

# **ANNUAL IMPLEMENTATION REPORT**

for the years **2014-2015**

of the

**INTERREG IPA Cross-border Cooperation Programme  
Bulgaria – the former Yugoslav Republic of Macedonia**

**CCI No 2014TC16I5CB006**

## 1. IDENTIFICATION OF THE ANNUAL IMPLEMENTATION REPORT

CCI	2014TC16I5CB006
Title	<i>INTERREG IPA Cross-border Cooperation Programme Bulgaria – the former Yugoslav Republic of Macedonia</i>
Reporting year	2014 and 2015
Date of approval of the report by the monitoring committee	

The current Annual Implementation Report (AIR) is drawn up in accordance with the provisions of Article 42(1) of Commission Implementing Regulation (EU) No 447/2014 in relation to Article 50(2) of Regulation (EU) No 1303/2013 and Article 14(3)(a) of Regulation (EU) No 1299/2013 and is the first one since the Programme was adopted by the European Commission.

## 2. OVERVIEW OF THE IMPLEMENTATION OF THE COOPERATION PROGRAMME

The preparation of the INTERREG IPA Cross-border Cooperation Programme Bulgaria – the former Yugoslav Republic of Macedonia (hereinafter referred to as “the Programme”) had started as soon as the European Commission gave its favourable opinion for continuation of the bilateral cooperation between Bulgaria and its neighbouring countries, IPA II beneficiaries - Serbia, the former Yugoslav Republic of Macedonia and Turkey (letter Ares(2013)3245606-15/10/2013).

The programming process took place in 2014. As part of this process, public consultations between different stakeholders related to the specific cross-border needs and perspectives of the new Programme were organised and conducted in 2 regions in the Republic of Bulgaria (Kyustendil and Blagoevgrad) and in 3 regions in the former Yugoslav Republic of Macedonia (Strumica, Stip and Kumanovo). On 21 August 2014 the Joint Working Group responsible for the elaboration of the Programme approved the final draft of the document. The new Programme was designed in the framework of the European strategy for a smart, inclusive and sustainable growth and in coherence with the relevant national strategic documents and principles of multi-level governance and transparency.

The final draft of the INTERREG IPA Cross-border Cooperation Programme Bulgaria- the former Yugoslav Republic of Macedonia was submitted to the European Commission for approval on 22 September 2014. Since the EC observations on the programme specificities were closed in the first half of year 2015, the Programme was approved on 5 August 2015 with EC Decision № C (2015) 5653.

Following the provisions of Article 36(2) of Regulation (EU) No 447/2014 a single Managing Authority (MA), a single Certifying Authority (CA) and a single Audit Authority (AA) were designated with Decision No 156 as of 21 March 2014 of the Council of Ministers of the Republic of Bulgaria. “Territorial Cooperation Management” Directorate-General at the Ministry of Regional Development and Public Works of the Republic of Bulgaria is designated as the MA under the Programme with a counterpart, the National Authority within the Ministry of Local Self-Government appointed with Act No. 18-1697/1 of 27 November 2015 in accordance with Act No. 11-65/35 of 16 November 2015 of the National IPA Coordinator.

In accordance with the provisions of Articles 124 and 72 of Regulation (EU) No 1303/2013 the Description of the functions and procedures in place for the Managing Authority and the Certifying Authority were sent to the Audit Authority for review on 16 January 2015. The audit accreditation mission is on-going and the final audit conclusions are expected in March 2016.

Following the provisions of Article 37 of Regulation (EU) No 447/2014 and Article 23(4) of Regulation (EU) No 1299/2013 both partnering countries established decentralised First level control systems. The verification of expenditures made by the Programme beneficiaries on each territory will be performed by controllers designated by MA or NA.

In 2015 the MA sub-contracted development of the Management Information System (MIS) and Beneficiaries Portal to be used for implementation of the INTERREG IPA Cross-border Cooperation Programme Bulgaria – the former Yugoslav Republic of Macedonia. The newly established electronic system is a successor of the one maintained in the programming period 2007-2013 and it allows the programme data on each operation (including data on individual participants) to be recorded and stored in computerised form for the purposes of project generation, monitoring, evaluation, financial management, verification and audit. The 'Only once' encoding principle has been respected at the level of operations.

For the proper functioning of the electronic system the data integrity and confidentiality has been ensured through controlled entries using unique permissions (login and password) for authentication of the senders. The accessibility to the exchanged data between programme bodies and beneficiaries is ensured directly via any internet browser application, during and outside standard office hours. Cryptic connections between the servers and data bases are applied in order to secure the transfer of data. The protection of personal data and confidentiality for legal entities with respect to the information processed is guaranteed in line with the provisions of Directive 2002/58/EC, Directive 2009/136/EC and Directive 1995/46/EC. The system provides the possibility of data storage in compliance with retention rules defined in accordance with Article 140 of CPR, providing that ISO/IEC 27001 "Information security management standards" is observed.

For the programming period 2014-2020 a new tool "Beneficiaries portal" has been established, in the most effective and efficient way providing one-stop electronic exchange of information between beneficiaries and the Programme authorities. The portal gives a possibility of an on-line access to project folders by each lead partner. All project documents can be created, modified, saved, uploaded and checked in the Beneficiaries portal by the respective programme bodies.

Although electronic data exchange has been put in place, a parallel paper flow of documents concerning official correspondence between beneficiaries and programme bodies remains due to the restrictions and requirements of the respective national legislation and rules.

The functional modalities of the system and the Beneficiaries portal were tested in December 2015 and positive results were achieved that the core system and programme management module provide opportunity for electronic data exchange in compliance with provisions provided for in Article 122(3) or Regulation (EU) 1303/2013.

The electronic system architecture is designed in a way that provides reliable and relevant information required under Annex III of CDR No480/2014. For building up the full functionality of MIS, all set of

modules and submodules of MIS (as required in Annex III CDR No480/2014) are further developed and tested in the first half of 2016.

During the reported period the consultations on the Memorandum of Implementation of the Programme were carried out between representatives of the two partnering countries. The national coordination procedures are going to be finalized in year 2016 and respectively the Memorandum between the Republic of Bulgaria and the former Yugoslav Republic of Macedonia is to be conducted.

During 2015 the Managing Authority, National Authority and the Joint Secretariat prepared in close cooperation all the necessary documentation needed for the smooth and timely launch of the First Call for Proposals. In order to reach high degree of transparency, the first draft of the Guidelines for applicants was published for public review on 22 April 2015. Potential applicants and other interested stakeholders were invited to express their suggestions and comments on the application package.

On 3 September 2015, in Sofia, the first Joint Monitoring Committee (JMC) meeting under the INTERREG IPA Cross-border Cooperation Programme Bulgaria – the former Yugoslav Republic of Macedonia took place. During this session the JMC members approved the JMC Rules of Procedure, the final version of the application package under the First Call for Proposals, the Multiannual Technical Assistance Strategy and the Communication Strategy of the Programme for 2014 – 2020.

Subsequently the First Call for Proposals was launched on 23 September 2015 with a deadline for submission of project applications – 25 January 2016. The call was open for all specific objectives under Priority Axes 1-3 with a total budget of EUR 7 240 469 (i.e. covering the Programme budget allocations for the years 2015-2017).

In order to ensure broad visibility and information on the Programme for the stakeholders, a series of events were organised targeting potential beneficiaries from the cross-border region to promote the Call and assist interested applicants in project preparation and submission.

Official opening of the information campaign under the First Call for Proposals took place on 23 October 2015 in Blagoevgrad. Also, information days for the potential beneficiaries were organised in Kyustendil (Republic of Bulgaria) and in Kriva Palanka, Probistip and Gevgelija (the former Yugoslav Republic of Macedonia). The information campaign was organised in 5 regions aiming to cover a wider target group from the eligible border area.

In addition, a Partner Search Forum was held on 12 November 2015 in Sandanski (Bulgaria), in cooperation of the Ministry for Regional Development and Public Works of Bulgaria (Managing Authority), the Ministry of Local Self-Government of the former Yugoslav Republic of Macedonia (National Authority), and the Joint Secretariat of the Programme.

Detailed information on the events held is provided in the Annex 1.

### **3. IMPLEMENTATION OF THE PRIORITY AXIS** (Article 50(2) of Regulation (EU) No 1303/2013:.)

The Programme addresses the thematic priorities (b) “Protecting the environment and promoting climate change adaptation and mitigation, risk prevention and management”, (d) “Encouraging tourism and cultural and natural heritage” and (g) “Enhancing competitiveness, business environment and the development of small and medium-sized enterprises, trade and investment” as identified in Annex of Regulation (EU) No 231/2014.

During the programming process, the selected thematic priorities were structured into the following Programme Priority Axes (PA):

- PA 1 Environment,
- PA 2 Tourism,
- PA 3 Competitiveness,
- PA 4 Technical Assistance.

Brief information about the Programme specific objectives is provided in Annex 1 "Citizen's summary" to this report.

### 3.1. Overview of the implementation

ID	Priority axis	Key information on the implementation of the priority axis with reference to key developments, significant problems and steps taken to address these problems
1	Environment	<i>The implementation of the PA 1 has started with launching the first open call for proposals. The first outputs are provisionally expected in the second half of year 2017. No problems faced till the moment.</i>
2.	Tourism	<i>The implementation of the PA 2 has started with the first call for proposals launched. The first outputs are provisionally expected in the second half of year 2017. No problems faced till the moment.</i>
3.	Competitiveness	<i>The implementation of the PA 3 has started with the first call for proposals launched. The first outputs are provisionally expected in the second half of year 2017. No problems faced till the moment.</i>
4.	Technical Assistance	<i>The activities under the PA 4 implemented in years 2014-2015 were related to:</i> <ul style="list-style-type: none"> <li>• <i>appointment of controllers for verification of expenditures;</i></li> <li>• <i>organisation and conduction of information seminar for the new programme 2014-2020;</i></li> <li>• <i>organisation of the JMC meeting for approval of documents related to implementation of the Interreg IPA CBC Programme including Application package under the First Call for Proposals;</i></li> <li>• <i>launch of the First Call for proposals within programming period 2014-2020;</i></li> <li>• <i>organisation of the information campaign under the First Call for proposals (2 info days on Bulgarian and 3 info days on Macedonian territory);</i></li> <li>• <i>organisation of the Partner search forum for potential beneficiaries,</i></li> <li>• <i>announcement in the mass media regarding the above events.</i></li> </ul> <i>No problems faced by MA and NA till the moment.</i>

### 3.2. Common and programme specific indicators (Article 50(2) of Regulation (EU) No 1303/2013)

Data for common and programme-specific indicators by investment priority transmitted using the tables 1 and 2 below.

Table 1

Result indicators<sup>1</sup> (by priority axis and specific objective)

						ANNUAL VALUE										
ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2023)	2014	15	16	17	18	19	20	21	22	23	Observations (if necessary)
1.1.1	Increased level of capacity in environmental protection and sustainable use of common natural resources	Scale	2.56	2014	3.00	0	0									Frequency of reporting: 2018 2023
1.2.1	Increased joint interventions in the field of risk prevention and management	Percentage	6	2013	80%	0	0									Frequency of reporting: 2018 2023
1.2.2	Increased joint initiatives related to risk prevention and management	Percentage	30	2014	20%	0	0									Frequency of reporting: 2018 2023
2.1.1.	Increased nights	Percentage	1 618 655	2013	1%	0	0									Frequency of

<sup>1</sup> **NB.** – The baseline and target values of qualitative result indicators (RI 1.1.1 , 2.2.1, 2.3.1 and 3.1.2) are set in accordance with the Baseline and Target Values Study elaborated by MA on the base of survey carried out in year 2015. The study together with the Programme modification request were adopted by the JMC members and sent to the European Commission for approval.

	spent in the cross-border region																reporting: 2018 2023
2.2.1	Increased level of joint and integrated approaches to sustainable tourism development in the border area	Scale	2.44	2014	3.00	0	0										Frequency of reporting: 2018 2023
2.3.1	Increased public awareness regarding sustainable use of natural and cultural heritage and resources	Scale	2.49	2014	3.00	0	0										Frequency of reporting: 2018 2023
3.1.1	Increased cross-border business networks created or extended	%	29	2014	10%	0	0										Frequency of reporting: 2018 2023
3.1.2	Increased level of awareness on the business opportunities offered by the region	Scale	2.34	2014	3.00	0	0										Frequency of reporting: 2018 2023

Table 2

**Common and programme specific output indicators (by priority axis, investment priority); applies also to technical assistance priority axes**

	ID	Indicator (name of indicator)	Measurement unit	Target value <sup>(2)</sup> (2023)	CUMULATIVE VALUE									Observations (if necessary)		
					2014	15	16	17	18	19	20	21	22		23	
Selected operations [forecast provided by beneficiaries]	OI 1.1.1.1	Number of supported investments for improving the environmental conditions in the programme region	Number	15	0	0										
Fully implemented operations [actual achievement]					0	0										
Selected operations [forecast provided by beneficiaries]	OI 1.1.1.2	Number of nature protected areas addressed by supported interventions	Number	5	0	0										
Fully implemented operations [actual achievement]					0	0										
Selected operations [forecast provided by beneficiaries]	OI 1.1.1.3	Number of supported joint mechanisms for environmental protection, promotion of biodiversity and sustainable use of natural resources	Number	5	0	0										
Fully implemented operations [actual achievement]					0	0										
Selected operations [forecast provided by beneficiaries]	OI 1.1.1.4	Number of institutions/organizations involved	Number	20	0	0										

<sup>2</sup> Targets are optional for technical assistance priority axes.















	OI 4.1.3	No of Monitoring Committee meetings	Number	N/A	0	1									
	OI 4.1.4	No of publicity events for beneficiaries	Number	N/A	0	6									
	OI 4.1.5	Number of employees (full time) whose salaries are co-financed by technical assistance	Number	N/A	0	5*									

\* Share of 33,3% of the salaries of First level Controllers are covered by the technical assistance under the programme

**3.3 Milestones and targets defined in the performance framework** (Article 50(2) of Regulation (EU) No 1303/2013) — submitted in annual implementation reports from 2017 onwards

Not applicable

**3.4. Financial data** (Article 50(2) of Regulation (EU) No 1303/2013)

Table 3

**Financial information at priority axis and programme level** (as set out in Table 1 of Annex II to Commission Implementing Regulation (EU) No 1011/2014 and table 16 of the Programme)

The financial allocation of the priority axis						Cumulative data on the financial progress					
Priority axis	Fund	Category of region	Basis for the calculation of Union support*  (Total eligible cost or public eligible cost)	Total funding (EUR)	Co-financing rate (%)	Total eligible cost of operations selected for support (EUR)	Proportion of the total allocation covered with selected operations (%)  [column 7/column 5 × 100]	Public eligible cost of operations selected for support (EUR)	Total eligible expenditure declared by beneficiaries to the managing authority	Proportion of the total allocation covered by eligible expenditure declared by beneficiaries (%)  [column 10/column 5 × 100]	Number of operations selected

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
Priority axis 1	IPA	NUTS III or equivalent	Public	6 811 592	84.999982 %	0.00	0	0.00	0.00	0	0
Priority axis 2	IPA	NUTS III or equivalent	Public	7 784 676	84.999992%	0.00	0	0.00	0.00	0	0
Priority axis 3	IPA	NUTS III or equivalent	Public	2 919 253	84.999998%	0.00	0	0.00	0.00	0	0
Priority axis 4 TA	IPA	NUTS III or equivalent	Public	1 946 169	84.999967%	0.00	0	0.00	0.00	0	0
<i>Total</i>	IPA	NUTS III or equivalent		<b>29 642 896</b>	<b>84.999987%</b>	<i>0.00</i>	<i>0</i>	0.00	0.00	<i>0</i>	<i>0</i>

Table 4

**Breakdown of the cumulative financial data by category of intervention for the transmission made by 31 January** (as set out in Table 2 of Annex II to Commission Implementing Regulation (EU) No 1011/2014 and tables 6-9 of the Programme)

Priority axis	Characteristics of expenditure		Financial data							
	Fund	Category of region	1 Intervention field	2 Form of finance	3 Territorial dimension	4 Territorial delivery mechanism	Total eligible cost of operations selected for support (EUR)	Public eligible cost of operations selected for support (EUR)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
Environment	IPA	NUTS III or equivalent	085 Protection and enhancement of biodiversity, nature				0,00	0,00	0,00	0



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			protection and green infrastructure							
			087 Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures				0,00	0,00	0,00	0
				01 Non-repayable grant			0,00	0,00	0,00	0
					05 - Cooperation across national or regional programme areas in national context		0,00	0,00	0,00	0
Tourism	IPA	NUTS III or equivalent	075 Development and promotion of tourism services in or for SMEs				0,00	0,00	0,00	0
			079 Access to public sector information (including open data e-				0,00	0,00	0,00	0

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			Tourism)							
			090 Cycle tracks and footpaths				0,00	0,00	0,00	0
			092 Protection, development and promotion of public tourism assets				0,00	0,00	0,00	0
			094 Protection, development and promotion of public cultural and heritage assets				0,00	0,00	0,00	0
			095 Development and promotion of public cultural and heritage services				0,00	0,00	0,00	0
			103 Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee				0,00	0,00	0,00	0

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				01 Non-repayable grant			0,00	0,00	0,00	0
					05 Cooperation across national or regional programme areas in national context		0,00	0,00	0,00	0
Competitiveness	IPA	NUTS III or equivalent	063 Cluster support and business networks primarily benefiting SMEs				0,00	0,00	0,00	0
			064 Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation)				0,00	0,00	0,00	0
			066 Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)				0,00	0,00	0,00	0
			067 SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)				0,00	0,00	0,00	0

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			073 Support to social enterprises (SMEs)				0,00	0,00	0,00	0
			103 Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee				0,00	0,00	0,00	0
			104 Self-employment, entrepreneurship and business creation including innovative micro, small and medium sized enterprises				0,00	0,00	0,00	0
			105 Equality between men and women in all areas, including in access to employment, career progression, reconciliation of work and private life and promotion of equal pay for equal work				0,00	0,00	0,00	0

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			109 Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability				0,00	0,00	0,00	0
				01 Non-repayable grant			0,00	0,00	0,00	0
					05 Cooperation across national or regional programme areas in national context		0,00	0,00	0,00	0
Technical Assistance	IPA	NUTS III or equivalent	121 - Preparation, implementation, monitoring and inspection				0,00	0,00	0,00	0
			122 - Evaluation and studies				0,00	0,00	0,00	0
			123 - Information and communication				0,00	0,00	0,00	0
				01 - Non-repayable grant			0,00	0,00	0,00	0
					05 - Cooperation across national or			0,00	0,00	0,00

					regional programme areas in national context					
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Table 5

**Cumulative cost of all or part of an operation implemented outside the Union part of the programme area**

	The amount of IPA support <sup>(4)</sup> envisaged to be used for all or part of an operation implemented outside the Union part of the programme area based on selected operations (EUR)	Share of the total financial allocation to all or part of an operation located outside the Union part of the programme area (%) <i>(column 2/total amount allocated to the support from the IPA at programme level *100)</i>	Eligible expenditure of IPA support incurred in all or part of an operation implemented outside the Union part of the programme area declared by the beneficiary to the managing authority (EUR)	Share of the total financial allocation to all or part of an operation located outside the Union part of the programme area (%) <i>(column 4/total amount allocated to the support from the IPA at programme level *100)</i>
1	2	3	4	5
All or part of an operation outside the Union part of the programme area <sup>(4)</sup>	0.00	0	0.00	0

**4. SYNTHESIS OF THE EVALUATIONS** (Article 50(2) of Regulation (EU) No 1303/2013)

Not applicable for current report.

<sup>3</sup> ERDF support is fixed in the Commission decision on the respective cooperation programme.

<sup>4</sup> In accordance with and subject to ceilings set out Article 20 of Regulation (EU) No 1299/2013.

**5. ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN** (article 50(2) of Regulation (EU) No 1303/2013)

(a) Issues which affect the performance of the programme and the measures taken

No issues affecting the Programme performance during the reporting period.

**6. CITIZEN'S SUMMARY** (Article 50(9) of Regulation (EU) No 1303/2013)

A citizen's summary of the contents of the current annual implementation report as well as general information about the Programme is presented in the form of annex and is made public on the programme website.

**7. REPORT ON THE IMPLEMENTATION OF FINANCIAL INSTRUMENTS** (Article 46 of Regulation (EU) No 1303/2013)

Not applicable

**8. WHERE APPROPRIATE, PROGRESS IN PREPARATION AND IMPLEMENTATION OF MAJOR PROJECTS AND JOINT ACTION PLANS** (Article 101(h) and Article 111(3) of Regulation (EU) No 1303/2013 and Article 14(3)(b) of Regulation (EU) No 1299/2013)

**8.1. Major projects**

Not applicable

**8.2. Joint action plans Progress in the implementation of different stages of joint action plans**

Not applicable