional teams for response in case of emergencies within Bulgaria-Serbian cross-border region’ will build on past results in this field with the aim to leverage and capitalise them by outspreading the idea in two main directions:

1. Extend the CBC disaster response framework by adding on more types of natural and man-made disasters;
2. Enhance regional capacity for disaster response of those who are the most affected – the professionals, volunteers and the border population.

The project idea comes out of an intergovernmental agreement between Bulgaria and Serbia, signed in 2019, on cross-border cooperation in the field of protection from natural and other disasters. This agreement defines also the partnership framework of the project because the authorities who are responsible for the implementation of the agreement also take on the lead in the implementation of the strategic project. These institutions are the Directorate General Fire Safety and Civil Protection, Ministry of Interior, Bulgaria (DGFSCP, MoI), the Ministry of Interior of the Republic of Serbia, Sector for Emergency Management (MOI SEM), the Academy of the Ministry of Interior, Fire Safety and Civil Protection Faculty, Bulgaria (AMoI). Since significant part of the project is dedicated on the preparation of the population to act in case of disasters (with an emphasis on the wildfires in the Serbian CB area and an emphasis on earthquakes, fires and other disasters in the Bulgarian part of the programme), the National Association of Volunteers of Bulgaria has been also attracted as partner to the project. Together with the professional teams, volunteers and citizens will improve their capacities for response in case of emergencies with

full respect of the so called green code of conduct where the protection of environment and biodiversity will be put on central in all key project activities such as training, capacity building, awareness, acquisition of new equipment.

Reducing the risk of natural disasters requires timely and well-coordinated measures. In that respect together with the responsible institutions (as pre-defined partners), broad community engagement that will be properly trained in combatting natural hazards will increase local response capacity and disaster resilience, and at the same time will decrease the adverse effects of the rapid response actions on the environment.

In light with the abovementioned, the project envisages the following non-exhaustive list of activities:

- *Optimizing the educational process in regards to the development and the implementation of a disaster response framework aiming to enhance the interface between science and policy for a stronger joint knowledge base for decision-making;*
- *Actions aimed at strengthening the institutional cooperation in the cross-border region through development of guiding and strategic documentation; exchange of information, knowledge and skills; implementation of joint field trainings, etc.;*
- *Development and implementation of a specific preparedness programme for border communities to adequately response to natural disasters, including in-situ joint trainings, joint awareness campaigns, etc.;*
- *Small-scale investments in public training infrastructure and investments in specialised equipment;*
- *Joint development of protocols, procedures and approaches on risk prevention and rapid response management to many potential emergencies.*

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

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

2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

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

--



### 2.1.1.2. Indicators

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

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
3	RSO2.4	RCO85	Participations in joint training schemes	participations	78	310
3	RSO2.4	RCO81	Participations in joint actions across borders	participations	28	110
3	RSO2.4	RCO83	Strategies and action plans jointly developed	strategy/action plan	0	3
3	RSO2.4	RCO24	Investments in new or upgraded disaster monitoring, preparedness, warning and response systems against natural disasters	euro	0	7127766

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
3	RSO2.4	RCR79	Joint strategies and action plans taken up by organisations	joint strategy/action plan	0.00	2021	3.00	MA monitoring system / Survey	
3	RSO2.4	RCR85	Participations in joint actions across borders after project completion	participations	0.00	2021	25.00	MA monitoring system / Survey	
3	RSO2.4	RCR81	Completion of joint training schemes	participants	0.00	2021	310.00	MA monitoring system	
3	RSO2.4	RCR36	Population benefiting from wildfire protection measures	persons	0.00	2021	24,500.00	MA monitoring system	

### 2.1.1.3. Main target groups

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

The **main target** groups of the specific objective Promoting climate change adaptation, risk prevention and disaster resilience, are:

- National authorities for disaster management in Bulgaria and Serbia;
- Local protection and rescue units from Bulgaria and Serbia;
- Volunteers fire departments from Serbia and National Association of Volunteers in Republic of Bulgaria;
- Local authorities;
- Children, students, elder people at the age of 60 and more, business representatives;
- Targeted groups of population from the cross-border region.

**The beneficiaries** are:

- Directorate General Fire Safety and Civil Protection –Ministry of the Interior (DGFSCP-MoI), Bulgaria;
- Sector for Emergency Management - Ministry of Interior (SEM MoI), Serbia;
- The Academy of the Ministry of Interior, Bulgaria;
- National Association of Volunteers in the Republic of Bulgaria (NAVRB);

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

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

The entire programme area is targeted.

2.1.1.5. Planned use of financial instruments

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

**Not applicable**

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

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

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
3	RSO2.4	IPA III	059. Adaptation to climate change measures and prevention and management of climate related risks: fires (including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches)	6,198,058.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
3	RSO2.4	IPA III	01. Grant	6,198,058.00

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

Priority	Specific objective	Fund	Code	Amount (EUR)
3	RSO2.4	IPA III	33. Other approaches - No territorial targeting	6,198,058.00



### 3. Financing plan

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

#### 3.1. Financial appropriations by year

Table 7

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

Fund	2021	2022	2023	2024	2025	2026	2027	Total
IPA III CBC	0.00	5,484,543.00	5,603,307.00	5,685,654.00	5,788,771.00	4,869,590.00	4,967,073.00	32,398,938.00
Total	0.00	5,484,543.00	5,603,307.00	5,685,654.00	5,788,771.00	4,869,590.00	4,967,073.00	32,398,938.00

### 3.2.Total financial appropriations by fund and national co-financing

Reference: point (f)(ii) of Article 17(3), points (a) to (d) of Article 17(4)

Table 8

Policy objective	Priority	Fund	Basis for calculation EU support (total eligible cost or public contribution)	EU contribution (a)=(a1)+(a2)	Indicative breakdown of the EU contribution		National contribution (b)=(c)+(d)	Indicative breakdown of the national counterpart		Total (e)=(a)+(b)	Co-financing rate (f)=(a)/(e)	Contributions from the third countries
					without TA pursuant to Article 27(1) (a1)	for TA pursuant to Article 27(1) (a2)		National public (c)	National private (d)			
1	1	IPA III CBC	Total	5,507,820.00	4,789,409.00	718,411.00	971,969.00	485,985.00	485,984.00	6,479,789.00	84.9999899688%	0.00
5	2	IPA III CBC	Total	19,763,352.00	17,185,524.00	2,577,828.00	3,487,651.00	1,743,825.00	1,743,826.00	23,251,003.00	84.9999976345%	0.00
2	3	IPA III CBC	Total	7,127,766.00	6,198,058.00	929,708.00	1,257,842.00	628,921.00	628,921.00	8,385,608.00	84.9999904598%	0.00
	Total	IPA III CBC		32,398,938.00	28,172,991.00	4,225,947.00	5,717,462.00	2,858,731.00	2,858,731.00	38,116,400.00	84.9999947529%	0.00
	Grand total			32,398,938.00	28,172,991.00	4,225,947.00	5,717,462.00	2,858,731.00	2,858,731.00	38,116,400.00	84.9999947529%	0.00

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

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

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

### **Regional consultations**

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

The Regional consultations held in autumn 2019 in Montana and Botevgrad (Republic of Bulgaria) and Bor and Niš (Republic of Serbia) were wide-ranging and active in all regions and districts of the eligible area. Their aim was to identify the local needs and potentials, following the bottom-up approach and to incorporate proposals by the stakeholders regarding the prioritization of policy objectives and possible interventions. Representatives of wide range of relevant stakeholders took part in the meetings – among which local and regional authorities, educational institutions, local business, non-governmental organizations from the CBC region.

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

PO5 “Europe closer to citizens” was supported by the participating stakeholders as the most suitable way for implementation of integrated measures that could contribute for solving common and diverse challenges in the border region. New type of beneficiaries, partnerships and will be included, ensuring sustainability and capitalizing the experience in cooperation between the two countries.

Implementation of measures dedicated to the sustainable growth and competitiveness of SMEs, including the direct support for SMEs under PO1”A more competitive and smarter Europe” that will improve the competitiveness of the border region, was widely discussed on the regional consultations.

Stakeholders brought back for discussion the need for integrated and coordinated measures for reducing the risk of natural disasters, a strategic approach on risk prevention and rapid response management in case of different emergencies. All participants agreed on the importance of implementing the concept of disaster preparedness. Therefore, the idea was defined as strategic and was proposed for programme support.

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

### **Joint working group**

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

Respecting the partnership principle JWG is composed of a balanced number of representatives of the two partnering countries, including representatives of public authorities (national, regional and local),

economic and social partners including environmental partners, and bodies responsible for promoting social inclusion, gender equality and non-discrimination. In order to ensure a transparent and balanced representation of the civil society in the JWG, Managing Authority carried out a selection process of non-governmental organisations. Following the assessment of the submitted proposals, several NGOs in the area of education, science and culture became members of the Joint Working Group for Programming.

The following documents have been adopted by the JWG:

-On the basis of the rules of procedure of the JWG, approved on the first technical meeting in November 2019, the JWG steers the programming phase and ensures the quality and effectiveness of the preparation of the Programme and has the overall responsibility for organization of dialogues with relevant stakeholders, feeding in the results of national consultations.

-In September 2020 via written procedure the Territorial Analysis including SWOT and conclusions was approved and a mandate has been given to the responsible bodies to elaborate and present proposal for the Intervention logic.

-At the Second meeting in December 2020 the Intervention Logic was approved and a mandate has been given to the responsible bodies to elaborate and present proposal for Programme document.

-In the middle of September 2021 via online meeting the First draft of the Programme was approved.

-On 21st of March 2022 the full draft of the programme was presented to the JWG.

### **Task force on the elaboration of the Integrated territorial strategy for the CBC region**

For the purpose of implementation of PO 5, the Managing Authority and National Authority, supported the local stakeholders for the elaboration of a territorial strategy for integrated measures. A Task Force (TF) was established representing all relevant regional and local authorities and bodies, as well as other local stakeholders related to the preparation and implementation of the strategy (pursuant to Art. 29 of the CPR). The main responsibility of the TF is to collaborate with Consultant during the elaboration of the Integrated territorial strategy under PO5 “Europe closer to citizens” and to feed in results of dialogues with relevant stakeholders, databases, expert positions etc. The first draft of the Strategy has been published for consultations on 8th of June 2021.

### **Public campaign for collecting project ideas under the Integrated Territorial Strategy**

In order to be ensured the “bottom-up” approach and to be involved a wider range of stakeholders in the strategic planning process, a broad campaign for collection of project ideas that build the list of operations and groups of interventions, part of the Territorial Strategy, was launched on 13th of December 2021 till 14th of February 2022 on both sides of the border. During the campaign, 4 educational webinars were attended by more than 150 participants, where the latter were also trained and supported in presenting their project ideas touching upon the complexity of PO5 and the functional area approach in the planning and implementation phase of the TS and the programme. The MA/NA will provide continuous training and educational support on that through digital (programme’s website: library section, Q&A and online chatting options for exchange of information, partner community platform) and in-person interactive communication (various programme events, such as meetings, campaigns, info days, trainings, consultations).

### **Public consultations of the Environmental assessment report (EAR) of the Programme and of the TS for the CBC region**

As a part of preparation of the EAR of the Programme and of the Integrated territorial strategy for the CBC region two rounds of public consultations were held. The first consultations were organised August 2021 in both countries on scoping report for determination of the scope and content of the environmental assessment report. The second round consultations were conducted in the period December 2021-January 2022 in Bulgaria and Serbia on the EAR.

### **Public consultations on the draft programme document 2021-2027**

Regarding the preparation of the draft final version of Programme, public consultations had been initiated from 4th of February 2022 till 4th of March 2022. Representatives of regional and municipal administrations, cultural institutions, non-governmental organizations, bussines, media and other

stakeholders from Bulgaria and Serbia took part in the public discussion and public consultations. The received comments/recommendations had been incorporated in the draft Programme prior to the official submission of the Programme to the European Commission.

### **Implementation, monitoring and evaluation**

In accordance with Art.28 of Regulation (EU) 2021/1059 a Joint Monitoring committee (JMC) will be set within 3 months after the approval of the Programme. The composition of the JMC will ensure a balanced representation of the relevant authorities, intermediate bodies and representatives of the programme partners and will also include representatives of bodies jointly set up in the whole programme area or covering a part thereof. The composition of the JMC will respect the principles of partnership and multi-level governance and gender equality and will include public authorities (regional, local and other); economic and social partners; representatives of civil society, such as environmental partners, NGOs, and bodies responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, gender equality and non-discrimination; research organisations and universities and etc. The JMC shall also involve stakeholders from the regional consultations and members of the JWG. The approach will ensure closing the loop and continuity in the process of projects identification, monitoring of the implementation and evaluation of the programme. The JMC will be duly informed about the activities of the Technical Assistance.

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

The Programme will continue to promote transparency by publishing all important documents for consultation on the Programme's website. All interested parties are invited to send observations. An important role in the implementation of PO5 belongs to the governing body of the Territorial Strategy of the CBC area, who is working closely with the JMC of the Programme in order to ensure the successful implementation of PO5.

At the local of the Programme, several actions will be implemented, always taking advantage of the experience of previous programming. New initiatives will also find their place with the aim of strengthening the link between the Programme and potential beneficiaries. Workshops, surveys, meetings and bilateral exchanges are the most common means for the identification of the said information and the feedback of opinions. In order to improve and consolidate the involvement of third-party partners in the implementation of the Programme, it is also proposed that "Consultation Days" could be organised once a year by the MA/JS. Thus reinforcing the decision-making of the Joint Monitoring Committee through the provision of external "ad hoc" information and recommendations gathered from representatives of the civil society with experience/competencies/skills on specific thematic topics.

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

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

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

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

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

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

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

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

For PO1 the specific target audience is the local population and MSMEs. Being the "technological" priority the main communication message will be focused on the additive and multiplicative effects that the projects deliver with modernisation of enterprises in the rapidly changing environment. As a new type of beneficiaries, MSMEs will receive thorough assistance and trainings.

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

For PO2 the specific target groups are the local population and administration. Being the project of strategic importance with focus on disaster management, communication activities will be concentrated on various formats of risk-prevention tutorials (presented by local influencers) and video-streaming of the trainings envisaged. For the completion of the project there will be an event with demonstrations of professional rescuers and with the participation of wide range of stakeholders, including the European Commission.

## **Communication Channels:**

### **1.Digital**

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

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

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

## **1.Events/trainings**

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

### **BUDGET**

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

### **MONITORING AND EVALUATION**

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

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

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

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

### **Type of activities | *Output indicator* | **Target 2029** | *Result indicator* | **Target 2029****

1. **Events** | No of events | **25** | Overall usefulness of the event | **75% CSAT**
2. **Events** | No of participants | **1300** | Overall usefulness of the event for attendees | **75% CSAT**
3. **Publications** | No of publications (including Social media) | **350** | Overall usefulness of the publications | **75% CSAT**
4. **Programme website** | No of visits | **70000** | Overall usefulness of the site/page for readers | **75% CSAT**
5. **Social media** | No. of followers/subscribers | **700** | No. of shares, likes, views, comments and hashtag mentions | **1000**

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

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

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

The programme will provide direct support to regional SMEs to meet new competitiveness challenges arising from the new EU policy courses of development (e.g. green and digital transition), EU enlargement prospective, as well as from the need to overcome certain economic deficiencies (limited CBC market) and events with unfavourable impact on SMEs performance (e.g. the outbreak of Covid-19). The programme will devise the support to enterprises in full respect of the legally defined support framework which requires a strict application of the de-minimis rules (Regulation (EU) 1407/2013). The corresponding legal provisions impose financial limitations (EUR 200 000 for each undertaking over a 3-year period) on SMEs projects that are eligible for programme funding. Therefore, the support for enterprises under Priority 1 ‘Competitive border region’ (15% of the programme budget) will go under the form of small-scale projects for up to EUR 200 000 per undertaking (that includes beneficiaries and partners).

The support to SMEs through a small project fund (as defined in Article 25 of the Regulation (EU) 2021/1059 on ETC) is considered an option whose feasibility will be examined and applied if applicable.



## 7. Implementing provisions

### 7.1. Programme authorities

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

Table 9

Programme authorities	Name of the institution	Contact name	Position	E-mail
Managing authority	Ministry of Regional Development and Public Works Territorial Cooperation Management Directorate	Desislava Georgieva	Director of Territorial Cooperation Directorate	D.G.Georgieva@mrrb.government.bg
Audit authority	Executive agency Audit of European Union Funds, Ministry of finance	Liydmila Rangelova	Executive Director	aeuf@minfin.bg
National authority (for programmes with participating third or partner countries)	Ministry of European Integration; Department for cross-border and transnational cooperation programmes and cooperation with local and regional authorities and organizations for more efficient use of funds	Mihajilo Dašić	Assistant Minister	office@mei.gov.rs
Group of auditors representatives	Governmental Audit Office of EU Funds, Government of Republic of Serbia	Ljubinko Stanojevic	Head of Governmental Audit Office of EU Funds	ljubinko.stanojevic@aa.gov.rs
Body to which the payments are to be made by the Commission	National Fund Directorate, Ministry of finance	Manuela Milosheva,	Director of the Directorate	natfund@minfin.bg
Body other than the managing authority entrusted with the accounting function	National Fund Directorate, Ministry of finance	Manuela Milosheva	Director of National Fund Directorate	natfund@minfin.bg

## 7.2. Procedure for setting up the joint secretariat

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

In accordance with Article 46 (2) of Regulation (EU) No 2021/1059, the Managing Authority (MA) in cooperation with National Authority (NA) should set up the Joint Secretariat (JS) with staff, taking into account the programme partnership.

The Joint Secretariat will support the MA and the Joint Monitoring Committee (JMC) in carrying out their respective functions. The JS will also provide information to potential beneficiaries about funding opportunities and assists beneficiaries and partners in the implementation of operations. Where appropriate, it will assist the audit authority.

Based on the positive experience gained in the previous two programming periods, the programme will keep the existing location of the JS in Bulgaria, with a branch office in Serbia.

The staff selection procedure will be carried out by MA and/or NA in accordance with the relevant national legislation. Staff recruitment should take into account the programme partnership and the recruitment procedures will follow the principles of transparency, non-discrimination and equal opportunities. The staff number and the job descriptions of the JS will be subject for approval by the JMC.

The JS's costs will be covered by the budget of the Technical Assistance.

The selection of JS Antenna staff is carried out by the commission composed from NA representatives, through a public and transparent competition procedure, ensuring equal opportunities. Staff of the JS Antenna will be proficient in English and in Serbian. The costs of the JS Antenna, including JS Antenna staff, will be supported from the TA budget of the National Authority, in accordance with Programme rules. The JS Antenna staff shall be contracted by the NA, through "Ugovor o delu".

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

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

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

The managing authority shall ensure that any amount paid as a result of an irregularity is recovered from the lead or sole partner. Partners shall repay to the lead partner any amounts unduly paid. Special provisions regarding the repayment of amounts subject to an irregularity shall be included both in the contract to be signed between managing authority and the lead partner and in the partnership agreement to be signed between the beneficiaries.

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

The managing authority shall be responsible for reimbursing the amounts concerned to the general budget of the Union, in accordance with the apportionment of liabilities among the participating countries as laid down in this programme and as detailed in the bilateral Memorandum of Understanding/ the Memorandum of Implementation.

In accordance with article 104 of Regulation (EU) 2021/1060 – CPR, the Commission has the right of making financial corrections by reducing support from the Funds to a programme and effecting recovery from the partner States in order to exclude from Union financing expenditure which is in breach of applicable Union and national law, including in relation to deficiencies in the effective functioning of the management and control systems.

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

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

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

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

Table 10: Use of unit costs, lump sums, flat rates and financing not linked to costs

Intended use of Articles 94 and 95 CPR	Yes	No
From the adoption, the programme will make use of reimbursement of the Union contribution based on unit costs, lump sums and flat rates under the priority according to Article 94 CPR	<input type="checkbox"/>	<input checked="" type="checkbox"/>
From the adoption, the programme will make use of reimbursement of the Union contribution based on financing not linked to costs according to Article 95 CPR	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Appendix 1

### A. Summary of the main elements

Priority	Fund	Specific objective	Estimated proportion of the total financial allocation within the priority to which the simplified cost option will be applied in %	Type(s) of operation covered		Indicator triggering reimbursement		Unit of measurement for the indicator triggering reimbursement	Type of simplified cost option (standard scale of unit costs, lump sums or flat rates)	Amount (in EUR) or percentage (in case of flat rates) of the simplified cost option
				Code(1)	Description	Code(2)	Description			

(1) This refers to the code for the intervention field dimension in Table 1 of Annex 1 CPR

(2) This refers to the code of a common indicator, if applicable

Appendix 1

B. Details by type of operation

C. Calculation of the standard scale of unit costs, lump sums or flat rates

1. Source of data used to calculate the standard scale of unit costs, lump sums or flat rates (who produced, collected and recorded the data, where the data is stored, cut-off dates, validation, etc):

--

2. Please specify why the proposed method and calculation based on Article 94(2) is relevant to the type of operation:



3. Please specify how the calculations were made, in particular including any assumptions made in terms of quality or quantities. Where relevant, statistical evidence and benchmarks should be used and, if requested, provided in a format that is usable by the Commission:

--

4. Please explain how you have ensured that only eligible expenditure was included in the calculation of the standard scale of unit cost, lump sum or flat rate:

5. Assessment of the audit authority or authorities of the calculation methodology and amounts and the arrangements to ensure the verification, quality, collection and storage of data:

--

## Appendix 2

### A. Summary of the main elements

Priority	Fund	Specific objective	The amount covered by the financing not linked to costs	Type(s) of operation covered		Conditions to be fulfilled/results to be achieved triggering reimbursement by the Commission	Indicator		Unit of measurement for the conditions to be fulfilled/results to be achieved triggering reimbursement by the Commission	Envisaged type of reimbursement method used to reimburse the beneficiary or beneficiaries
				Code(1)	Description		Code(2)	Description		

(1) This refers to the code for the intervention field dimension in Table 1 of Annex 1 to the CPR and Annex IV to the EMFAF Regulation.

(2) This refers to the code of a common indicator, if applicable.

## B. Details by type of operation

**Name of the project:** Preparation of the population for actions in case of disasters and improvement of the capacity of the professional teams for response in case of emergency situations within Bulgarian-Serbian cross-border region

**Summary of the project:** Since the mid-1990s, there has been an increased frequency of natural disasters that inflict serious material damages in the cross-border region of Bulgaria and Serbia. In this period no large-scale flagship operations were carried out to address the challenge. For these reasons the strategic project is aimed at expanding the regional capacity for disaster response of the professionals, volunteers and the population. This will be accomplished by providing trainings of the population for actions in case of disasters and by ensuring coordinated and timely response of the professional teams from both sides of the border. The goals will be attained, on the one hand, by mounting awareness campaigns and on-spot trainings of the population. On the other hand, professional units in Bulgaria and Serbia will boost their synchronization in cases of accidents and natural disasters. Within the scope of the project there will be an upgrade of the professional services with special-purpose equipment and a fine-tuning of procedures on risk prevention and rapid response management.

The project covers a wide range of stakeholders – targeted groups of local population, professional teams of firefighters and volunteers. The envisaged activities will deliver more efficient professional teams in the cross-border area and a properly educated population.

The project will strengthen the local disaster resilience capacity and will minimize the damaging impact on the economic development of the region.

Planned communication activities for the project cover all important milestones envisaged. There will be various risk-prevention tutorials (presented by local influencers) and video-streaming of the trainings. For the completion of the project there will be an event with demonstrations of professional rescuers and with the participation of wide range of stakeholders, including the European Commission.

**Indicative timetable:**

Launch of the call– 2022

Assessment and pre-contracting – 2023

Decision of the JMC – 2023

Contracting – 2023

Implementation – 2023 – 2026 (24 - 36 months)

## DOCUMENTS

Document title	Document type	Document date	Local reference	Commission reference	Files	Sent date	Sent by
Map of Programme Area	Map of Programme Area	25-Aug-2022			Map of Programme Area		