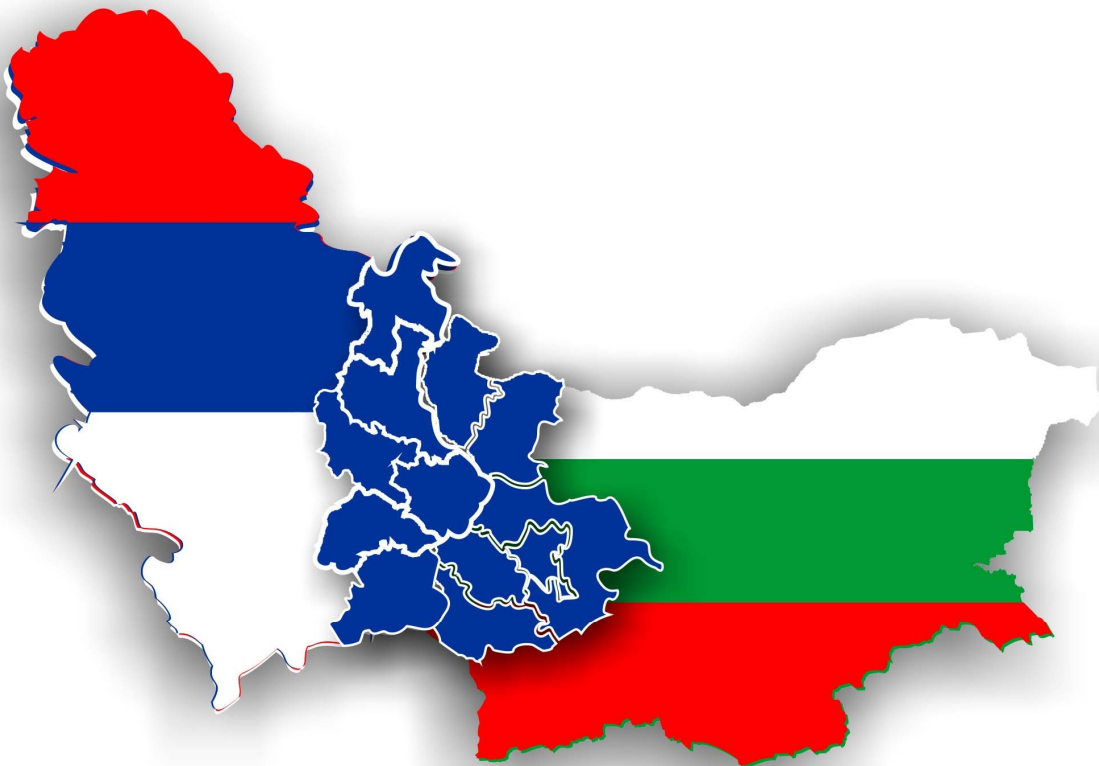




# **BULGARIA - SERBIA IPA CROSS-BORDER PROGRAMME**

**(CCI Number: 2007CB16IPO006)**





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## 1. INTRODUCTION

The present document represents an IPA Cross-border Programme that sets the priorities for cooperation between Republic of Bulgaria and Republic of Serbia for the programming period of 2007 – 2013.

The document was elaborated in the period 2006 – 2007 as a result of concerted efforts of the Bulgarian and Serbian regional authorities in the eligible areas, supported by the EC Delegation to Bulgaria, the European Agency for Reconstruction to Belgrade, Bulgarian Ministry of Finance (MF), the Serbian Ministry of Finance, and the Bulgarian Ministry of Regional Development and Public Works (MRDPW).

The programming of the Bulgaria - Serbia IPA Cross-border Programme has been carried out in a way to ensure an adequate platform for further development and financial assistance for the Bulgarian-Serbian border region with the objective to support cross-border cooperation along the external borders of the enlarged European Union after 2007. This programme builds on previous experience and interventions allocated within the previous Neighbourhood Programme 2004-2006 between Bulgaria and Serbia.

The Bulgaria - Serbia IPA Cross-border Programme has been elaborated in accordance with the following documents:

- Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA);
- Commission Regulation (EC) No 718/2007 of 12 of June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA);
- and where relevant with the following regulations and documents:
- Council Regulation laying down general provisions on the European Regional Development Fund (ERDF), the European Social Fund and the Cohesion Fund (EC) No 1083/2006 of 11 July 2006;
- Regulation of the European Parliament and the Council on the European Regional Development Fund (EC) No 1080/2006 of 5 July 2006;
- National Strategic Reference Framework of the Republic of Bulgaria for the programming period 2007-2013;
- Decision on list of the eligible regions (for ERDF and IPA).

### 1.1. Relevant background

Implementation of the current Cross-border Programme will be jointly financed by external relations and cohesion funds from the new "European Territorial Cooperation" objective (previously INTERREG) within the European Regional Development Fund (ERDF) matched by an equivalent allocation of the Instrument for Pre-accession Assistance (IPA). The resulting single pot of money will have to be spent according to a single set of rules and on the basis of a common benefit approach which requires the involvement of joint programming and management structures according to a single set of rules stemming from the IPA Implementing Regulation NO 718/2007. Thus enhanced cooperation and progressive economic integration and coherence between EU and candidate countries will be promoted.

#### **IPA**

In September 2004 the European Commission (EC) proposed two new instruments that meant a far reaching reform of the cooperation practice with accession countries and countries outside the European Union (EU) external borders. Among those instruments IPA – the Instrument for Pre-accession Assistance – addresses both the current candidate countries (CC): Turkey, Croatia and the former Yugoslav Republic of Macedonia and the potential



candidate countries (PCC): Albania, Serbia (including Kosovo), Bosnia and Herzegovina and Montenegro. As a single integrated pre-accession instrument IPA replaces the previous instruments PHARE, ISPA, SAPARD, the Turkey pre-accession instruments and CARDS.

Assistance for CC and PCC within IPA is designed to support them in their alignment with the standards and policies of the European Union with a view to membership.

IPA consists of several key components that are designed to help beneficiary countries to implement the *acquis communautaire* and to get used to structural funds (SF) instruments. These are:

- Transition Assistance and Institution Building;
- **Cross-border Cooperation;**
- Regional Development;
- Human Resources Development;
- Rural Development.

The Transition Assistance and Institution Building and the Cross-border Cooperation components are accessible to all beneficiary countries (both Candidate Countries and Potential Candidate Countries) in order to assist them in the process of transition and approximation to the EU, as well as to encourage regional cooperation among them.

### **IPA CBC**

Cross-border cooperation within IPA has the objective of promoting good neighbourly relations, fostering stability, security and prosperity in the mutual interest of all countries concerned, and of encouraging their harmonious, balanced and sustainable development.

Learning from past experience, IPA CBC will operate on both sides of the border on the basis of one set of rules and objectives, thus providing the opportunity for fully equal and balanced programming and decision making process between MS and CC.

The objectives of the IPA CBC component are designed to take into consideration the specific needs of the respective external border. These are:

- Development of cross-border economic, social and environmental activities in border areas;
- Address common challenges in the field of environment, public health, prevention and fight against organized crime;
- Ensure efficient and secure borders;
- Promote legal and administrative cooperation;
- Promote local "people to people" type of actions.

The cornerstone of IPA CBC will be the principle of "common benefit". As laid down in Article 95 of the Commission Regulation (EC) No 718/2007 the operations selected for operational programmes aimed at developing cross-border activities shall include beneficiaries from at least two countries, of which at least one (Bulgaria) shall be a Member State.

The partnering organizations shall cooperate in at least one of the following ways for each operation: joint development, joint implementation, joint staffing and joint financing. This concept of mutually benefiting actions reflects also on the types of projects that are to be developed within the IPA CBC.

Among the different types of possible projects within IPA CBC programme priority will be given to integrated projects. This kind of projects turned out to be difficult to realize in the



past but will be easier now since the connections among the various stakeholders across the border have been substantially improved and strengthened within the previous programming period and its financing instruments.

According to Council Regulation (EC) No 1085/2006 of 17 July 2006 IPA CBC will finance capacity and institution building activities as well as investment.

### **ERDF**

The European Union's Cohesion Policy intends to strengthen the Community's economic and social cohesion in order to promote the harmonious, balanced and sustainable development of the Member States<sup>1</sup>, while reducing the economic and social, territorial disparities arisen especially in countries and regions lagging behind and speeding-up their economic and social restructuring, in line with Article 158-161 of the Treaty.

For the next programming period of 2007-2013 the main objective concerning cross-border cooperation was defined in the field of Cohesion Policy, as follows:

- **European territorial co-operation objective.**

Within this framework of reforms the European territorial co-operation objective of the 2007-2013 programming period focuses its assistance provided by ERDF on three main cooperation fields:

- The development of cross-border economic, social, environmental activities through joint strategies for sustainable territorial development;
- Strengthening of transnational co-operation through actions related to Community priorities and promoting integrated territorial development;
- Reinforcement of the effectiveness of regional policy by promoting inter-regional co-operation, through exchange of experience at appropriate territorial level.

In addition, ERDF may contribute to the promotion of legal and administrative co-operation, integration of cross-border labour markets, local employment initiatives, gender mainstreaming and equal opportunities, trainings, social inclusion, sharing of human resources and facilities for research and development.

## **1.2. The programming process**

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Preparation of the present Bulgaria - Serbia IPA Cross-border Programme has been based on the main conclusions from the consultation process, described below, involving the partner institutions from both countries participating as partners throughout the whole programming cycle. The process was coordinated by the Ministry of Regional Development and Public Works in Bulgaria as the Managing Authority.

For the purpose of preparation of the Bulgaria - Serbia IPA Cross-border Programme, in March 2006 a bilateral Joint Task Force (JTF) was set up. The JTF coordinated the programming process by establishing timeframe and action plan for preparing the programme.

In June 2006 a Joint Programming Committee (JPC) was established as a decision-making body for finding agreement between the participating countries in the programming, guiding its process and approving the final draft of the Bulgaria - Serbia IPA Cross-border Programme. The meetings of the Joint Programming Committee were held both in Bulgaria and Serbia on a regular basis. Members of JTF and the JPC came from the relevant bodies at national and regional level from both states. An external Technical Assistance was also attracted to support the JTF in the programming process. The programming work was based

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<sup>1</sup> As of January 1<sup>st</sup>, 2007 Bulgaria is a Member State of the European Union.



on several workshop meetings, supported by a number of additional discussions and coordination meetings at the level of experts.

Besides the programming bodies, stakeholders from national, regional and local level were involved in the programming process. The wide and open inter-ministerial and public consultations organized by the Bulgarian MRDPW, the Serbian MF and the Technical Assistance team at the national and regional level ensured broad, active and effective involvement of all stakeholders and ensured the dissemination of information to partners, with respect of the principles of transparency and access to information for all interested actors in the Bulgaria - Serbia IPA Cross-border Programme interventions. The collected ideas, comments and recommendations were integrated in the programme document.

**Table 1 regarding the programming process**

Date and Place	Milestone
14 March 2006 Sofia, Bulgaria	Meeting of the Joint Task Force – start of preparation of the programme, identification of key issues and bodies responsible for preparation of the programme, clarification of programme area, discussion on the programme content (according to the Regulations), discussion and agreement on the timeframe and action plan, Discussion of the budget available for the preparation of programme related documentation. Allocation of funds by activities (preparation of the Programme document, ex-ante evaluation, SEA)
22 June 2006 Pernik, Bulgaria	Joint Programming Committee Kick-off Meeting - Presentation of the Instrument for Pre-Accession Assistance (IPA) Cross-Border Cooperation (CBC) 2007-2013 strategy and programming framework; approval of the proposed bodies and procedures for preparing the programme; Approval of the Work plan for preparation of the strategic part of the Bulgaria - Serbia IPA Cross-border Programme
14 March – 20 September 2006	Regular meetings of the Drafting Teams – external support, programme development, SWOT, Strategy
20 September 2006 Pernik, Bulgaria	Workshop on the elaboration of the SWOT analysis with the participation of stakeholders at regional and local level in Bulgaria
21 September 2006 Montana, Bulgaria	Workshop on the elaboration of the SWOT analysis with the participation of stakeholders at regional and local level in Bulgaria
25 September 2006 Niš, Serbia	Workshop on the elaboration of the SWOT analysis with the participation of stakeholders at regional and local level in Serbia
17 October 2006 Niš, Serbia	Joint Programming Committee Meeting - approval of the SWOT analysis by both sides and discussion on the strategy (in terms of objectives and priority axes) and management and implementations arrangements
14 November 2006 Belgrade, Serbia	Joint Programming Committee Meeting - discussion on the strategy (in terms of objectives and priority axes), management and implementations arrangements, principal agreement on the first draft of the Bulgaria - Serbia IPA Cross-border Programme
28 November 2006 Sofia, Bulgaria	Workshop 1 under Ex-ante and SEA contract Training for Future Managing Structures in Bulgaria with a Specific Focus on Indicators and Implementation Management Issues for CBC Programmes of 2007 – 2013, Lead Partner Principle, first and second level control.



## Bulgaria-Serbia IPA Cross-border Programme

Date and Place	Milestone
29 November 2006 Sofia, Bulgaria	Workshop 2 under Ex-ante and SEA contract Training for Local Authorities and Stakeholders - Workshop in Instrument for Pre-accession Assistance (IPA), General provisions and components; New requirements of EU in relation with the implementation of the Bulgaria - Serbia IPA Cross-border Programme, the presentation of the draft content of the programme, issues on the implementation of the programme, organization structure proposed for the implementation of the programme, requirement for the Lead Partner principle in preparation and implementation of a project.
20 February 2007 Niš, Serbia	Meeting of the Joint Task Force - discussion on the strategy (in terms of objectives and priority axes), management and implementations arrangements
22 May 2007 Sofia, Bulgaria	Joint Programming Committee Meeting for discussion on the Draft Bulgaria - Serbia IPA Cross-border Programme (analysis, strategy, management and implementing arrangements)
October 2007	Bilateral approval of the Final Draft of the Bulgaria - Serbia IPA Cross-border Programme (written procedure)



## 2. DESCRIPTION OF THE PROGRAMMING AREA

### 2.1. Definition of the eligible cross-border area

The eligible border area for the Bulgaria - Serbia IPA Cross-border Programme covers a territory of 39 434 sq. km. (20 525 sq. km Bulgarian part and 18 909 sq. km Serbian part). It borders with Romania to the North and with the former Yugoslav Republic of Macedonia to the South. The border length between the two countries is 341 km, 315 of which land border and respectively 26 km border on river Timok. There are 5 border checkpoints operating alongside the border.

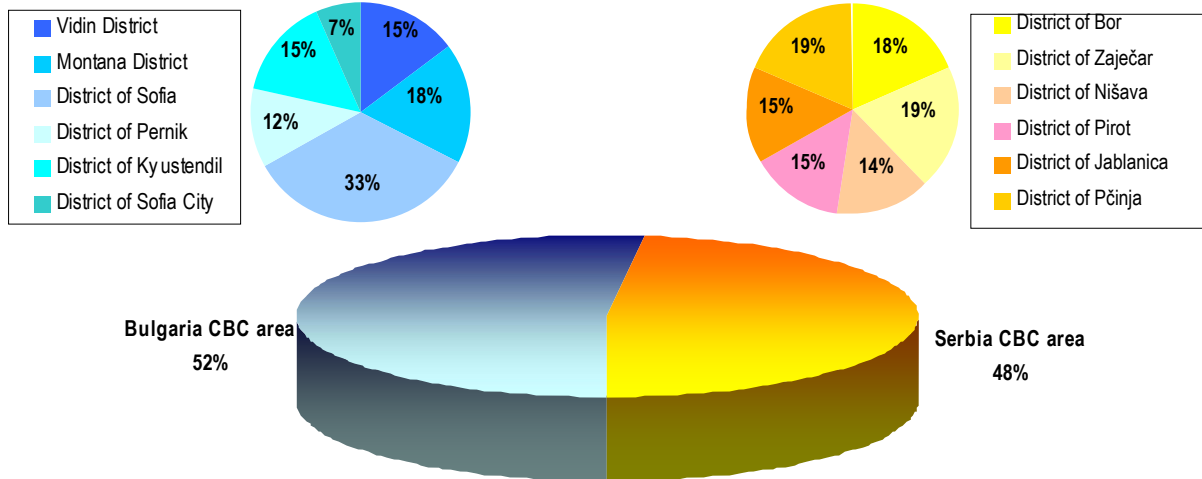
**Table 2 Bulgaria - Serbia Border Region**

	Area, sq. km.	% of the total country/CBC territory
<b>Bulgaria</b>	<b>111001,9</b>	<b>100 %</b>
<b>BG CBC area</b>	<b>20525</b>	<b>18.5% / 100 %</b>
District of Vidin	3033	14.8%
District of Montana	3636	17.7%
District of Sofia	7062	34.4%
District of Pernik	2394	11.7%
District of Kyustendil	3051	14.9%
District of Sofia City	1349	6.5%
<b>Serbia</b>	<b>88361</b>	<b>100%</b>
<b>Serbia CBC area</b>	<b>18909</b>	<b>21.4% / 100 %</b>
District of Bor	3507	18.6%
District of Zaječar	3623	19.2%
District of Nišava	2728	14.4%
District of Piroć	2761	14.6%
District of Jablanica	2770	14.6%
District of Pčinja	3520	18.6%
<b>CBC area</b>	<b>39434</b>	<i>Bulgarian territory from CBC region - 52% Serbian territory from CBC region - 48%</i>

The common Bulgarian-Serbian border area includes 12 administrative units<sup>2</sup>: **6 districts in Bulgaria**, which correspond to NUTS level III (EUROSTAT) in accordance with the requirements of the EC Regulation 1059/2003 on NUTS classification and in line with the EC draft Guidance Note of January 2004, and the equivalent NUTS III **6 districts in Serbia**.

<sup>2</sup> COMMISSION DECISION of 14 November 2007 drawing up the list of regions and areas eligible for financing under the Cross-border Cooperation Component of the Instrument for Pre-accession Assistance for the purpose of cross-border cooperation between Member States and beneficiary countries for the period 2007 to 2013 (2007/766/EC)





The eligible area in Bulgaria is 18.5% of the total territory of the country comprising 60 municipalities (distributed in 6 districts). The Serbian eligible border area is 21.4% of the Serbian territory and consists of 36 municipalities (6 districts). The eligible area of the Bulgaria - Serbia IPA Cross-border Programme is illustrated on the map below:





Though the District of Sofia-city as an administrative unit has no direct border with Serbia it physically belongs to the Bulgaria-Serbia cross-border area and based on the flexibility rule provided by Article 97 (1) of the IPA Implementing Regulation, District of Sofia-city has been included in as an adjacent area to the eligible programme area. Inclusion of this adjacent area is based on the following grounds:

- District of Sofia-city is adjacent to the eligible NUTS III area and is situated in the core of the programme eligible region. With inclusion of District of Sofia-city, the whole eligible territory become more compact;
- Without the District of Sofia-city as a part of the eligible region there is an imbalance between the two sides of the border in terms of potential partners' localization. With more than 250 000 inhabitants Niš is the major agglomeration area of Southern Serbia. This area is location of many educational, research, cultural and business institutions. The immediate border region (NUTS III) on the Bulgarian side is rather rural and lacks concentration of equivalent organizations. Inclusion of district of Sofia-city ensures a certain equilibrium as regards adequate partnerships and exchange of good practices and experience;
- The inclusion of Sofia-city-based stakeholders as partners in the cross-border projects will contribute to the achievement of the programme objectives;
- According to the adjacency rule, the total project expenditure undertaken in this area will not exceed 20% of the total expenditure under the programme;

**Table 3: Eligible NUTS III and NUTS IV**

Bulgaria – NUTSIII level	Serbia – NUTSIII equivalent
<b>Vidin District:</b> <b>11</b> municipalities: <i>Belogradchik, Boynitsa, Bregovo, Vidin, Gramada, Dimovo, Kula, Makresh, Novo Selo, Ruzhintsi, Chuprene</i>	<b>Bor District:</b> <b>4</b> municipalities: <i>Bor, Kladovo, Majdanpek, Negotin</i>
<b>Montana District:</b> <b>11</b> municipalities: <i>Berkovitsa, Boychinovtsi, Brusartsi, Valchedram, Varshets, Georgi Damyanovo, Lom, Medkovets, Montana, Chiprovtsi, Yakimovo</i>	<b>Zaječar District:</b> <b>4</b> municipalities: <i>Boljevac, Zaječar, Knjaževac, Sokobanja</i>
<b>Sofia District</b> <b>22</b> municipalities: <i>Anton, Bojurishte, Botevgrad, Chavdar, Chelopech, Dolna banya, Dragoman, Elin Pelin, Etropole, Godech, Gorna Malina, Ihtiman, Koprivshitsa, Kostenets, Kostinbrod, Mirkovo, Pirdop, Pravets, Samokov, Slivnitsa, Svoqe, Zlatitsa</i>	<b>Nišava District:</b> <b>11</b> municipalities: <i>City of Niš (Municipalities: Pantelej, Medijana, Crveni Krst, Palilula and Niška Banja), Aleksinac, Gadžin Han, Doljevac, Merošina, Ražani, Svrlijig</i>
<b>Pernik District:</b> <b>6</b> municipalities: <i>Breznik, Zemen, Kovachevtsi, Pernik, Radomir, Tran</i>	<b>Pirot District:</b> <b>4</b> municipalities: <i>Babusnica, Bela Palanka, Dimitrovgrad, Pirot</i>
<b>Kyustendil District:</b> <b>9</b> municipalities: <i>Bobovdol, Boboshevo, Kocherinovo, Kyustendil, Nevestino, Rila, Sapareva Banya, Dupnitsa, Treklyano</i>	<b>Jablanica District:</b> <b>6</b> municipalities: <i>Bojnik, Vlasotince, Lebane, Leskovac, Medveđa, Crna Trava</i>
<b>Sofia-city District</b> <b>1</b> municipality: <i>Sofia city</i> <sup>3</sup>	<b>Pčinja District:</b> <b>7</b> municipalities: <i>Bosilegrad, Bujanovac, Vladicin Han, Vranje, Preševo, Surdulica, Trgoviste</i>

## 2.2. Geographical features

The border area between Bulgarian and Serbia covered by this programme is characterized by wide geographical and environmental diversity. The border area's geographical location in the centre of the Balkan Peninsula is its strongest asset, since the European transport corridors

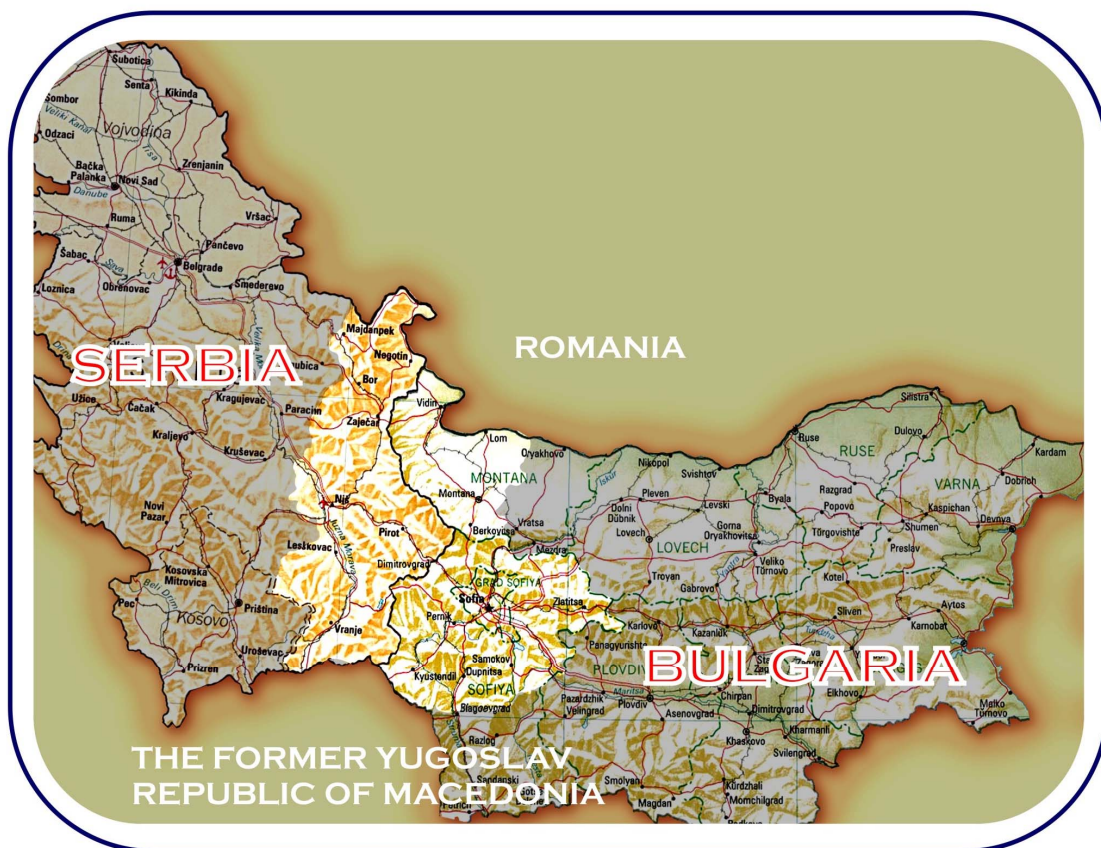
<sup>3</sup> Sofia city municipality which was not part of the eligible border region during the pre-accession funding period was included as an adjacent area in the Bulgaria - Serbia IPA Cross-border Programme following an official letter of the Commission No 01921 dd 26.02.2007.



7(Danube river), and 10 cross the territory of both Serbian and Bulgarian part and corridors 4 and 8 cross Bulgarian part of the eligible territory.

The Danube River which borders the region to the North is a natural resource with strong potential for a large variety of applications. Other important rivers that cross the border area are Nišava, Timok, Erma, Struma, Iskar, Ogosta and Lom. The Ogosta, Iskar and Vlasina artificial lakes as well as numerous smaller ponds complement the rich water resources of the region.

The relief of the border area is quite diverse – mountains, valleys, plains. More than half of the territory is hilly or mountainous. The biggest mountain crossing the region is Stara Planina (Balkan mountain range), an extension of the Carpathian mountain range. The border mountains of Osogovo and Vlahina are also located here, as well as parts of several other mountains in the Bulgarian (Rila, Verila, Konyavska, Zemenska, Vitosha and Lyulin) and Serbian (Deli Jovan, Rtanj, Ozren) territory of the region.



The mountainous border area is characterized by clean and preserved natural environment and large biodiversity. Numerous plains and valleys, the most important ones being the Kyustendil and Dupnitsa Valley, the Danube plain and Sofia plain, Preševo Valley and the inner-Balkan valleys, form a strong natural potential for the development of agriculture, forestry and tourism. A variety of unique natural landmarks like the Gorge on the river Erma, Gredelica and Sićevačka gorge the Seven Lakes of Rila, the Stob Pyramids, the Vratnjanska gates, Mokranjske and the Belogradchik Rocks, the Magura Cave and other, natural parks and protected sites, are located in the area. A further credit to the natural wealth of the region bring also its healthy mineral springs (Kyustendil, Sapareva Banja, Vurhez, Rudarzi, etc. in Bulgaria, Niška Banja, Vranjska Banja, Zvonačka Banja, etc. in Serbia), which form a factor with significant added value to the potential for tourism development in the region.

The mineral resources of the region comprise coal, marble, clay, dolomite and mixed ores, as





well as iron ore around the municipality of Chiprovtsi, One of the most important deposits of sedimentary origin is the gypsum field near the village of Koshava, not far from the city of Vidin. Other important ore deposits of copper and gold are situated near the town of Pirdop and the village of Chelopech on Bulgarian side and Bor and Majdanpek on Serbian side. The explored deposits of the region of Pernik include brown coal, limestone, dolomite, gold, fire clay, and barite. Alongside the riverbeds (esp. Danube) some inert materials are extracted. The abundance of resources has been a prerequisite for the intensive development of the extraction and heavy industries.

## 2.3. Demographic features

### Population dynamics

The total population of the programme eligible area is 3.3 million people. With exception of the Sofia city <sup>4</sup>, the demographic situation and development of the border area is characterized by a continuous tendency of decreasing birth rates and aging population, which coupled with significant outer migration, leads to a general trend of depopulation. The region is characterized by a negative natural growth.

NUTS III Border Regions	Population		Population Density	Natural growth	Natural growth rate
	Total	%	Per/ km2	(people)	(‰)
Bor	146 551	11.82	41.79	-914	-6,24
Zaječar	137 561	11.09	37.97	-1648	-11,98
Nišava	381 757	30.78	139.94	-1544	-4,04
Pirot	105 654	8.52	38.27	-937	-8,87
Jablanica	240 923	19.43	86.97	-840	-3,49
Pčinja	227 690	18.36	64.68	1091	4,79
<b>Serbian CBC area</b>	<b>1 240 136</b>	<b>16.53/100,00</b>	<b>64.8</b>	<b>-4792</b>	<b>-3,86</b>
<b>Serbian national</b>	<b>7 498 001</b>	<b>100</b>	<b>84.86</b>	<b>-26134</b>	<b>-3,49</b>
					<b>-20,23</b>
Vidin	117 809	5.69	38.84	-2383	-20,64
Montana	166 775	8.05	46.87	-3442	-7,97
Sofia	259 961	12.55	36.81	-2071	-9,01
Pernik	140 981	6.80	58.89	-1270	-11,49
Kyustendil	152 714	7.46	50.62	-1754	-3,55
Sofia City	1 231 622	59.45	912.99	-4372	-1,23
<b>BG CBC area</b>	<b>2 069 862</b>	<b>26.81/100,00</b>	<b>190.84</b>	<b>-2549</b>	<b>-5,48</b>
<b>BG National</b>	<b>7 718 750</b>	<b>100</b>	<b>69.54</b>	<b>-42299</b>	<b>-2,22</b>
<b>Total CBC area</b>	<b>3 309 998</b>	<b>100</b>	<b>129.55</b>	<b>-7341</b>	<b>-6,24</b>

<sup>4</sup> Being the principle Bulgarian city and the largest growth centre of the country, Sofia city development indicators are very different from those of the other districts of the eligible cross-border region. Its fully integration in the analysis alters the picture of current economic standing of the region. For this reason and because it is only an adjacent area of the region with limited share of the funding sources, Sofia city figures have been taken into consideration and pointed out individually in some parts of the analysis.



The population of the **Bulgarian** part of the border area is 2.07 million people (of which 1.23 million live in Sofia city), accounting for 26.81% of the country's total population. The average population density of the border area is 44.3 inhabitants per km<sup>2</sup> (excluding Sofia city where the figure is 905.3), which is approximately 1.5 times less than the national average density (69.54 inhabitants per km<sup>2</sup>). The Bulgarian border area is characterized with a negative natural growth rate.

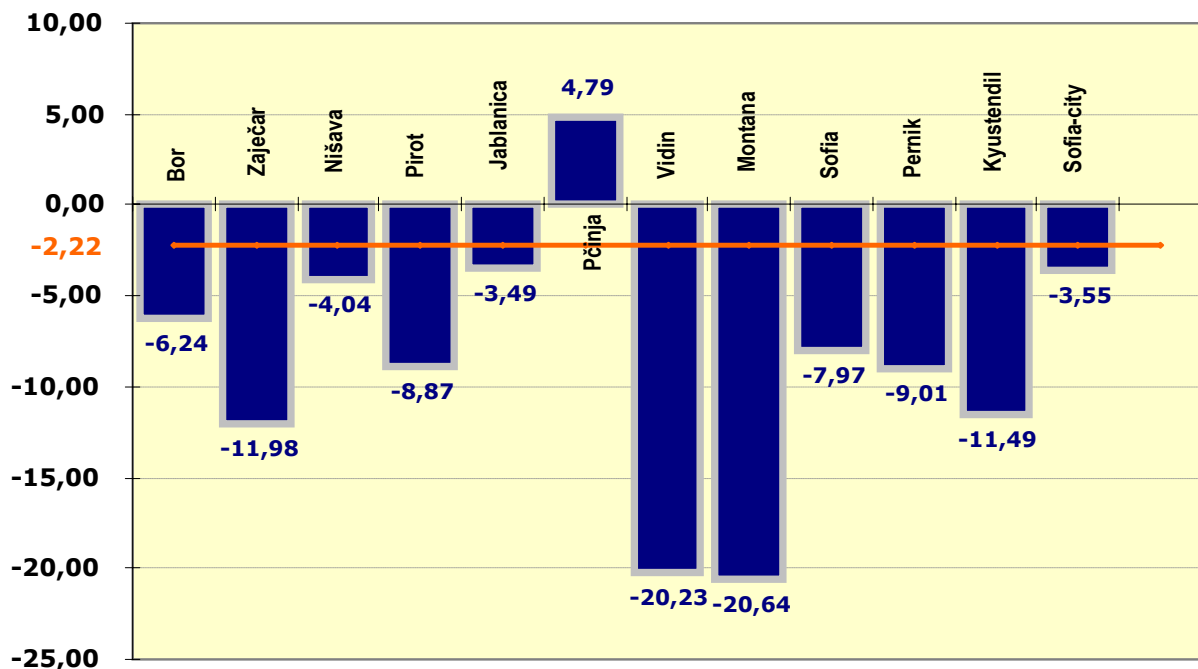
The population in the **Serbian** border area is app. 1.24 million people, accounting for 16,53% of the total population in the Republic of Serbia. The population density of 64.8 inhabitants per km<sup>2</sup> is lower than the national average (84 inhabitants/km<sup>2</sup>), with highest values in the eastern district of Niš (139 inhabitants per km<sup>2</sup>). The Serbian border area is also showing decreasing natural growth (-4 792 people in 2004).

The trend of population ageing is already evident in both sides of the region, with it advancing more rapidly in the Bulgarian part. The Bulgarian side, however, has the advantage of having a greater proportion of younger, and by cohort effects, relatively more qualified workforce among 20-35 year olds.

The figures regarding population growth indicate the stable negative tendency among almost all districts in the region, with the exception of the district of Pčinja (see graph 1). Overall, the outer migration of workers has an important part to play in depopulation, accounting for about 25% for Bulgaria (no comparable statistical information is available for the Serbian part of the region, but other similarities suggest the trend may be very close in magnitude). There is also a stable and growing inter-regional migration within the border area, which reflects mainly the movement from the smaller towns and villages to the bigger centers in the region (mainly the capital of Bulgaria – Sofia and the second largest Serbian city Niš).

**Graph 1: Population growth rate (‰) in the CBC region, 2004**

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The border area is characterised by ethnical and cultural diversity. The constitutions of both countries guarantee the rights of minorities. Ethnic Bulgarians and Serbs form the core part of the population, however in certain regions in Bulgaria (mostly Montana, but also some areas around Vidin and Kyustendil) and throughout the Serbian eligible area, there is a growing number of Roma groups. The Roma population in the region is about 3.49% of the total border area population. There is a Bulgarian minority of 17,2 thousand people in the Serbian part of the border area, accounting for 1,4% of the eligible border area population, mostly



concentrated in the municipalities of Bosilegrad (80.1% of the population) and Dimitrovgrad (49.7%). There is also a significant Albanian minority of 58 thousand people (4,73% of the population in the eligible border area), mostly located in Preševo, Bujanovac and Medvedja municipalities. There is a Vlah ethnic group (23,6 thousand) mostly living in the area of Bor, Boljevac, Negotin and Zaječar.

Despite the different minority groups with a permanent residence in the region/city, so far no significant ethnic conflicts are observed in the region.. The constitutions of both countries guarantee the rights of minorities so that all citizens have equal rights and responsibilities and enjoy full national equality. The rich ethnical diversity and traditional good relations between the peoples of both countries form a base for continuous and beneficial cross-border cooperation.

	Total population	Roma population	
		people	%
<b>Serbia</b>	<b>7 498 001</b>	<b>108 193</b>	<b>1.44%</b>
<b>Serbian CBC area</b>	<b>1 240 136</b>	<b>37264</b>	<b>3.00%</b>
Bor	146 551	1 529	1.04%
Zaječar	137 561	1 194	0.87%
Nišava	381 757	9 224	2.42%
Pirot	105 654	3 344	3.17%
Jablanica	240 923	9 900	4.11%
Pčinja	227 690	12 073	5.30%
<b>Bulgaria</b>	<b>7 718 750</b>	<b>370 908</b>	<b>4.68%</b>
<b>Bulgarian CBC area</b>	<b>2 069862</b>	<b>78532</b>	<b>3.79%</b>
Vidin	117 809	9 786	7.52%
Montana	166 775	22 784	12.50%
Sofia	259 961	16 748	6.13%
Pernik	140 981	3 035	2.02%
Kyustendil	152 714	8 294	5.10%
Sofia City	1 231 622	17 885	0.64%
<b>CBC area</b>	<b>3 309 998</b>	<b>115796</b>	<b>3.49%</b>

### Settlement structure

Settlement structure of the border area is characterized by sparse population, small size of settlements and limited number of bigger cities, accounting for 2403 settlements. The two major urban centers in the program area, Sofia (1 230 000) on the Bulgarian side and Niš (250 000) on the Serbian side, have a full range of public institutional and infrastructural facilities that make them the focus of economic and social life in the region. The bigger towns on the Bulgarian part of the eligible area are Pernik (93 000), Kyustendil (58 000), Dupnitsa (43 000), Vidin (69 000) and Montana (54 000). Bigger cities on the Serbian side are Niš, Leskovac (156 000), Bor, Zaječar and Pirot (64 000).

INDICATOR	MEASURE	BULGARIA		SERBIA	
		National	CBC region	National	CBC region
<b>Territory</b>	Sq. km	111 002	<b>20 525</b>	88 361	<b>18 909</b>
<b>Municipalities</b>	Number	263	<b>60</b>	190	<b>33</b>
<b>Settlements</b>	Number	5 333	<b>945</b>	6 164	<b>1 458</b>
<b>Towns</b>	Number	246	<b>49</b>	206	<b>36</b>

The influence of the Bulgarian capital, Sofia, can clearly be felt in the Southern part of the Bulgarian eligible region. As the territory of the capital begins immediately at the southern



border of Pernik District, areas in the West of the capital might be understood as the agglomeration area of the capital city. Clearly the closeness of the capital has a strong influence on the economy, labour market, education and cultural life of the entire region. Although its influence of the towns of Vidin and Bor is somewhat more limited, they are clearly the focal points of Northern part of the region and key players in the immediate border area.

### 2.4. Economy

With the exception of the Sofia city, the overall level of economic development of the border area is relatively low, as compared to both the respective national levels and the EU-25 average.

In the border region, GDP per capita is about 3733 euros at the Bulgarian side of the border and 931 euros on the Serbian side (56.5 % of the national average 1647 euros<sup>5</sup>). The nominal GDP growth in last years was 8.24% (for the Bulgarian border area) and 8.75% (for the Serbian border area), several percentage points higher than their respective national averages. The significant income disparity is evident, however its impact may be controlled through active targeted economic and social cohesion activities.

GDP per capita in the region ranges from as low as 513 in Jablanica to 4794 euros in Sofia-city district. The districts in Serbia show particular signs of economic lagging, but only the district of Nišava is almost on a par with the Bulgarian districts. The region also comprises three districts which are very close to their respective national averages in terms of GDP per capita, Nišava, Sofia and Kyustendil. The starker differences in the region are on the Serbian side of the border, with the Bulgarian side however also demonstrating significant intraregional differences in economic development. Inclusion of District of Sofia-city figures (GDP per capita 4794 euro) makes the gap much larger.

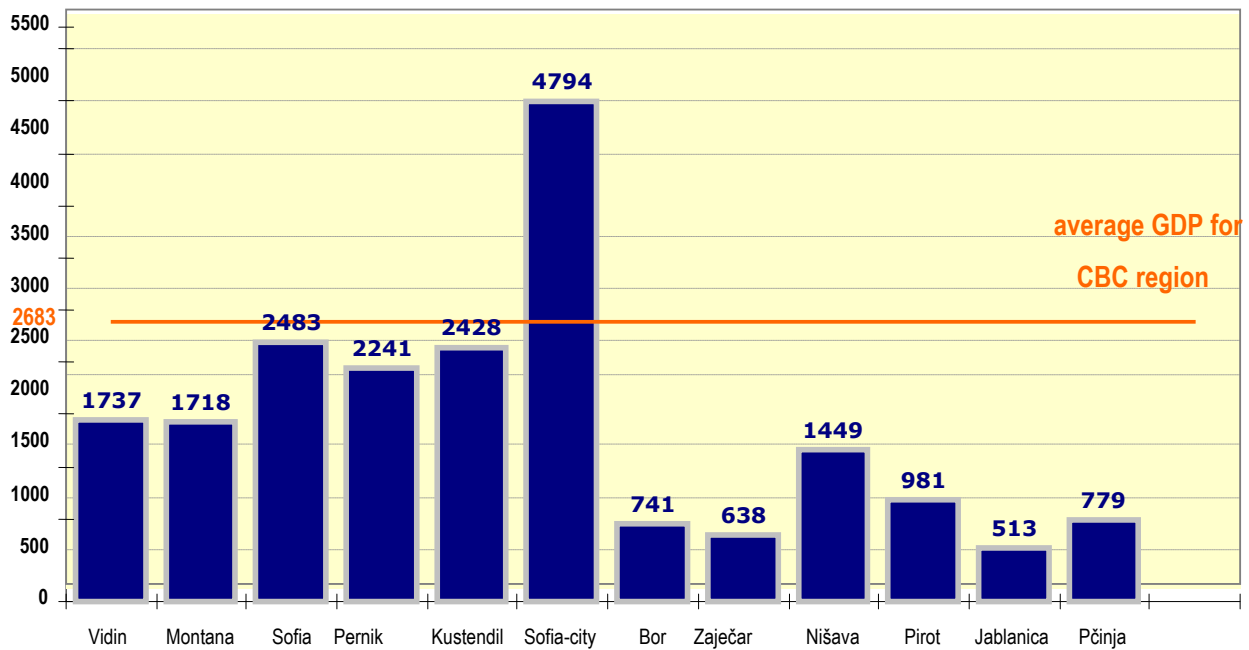
**GDP per capita 2004** Source: National Statistical Institutes of Bulgaria and Serbia

Country/ region	€
<b>Bulgaria</b>	<b>2288</b>
<b>BG CBC area</b>	<b>3733</b>
Vidin	1737
Montana	1718
Sofia	2483
Pernik	2241
Kustendil	2428
Sofia-city	4794
<b>Serbia</b>	<b>1647</b>
<b>Serbian CBC area</b>	<b>931</b>
Bor	741
Zaječar	638
Nišava	1449
Piroć	981
Jablanica	513
Pčinja	779
<b>Average GDP per capita for CBC region</b>	<b>2683</b>

<sup>5</sup> Statistical yearbook of the Republic of Serbia for 2004



Graph 2: GDP per capita 2004

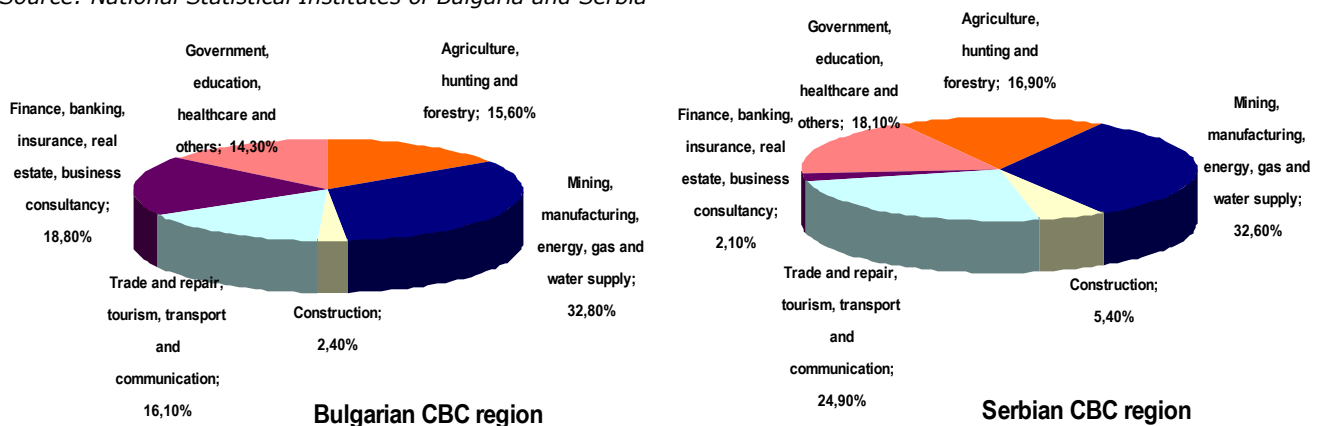


**Economic structure**

The economic structure in the region is generally characterized by a relatively large service sector, a large-scale industrial sector, and an agricultural sector constituting a sizable part. One main difference is the difference in specialization between the two sides of the border as it comes to high-tech and knowledge-intensive business activities. The Bulgarian area has specialized largely in the finance and business consultancy sector, while the Serbian has focused more on high-tech repair services. There is clearly potential for exchange of know-how and bilateral trade in services in these fields. There is also a rather larger construction sector on the Serbian part of the border.

Graph 3: Economic structure of the region, by main sectors, 2004

Source: National Statistical Institutes of Bulgaria and Serbia



The restructuring of the industry following the transition to market-led economy and the agricultural reform (Bulgaria) have significantly affected the region thus resulting in increased unemployment rates, higher levels of long-term unemployment with severe skill depreciation of lay-offs from the closed down large industrial enterprises, as well as inadequate utilization of the available natural resources and industrial infrastructure. Therefore, the economic structure of the border region could be described as outdated and with related risks for competitiveness, employment and innovations. This is particularly expressed on the level of





municipalities – the economic structure of most (smaller) municipalities is mono- sector. Sofia city stands out here with its very different, much more advanced and flexible economic and business structure.

**Industry**

The industrial specialization of the region on both sides of the border is quite similar with mining being a key sector in the past, nowadays declining but still holding a major share in the regional industrial production. (Bor - copper, Zaječar – coal, quartz sand, Svoge and Pernik – coal). It is relevant to say that about 30% of all mining in Serbia is conducted in this area, with the largest copper mine in Europe located in the district of Bor. Other important industries are energy generation, metallurgy and machine engineering, chemicals, textiles, tobacco industry, etc.

**Agriculture**

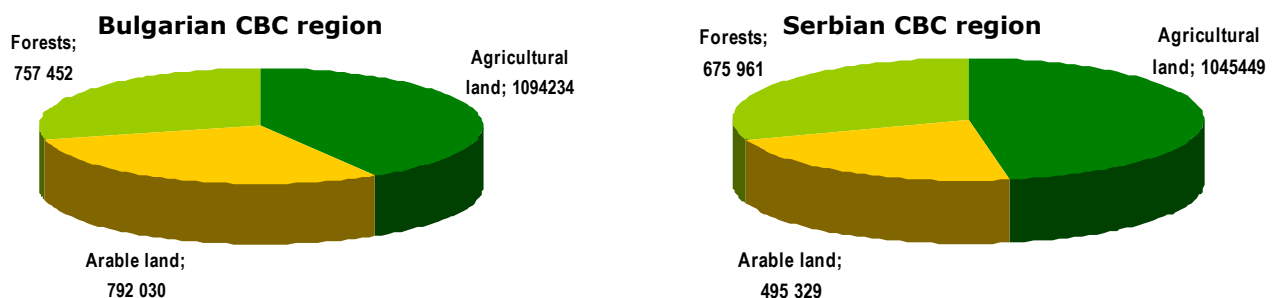
Agriculture holds a substantial share in GDP for all districts (average for the border area 16,2%). The agricultural land is 2,14 million. ha (1,09 million. ha on the Bulgarian side, accounting for 17,2% of the total agricultural land in Bulgaria and 1,05 ha on the Serbian side – 20,45% of the total Serbian agricultural land).

Due to the fertile land and the favourable climate conditions a great variety of agricultural crops are grown in the region – cereals and fodder, fruit and vegetables (the district of Kyustendil is known as the orchard garden of Bulgaria with the production of cherries, apples, and pears), vines, sunflower, sugar beat, etc. Stockbreeding covers all types of animals, involving also a wide use of mountain pastures.

INDICATOR	MEASURE	BULGARIA		SERBIA	
		National	CBC region	National	CBC region
<b>Agricultural land</b>	Ha	6 376 482	<b>1 094 234</b>	5 113 307	<b>1 045 449</b>
<b>Arable land</b>	Ha	4 976 928	<b>792 030</b>	3 343 916	<b>495 329</b>
<b>Forests</b>	Ha	3 715 754	<b>757 452</b>	1 833 746	<b>675 961</b>

**Graph 4: Land structure (Ha) of the region, 2004**

Source: National Statistical Institutes of Bulgaria and Serbia



The problems of the agricultural sector in the border region are similar to those for the sector of the two countries as a whole. The fragmented land structure (especially in the Bulgarian part of the region) predetermines the highly segmented agricultural farms. The equipment and technologies used are obsolete and inefficient; there are no major foreign investments in the field, the population active in the sector is aging. An additional problem in the Serbian part of the region is related to the pollution of the Timok and Negotin rivers which greatly hindered the development of agriculture in the area.



Bulgaria's membership in the EU will have a positive influence on the development of agriculture in the region with the expected financial resources to be allocated to the sector and the increased attractiveness for foreign investments.

### **Trade and services**

The region's geographical location and rich natural resources form an excellent base for the development of the service sector, specifically international trade, transport and related services, tourism, thus becoming an important engine for boosting the socio-economic development of the border region. Notwithstanding all positive features mentioned above, underdeveloped transport links in the bordering region has predetermined the relative isolation of the area (excl. Sofia city). The proximity to the Pan-European corridors and the major infrastructure projects to be completed in the coming years (the most important for the region being the second bridge over the Danube river at Vidin) should become the driving force for the development of various trade and transport-related services – wholesale markets and showrooms, logistic parks, warehouse facilities, hotels and catering, repair services, etc. A crucial point is that the capital of Bulgaria – Sofia is an adjoining part of the region and the city of Niš, being the fastest growing economic, transport and trade centers of the cross-border region, are the natural driving engines for the region's development.

Tourism development in various forms (eco, cultural, winter, spa) is another strong potential for the region which now is lagging behind compared to other areas in Bulgaria and Serbia. Favourable natural and environmental characteristics, abundance of cultural landmarks and natural resources of the border area provide opportunities for diversification of the currently available tourist products and services for sustainable development of tourism. Tourism centres in the region include Belogradchik (cultural and eco-tourism), Chiprovzi (cultural tourism), Vurshetz and Berkoviza (spa), Trun (eco-tourism and cultural tourism), Zemen (cultural), Kyustendil (spa), Sapareva Banja (spa), Vitosha (skiing) and Panichiste (mountain resort with skiing) and Rila monastery in Bulgaria; Gamzigrad (cultural tourism), Niš and Negotin (cultural tourism), Pirot (cultural tourism), Zvonačka banja (spa, district of Pirot), Vranjska banja (district of Pčinja), and Niška banja (spa, district of Nišava), Stara Planina (mountain tourism) in Serbia.

### **Foreign Direct Investments (FDIs)**

Foreign direct investments have played an important role in restructuring the Bulgarian and Serbian economies and for boosting economic growth in the last decade. Apart from Sofia city which has attracted more than 57% of all FDIs in Bulgaria (as at 2004), only a small fraction of this foreign capital has been invested in the remaining part of the eligible border area.

The FDIs in the Bulgarian part of the border region account only for 9% of the FDI in the country for the period 1999-2004. Furthermore, there are significant intraregional differences in the interest of foreign investors in the region. Most investments have been concentrated on the territory of the Sofia district, due to its close proximity to the capital, Sofia. Apart from this district, the rest of the region cumulatively accounts for less than 2% of total FDI in Bulgaria as of 2004.

In Serbia, the privatization in many sectors is still ongoing with only minor FDI share attracted by the region. The constantly improving macro-economic environment, the still low operational costs and the infrastructure improvement plans along the Pan-European corridors as well as Bulgaria's EU membership are expected to raise investor interest for the region thus resulting in new job openings and introduction of modern technologies and business practices. However, economic growth will not necessarily lead to job growth, and measures should be taken to enhance worker productivity, so that employers do not substitute technological innovation for worker qualification.

### **Innovations**

In general, there is a strong need for innovations, new equipment and technologies in almost all enterprises in the border region, the lack of which makes them less competitive on the



international market. The accession of Bulgaria to the EU has put an additional pressure to companies, while however not providing them with a better access to financial resources to be able to cope with this challenge. In general, the region alone does not have enough R&D development potential to be able to meet the needs of local companies.

Bulgaria’s membership in the EU should place the region in a better position in terms of resource allocation and know-how transfer, so that it can better cope with the competitive pressures of the single European market.

**SME development and business support**

The SME share on the Bulgarian side of the border is 98% in industry and 99% in services. In the Serbian part the SME sector is still rather weak; a major drawback is the low level of technological development – 49% of the equipment used is obsolete. Serbian SMEs have a very difficult access to external financing – too expensive bank loans, only 0,8% of them long-term.

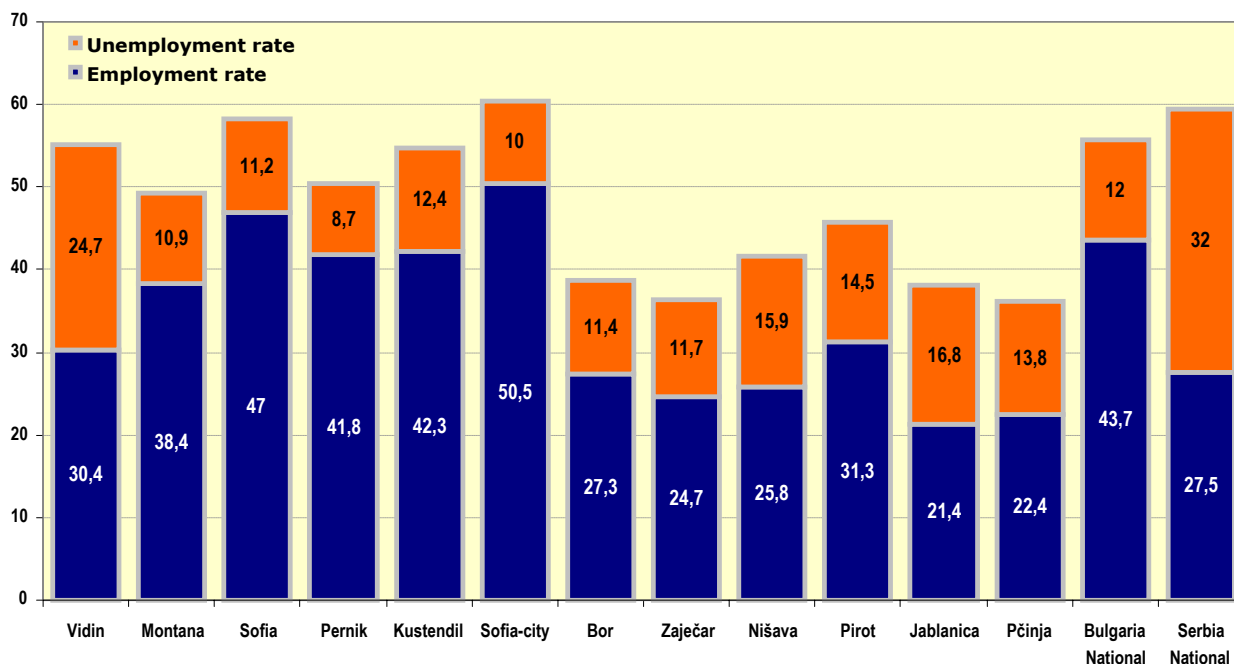
On the more positive side, the SMEs in both parts of the region benefit from a quite extensive business-support network of chambers of commerce, business centres, business incubators, and branch associations. Good examples for the successful activities of the business incubators are the ones operating in Sofia, Vidin, Montana, Belogradchik, Pernik and Samokov. The only two currently existing business incubators in Serbia are located in the border region – Niš and Knjaževac. They provide consultancy services, training and information; have experience in working with international investors, and are members of well-established and -developed national and international networks. They form an excellent base for increasing cross-border economic cooperation, stimulating the establishing of joint ventures, know-how transfer and dissemination of best practices.

**2.5. Labour market and education**

**Employment**

In general, the labour market in the border area, excluding Sofia city where the employment rate is currently about 50.5% and activity rate is similarly very high, is characterized by low level of employment of the population; low wages; and low mobility of labour force.

**Graph 5: Activity, employment and unemployment rates, by district, 2004<sup>6</sup>**



Source: National Statistical Institutes of Bulgaria and Serbia

<sup>6</sup> Excluding data for Sofia city



There is a clear 5-10% gap in activity, between the parts of the region on the two sides of the border, Unemployment levels in Serbia are about twice higher than unemployment in Bulgaria.

The problem of long-term unemployment is particularly difficult to tackle given the fact that the bulk of long-term unemployed are people without professional qualification and with a low level of education thus in a particularly vulnerable position on the labour market. The highest share of unemployed is among the Roma population, with 80% or more officially unemployed. This is also due to Roma communities' traditional lack of involvement in of institutional education and their way of life. There is also an overall lack of employment opportunities, especially in rural areas and an increase in the grey economy.

**Education, Research and development**

The process of educational development in the eligible border region is bound within the established network of institutions at all educational levels. The existing educational basis on the Bulgarian side includes 21 universities (20 of them concentrated in Sofia City and 1 in Sofia district), 123 colleges and vocational secondary schools, 15 special schools in the main towns, 539 general schools, 4 convalescent schools (2 in Montana, 1 in Kyustendil and 1 in Sofia district), 9 schools for mentally retarded (in every district) and 1 correctional and child-protection boarding school in Kyustendil. In 2006, the compulsory schooling period in the Republic of Bulgaria was extended until the age of 16 (10 years in school).

The existing educational structure in the Serbian eligible area is still underdeveloped and includes 7 higher schools and university faculties with 14915 students in the 2004/2005 school year (1 each in Zaječar, Pirot, Pčinja, 2 in Niš, 2 in Jablanica), 98 secondary schools, 948 primary schools. There is a below-average number of primary, secondary, adult and special schools, and in accordance with negative population and inter-regional migration patterns of the region, it is expected that these trends will continue. As for the higher education infrastructure, most of it (85%) is located at Niš University, while most of the remaining resources are focused in Zaječar and Bor.

**Higher Education Institutes in the border area**

<b>NUTS III Serbian regions</b>	<b>Universities and specialized higher education institutes</b>	<b>NUTS III Bulgarian regions</b>	<b>Universities and specialized higher education institutes</b>
Bor	-	Vidin	-
Zaječar	1	Montana	-
Nišava	2	Sofia	1
Pirot	1	Pernik	-
Jablanica	2	Kyustendil	-
Pčinja	1	Sofia City	20
<b>Serbian CBC area</b>	<b>7</b>	<b>Bulgaria CBC area</b>	<b>21</b>

In general, the bulk of the labour force is characterised by a relatively high level of education. However while this level constitutes a potential for development, there is a weak link between the education and business. Educational and research centres are separated in two systems, research and lecturing, with little interrelation and no communication between them and business. Despite the availability of a well-educated work force, its quality is still insufficient for the new needs of the labour market. The level of professional qualification of the labour



force in the border area, and the unemployed persons in particular, is currently inadequate to market requirements. The discrepancies between the qualification of persons with vocational training in the main age groups and the skills demanded on the labour market have tended to broaden. The disparity between supplied and demanded qualification is most obvious in the group of young people with secondary education, people with primary or lower education and without qualification, educated and qualified people lacking work experience as well as in the pool of long-term unemployed. The problem with the loss of qualifications is particularly acute with the long-term unemployed in higher age groups

The labour force lacks certain modern basic skills, mainly inter-disciplinary and inter-professional skills and knowledge, essential qualifications, language and ICT knowledge thus ICT usage and innovation potential for growth in the border region are lagging behind.

Most of the R&D operations in the cross-border region are conducted at the universities, Bulgarian academic of science (BAS) in Sofia city and the university in Niš. Key to the region are therefore establishing a firmer link between the spheres of education and work, including local stakeholders in the formulation of education curricula, and enabling the frequent transitions from school to work over the life course. Cross border cooperation between universities can now be fostered due to Sofia city inclusion in the border area and it can be specifically beneficial in eliminating skill gaps and improving employability of young workers, critical for the development of the region.

On the other hand, there is a clear problem in tackling long-term unemployment of undereducated and otherwise disadvantaged workers on the market (including minorities, who have proved themselves highly averse to formal education). The illiteracy rate in the **Serbian** border area in 2002 was 3,4% (corresponding to 1.8% in BG<sup>7</sup>), with higher rates among women (5,6%). Gender differences are less pronounced among the younger population (under 40 years of age). Taking into account that about 17,3% of the Serbian population is functionally illiterate (no primary school or maximum 7<sup>th</sup> grade), and adding the fact that this region is among the most underdeveloped in Serbia, one can fully grasp the educational capacities of this area. Targeted measures are needed for social integration of disadvantaged groups

## 2.6. Infrastructure

### *Transport infrastructure*

Although it is strategically located in view of current and future international transport traffic flows, the border area is presently not in a position to fully benefit from this asset.

The existing transport infrastructure is not adequate to the contemporary technical requirements and needs substantial rehabilitation and reconstruction. It is distributed unevenly throughout the region's territory and is not sufficiently developed to meet the intensifying traffic needs. Furthermore, the connections between the two parts of the regions are incomplete and limited (no motorway connection, only one railway line); there are 5 border crossing checkpoints but only one of them (at Kalotina – Gradina) is suited for international traffic. Total number of people that crossed borders from Serbia to Bulgaria in 2006 was 3.834.822

All border crossing checkpoints and the access to them at the Bulgarian-Serbian border except the one at Kalotina - Gradina need serious improvement in order to match the new needs and requirements.

At Bregovo - Mokranje a totally new checkpoint has to be built as the existing one is situated in the village, a bit too far from the actual border. The access there is comparatively good but due to different economic reasons the traffic intensity is low. The low traffic intensity keeps the road still in a good condition and the necessary investments in the building of a new checkpoint will enhance the mutual crossborder activities. Similar is the situation at the

<sup>7</sup> Data is from the UNDP Human Development Report





border crossing in Vrška Čuka. At the checkpoint here the access is also comparatively good but the traffic intensity is still too low.

The things are a bit different at Strazimirovci checkpoint. There is a brand new border crossing checkpoint here, corresponding to the requirements but the building and the equipment are not yet fully operational.

The checkpoints at Bregovo – Mokranje, Vrška Čuka, Strazimirovci and Oltomanci - Ribarci are not as attractive for the big international transit traffic as the checkpoint at Kalotina – Gradina. It offers quick access to the motorway on the Serbian territory that makes it the most preferred and loaded. These four border crossing checkpoints can also play important role in the cross-border activities, but in order to make them really attractive serious investments have to be made.

All these factors not only hamper the accessibility of the region thus increasing its relative isolation, but also impede the development of cross-border relations between the two sides of the border. A new positive trend for improving regional accessibility is the agreement for opening of two new border crossing checkpoints between the two countries at Bankya - Petačinci and Salash – Novo Korito, which was signed in June 2007.

### Roads

The main roads relate to the Pan European corridors crossing the region: **No 4** - Greek border-Sofia-Vidin/Lom (with a ferry to Kalafat in Romania), **No 8** – Gjueshevo (former Yugoslav Republic of Macedonian border) – Sofia – Plovdiv – Burgas (with a highway between Sofia and Plovdiv – outside the border region) and **No 10** with a section that crosses the Bulgarian – Serbian border region.

Due to the social and economic difficulties in both countries, road maintenance activities have suffered from a lack of funding which has resulted in an increase deterioration of the roads. The majority of the roads are two lane; those which link smaller settlements and the roads in mountainous and semi-mountainous areas (4-class roads) are in an extremely poor condition. During the last years there have been some positive tendencies in transport infrastructure development, but transport in the region still suffers from a lag in the development of combined transportation and modern logistic technologies as well as from a low level of information technologies of the transport systems.





### Railways

The railway network of the region is very much identical to the road one in terms of its general layout – almost each main road link has as a parallel railway line. Along corridor **No 4** this is the railroad Vidin-Sofia – Thessaloniki (Plovdiv-Istanbul), along corridor **No 8** – Gjueshevo (former Yugoslav Republic of Macedonia border<sup>8</sup>) – Sofia – Bourgas, along corridor **No 10** – Belgrade – Niš – Sofia.

The only railway connection between the two countries is the line Sofia-Niš-Belgrade, which belongs to corridor **No 10** (branch 10c). It is single-tracked; at present almost fully electrified but has several black points where the speed has to be seriously slowed down (35 km/h). With the purpose of meeting the intensifying traffic needs, both countries have operated a joint railway crosschecking control at Dimitrovgrad since December 2006. Most of the railway lines inside the border area are quite old and need a complete overhaul. The situation is similar for the track equipments, the signals and the control system. The reconstruction of the rail infrastructure in the Bulgarian part of the CBC region is already in progress.



- |  |                 |  |                                   |
|--|-----------------|--|-----------------------------------|
|  | Motorway        |  | Main settlement                   |
|  | Main road       |  | Existing Cross-border check point |
|  | Railroad        |  | Future Cross-border check point   |
|  | National border |  | Airport                           |

<sup>8</sup> There is no connection with former Yugoslav Republic of Macedonia railways



### ***Airports***

There are two main airports in the border region where the quantity of trade of commodities is substantial (besides personal traffic). At the international airport in Sofia a new modern terminal was recently put into operation and the brand-new civilian international airport in Niš (Serbia), was restructured from a military facility in 2004. There is one more airport located at Vidin (Bulgaria) but it has not been in operation since the beginning of the 1990s.

Investments in transport infrastructure are recognized by the government of Bulgaria as one of the most critical areas to boost the socio-economic development of the country, to reduce the disparities within the lagging behind and isolated regions such as the border ones, and to link the country with both its neighbours and the EU transport system. This has become a national priority, reflected in the National Strategic Reference Framework of the country. The national and European priority axis projects envisaged in the Bulgarian Sectoral Operational Programme Transport 2007-2013 are expected to have a significant positive impact on the border region.

### ***Inland Waterways***

The waterborne transport provides opportunities for the development of environmental-friendly and low cost transport services which makes it a viable alternative to road transport. Having an outlet to one of the most important European waterways – the Pan European Corridor **No 7** – the Danube River, the region thus gains a significant advantage.

Two of the Bulgarian ports with international importance are located in the border area – the ports of Lom and Vidin. Another important port in the region is the Serbian port – Kladovo. Their main problem is the outdated facilities, lack of investments to improve and develop the ports infrastructure. The Bulgarian strategic programme for the ports envisages their modernization and development in conformity with the European Union market economy principles through granting them under concession.

### ***Information and Communication Technologies (ICT)***

In recent years the ICTs have been a major factor for the growth of the economic productivity and the development of the societies as a whole. As a potential development alternative to the regional transport infrastructure, ICTs can provide an important opportunity for the better connection of the border region to the outer world thus decreasing the problems arising from the relative isolation due to its peripheral location.

During the last few years, telecommunications in both countries have developed rapidly. The liberalization of the Bulgarian and Serbian market favors the development of new technologies and diversification of the services provided.

All cities, towns and most of the villages in the eligible border area are connected with the national and the international automatic communication network. There is an average of 35 telephone posts per 100 inhabitants in the border region but the level of digitalization is still low and the technical equipment is outdated. The mobile operators have also developed quite adequate networks coverage within the region. The access to Internet is ensured mostly via local cable providers, but also via ADSL services. Several optic transmission links are being developed within the Bulgarian part of the border area. However, a considerable portion of the population, mostly in smaller regions, does not have access to the global network.

### ***Water supply and sewage***

The border region is in a much better position in terms of availability of water supply resources and infrastructure compared to many of other areas and localities in both countries. However, the obsolescent equipment, mostly asbestos pipes, leads not only to health and hygiene problems but also to ineffective operation (water losses, frequent need of repairs, etc.).





The situation with the sewerage and wastewater treatment infrastructure is much worse. Only the main settlements (bigger municipalities) have sewerage systems. There is a great need for small waste water treatment plants (WWTP) as at present the majority of the regional waste waters flow directly to the rivers causing damages and significant environmental problems. SWOT survey in Serbia revealed limited implementation capacity for such projects by the municipalities.

### **Energy**

The provision of electricity and the electric power distribution system in the region is quite well developed to meet the existing local needs. However, there is an increasing need for further construction and rehabilitation of distribution systems in areas with tourism potential.

Natural gas is increasingly becoming a good alternative for cheaper and environmentally-friendly energy source for both households and industry. The construction of the gas distribution networks in the major centers of the region is already in progress.

The energy potential of the renewable resources of the region has been underutilized for decades, but state priority investigations were undertaken in the last decade.

The Bulgarian National Action Plan on Climate Change, adopted in 2000 and the Environment Review of the World Bank, completed and approved by the Government include provisions to increase the share of renewable energy resources in the total energy production of the country. Bulgarian Law of Energy and Law on Energy Efficiency provide essential benefits for the utilization of renewable energy resources. The energy efficiency in Serbia is at an early stage of implementation and realisation. In January 2007, Serbia adopted the Energy Sector Development Strategy along with a programme for implementation for the period 2007-2015, but there has been little progress in the area of energy efficiency and renewable energy. The Serbian Energy Efficiency Agency started to implement a number of small-scale projects.

There are possibilities for construction of new hydro-energetic capacities in the programme eligible region. The existing technical and economic potential for the big hydro-power plants (HPP) is already either utilized or unusable due to environment protection considerations. However small HPP can be build at running waters, at drinking water pipelines, at the dam lake walls as well as at some of the irrigation channels of the hydro-ameliorative system. The small HPP are suitable for consumers that are far away from the electricity grid; they fit well to the environment without violating the environmental balance. For the purpose of increasing the production of HPP and reducing the quantity of pollutants and green house gas emissions from the TPP (Thermal power plant), the implementation of projects for construction of new hydro-energy capacities is possibility.

The larger part of the region has low wind energy potential with average annual wind speed 2-3 m/s, which is a limit for economic expedience of the wind energy projects. The future development of wind energy projects at low wind speed depends on the implementation of new technical solutions.

Significant potential of renewable energy sources in the region is given by the large forest and agriculture areas that can provide energy biomass. There is a big potential for usage of the forest and agriculture waste, wood, straw and other waste for bio-fuel and heating purposes, and for combined production of heat and electricity. But the biomass plant facilities require big investments. In the region still there are no operating facilities based on such renewable resources.

The programme eligible area is rich in geothermal resources. Larger part of geothermal energy is used for swimming pools, bathing and balneology. Other small capacity is used for building heating systems, including heat pumps, and a part of the sources are used for direct-use greenhouse heating systems having very low load factors. Even though there are still persistent technical and financial difficulties in using geothermal heating systems, a number of projects for geothermal heating station, district heating and geothermal water network in Sapareva Banja and Kyustendil have already been initiated and prepared. The results of those projects is expected to form the basis for promotion of systematic use of geothermal



energy both in Bulgaria and internationally, while allowing the region to benefit from the transfer of knowledge of best applicable technology and most appropriate financing mechanisms.

The energy potential of the renewable resources of the region is given to the hydro and biomass resources being the main potential for future development.

## 2.7. Environment and nature

### *Nature*

The preservation and careful management of the natural environment is one of the key factors for the further sustainable development of the region and the improvement of its attractiveness as a tourist destination. It has wide-reaching social and economic implications in terms of added value to the quality of life in the region.

A distinctive feature of the Bulgarian-Serbian border region is its wide biological diversity; it comprises a great variety of plant and animal life where numerous plant species are endemic, i.e. their dispersal is limited only within the region. The diverse relief (hills and mountains, but also wide plains), the rich forests (over 30% share of the total regional territory), the thermal springs, the outlet to the Danube river and the continental-temperate climate, favour the development of agriculture, forestry and woodworking, as well as various forms of tourism throughout the year.

The region is rich in natural parks, protected areas and natural reserves. Part of the largest national park of Bulgaria - The Rila National Park and the Vitosha National Park are located here. A smaller nature park "Belogradchishki Skali" is designated in 2004 as a result of local initiative. The area of Chuprene in Bulgaria is a natural reserve which is included in the UNESCO and UNO list of protected areas. Other protected sites are the Seven Lakes of Rila, and the Stob Pyramids. Special bird protection areas can be found on the Bulgarian side as well. Many natural areas have been proposed for inclusion in the NATURA 2000 areas. Formal status of protection in Serbia is applied on following large areas (total 220.000 ha). The Djerdap National Park, located in the Serbian part of the region near the towns of Golubac, Kladovo and Majdanpek and the Nature Park Stara Planina are currently undergoing a procedure for designation as a biosphere reserves. Nature Park Sićevačka gorge and the landscape of outstanding qualities Vlasina are also located here. Area envisaged for protection in Serbia includes following sites (approximately 140.000 ha): Kučaj as National Park, Suva Planina as Special nature reserve, Jerma as Nature Park and Radan as Landscape of outstanding qualities. Numerous geomorphologic phenomenon (caves, natural bridges, gorges and canyons), hydrologic (springs), dendrology monuments and smaller nature reserves are protected by formal instruments as well. Surrounding landscape of the archaeological site Gamzigrad is also formally protected as "Area of cultural and historical importance". The surroundings of the town of Bor represent one of the most interesting geographical locations in Serbia. The area has more than 200 explored caves, with two of them accessible for tourists. The Lazar Canyon is one of the most important centres of plant and trees diversity on the Balkans. The Mali and Veliki Krš mountains are interesting, being the habitat of 11 species of birds of prey that are endangered species in Europe.

These natural beauties combined with the rich historical and cultural heritage of the region are unique regional assets which should be built on, invested in and further developed to improve the region's attractiveness as a tourist destination and a place for living with good quality of life.

### *Environmental risks*

In general, the level of pollution in the region is relatively low. Since the beginning of the nineties of the last century, the environmental situation in the border region improved mainly due to the decline of the industrial enterprises which seriously damaged the environment. However, a few regional black spots with heavy industrial pollution, mainly related to coal



mining and heavy industries still exist. The industrial complexes in Negotin and Bor (Serbia), Sofia and Pernik (Bulgaria) impose serious air-pollution problems.

Common regional problems are the damaging of valuable arable land and the industrial and urban wastewater pollution at the middle and down streams of the rivers. The main causes of soil contamination include the effects of the densely populated urban areas (i.e. land use, lack of waste disposal sites and bad waste water management, traffic pollution). The Ogosta artificial lake and the Ogosta river valley are polluted with heavy metals, mainly arsenic and lead. For the border region as a whole, the most visible and well-known environmental problem existing is the case of Bor, which through the Timok River causes trans-border pollution also at the Bulgarian side (municipality of Bregovo).

The problems with pollution will not be easy to overcome - there is a persistent lack of funding in the municipal budgets and there are no sufficient national funds available for improving the waste management of the localities through investments in sewerage network rehabilitation, construction of waste water treatment plans and modern landfills (in the Bulgarian OP Environment there is no project planned to be implemented in the border region). With the restructuring of the economy and Bulgaria's membership in EU, industrial pollution is being controlled. Together with harmonization of environmental protection legislation, Serbian Ministry for environmental protection proposed significant changes in existing legislation. However, this will take years due to the heavy financial burden on Bulgarian and Serbian enterprises to meet the environmental standards and to introduce environmentally-friendly technologies.

Due to the ongoing climate change, future increase of natural risks like droughts, floods, forest fires, land slides has to be assumed for the programme area. The Southern part of the area face greater risks from droughts, fires and land slides in the mountainous regions, while the Northern part of the area face greater risks from floods in the plains. Forests in the region preserve the majority of the area's protected plants and endangered animal species. In that respect the forest fires also represent a specific risk for the environment in the region.

Transboundary water resources constitute a major asset for Bulgaria and Serbia. Due to its large surface and diverse relief, the Danube River Basin, has a varied precipitation levels that strongly affect surface run off and discharge levels in streams. Water quality and quantity of the river in the Serbian and Bulgarian part of the Basin is highly affected by its use in the upstream countries. Especially water quality issues and the generated transboundary pollution are confronted as a prior issue followed by the manipulation of urgent water quantity issues as the experienced extreme flooding events. Floods create potential risks for the communities and the environment. Among major reasons for floods are unplanned cutting of the forests and the soil supporting vegetation by the rivers, the illegal constructions, etc.

Apart from their commitment to comply with EU water and environmental legislation, Bulgaria and Serbia are effectively involved in transboundary cooperation within the frame of international conventions, particularly within the Danube river basin. As signatories to the Danube River Protection Convention, both countries have agreed to co-operate on fundamental water management issues by taking "all appropriate legal, administrative and technical measures to at least maintain and where possible improve the current water quality and environmental conditions of the Danube river and of the waters in its catchments area, and to prevent and reduce as far as possible adverse impacts and changes occurring or likely to be caused." Bulgaria signed the Convention on June 29 1994 and Serbia has ratified it on 30 Jan 2003.

Although many efforts have been made between the two countries, the process of applying common management plans has been retarded. There is no early warning system for disasters set up in the region and no communication and information centers between both countries for exchange of relevant data, necessary for the prevention and taking decisions and measures in case of disasters.



An agreement between the two countries concerning border fishing was entered into force on 22 January 1962. The agreement is formally in force, but it is not being implemented in practice.

The two countries have conducted numerous consultations for dealing with issues concerning the different natural disasters but just general provisions from general agreements have been achieved. It is of the utmost importance to implement solutions set out in conventions approved, particularly the Danube River Protection Convention, as well as to implement the European Water Framework Directive (WFD). For achieving this goal, it is necessary to establish strong links and good neighborliness between the countries aimed at achieving sustainable water management and risk prevention.

### 2.8. Culture

One of the biggest strengths of the border region is its rich and unique culture, which could easily be utilized as a driving engine for regional development, regeneration and prosperity. Culture is among the most important factors in the framework of this OP, since it forms the basis for cross border cooperation through providing a clear view of common features and provides a common identity for the region.

Professional institutes of culture are very well developed both in Bulgaria and in Serbia. Traditional cultural organizations such as libraries, museums, galleries, community and cultural centers, etc., have a long-lasting presence and are well recognized by local communities as one of the institutions in which people trust.

Sofia city as the capital of Bulgaria has concentrated numerous historical monuments, sites, and well-developed infrastructure. Beyond Sofia city, in each district centre of Bulgaria, there are regional libraries and museums of history (some of which also hold the statute of regional cultural institutes, acc. to the Law for the Protection and Development of Culture). Serbian counterparts also have a very well developed network of libraries spanning the region. Community centers (chitalishte) in Bulgaria are recognized as unique phenomena of civil society. The Chitalishte institution dates back to the times of the Bulgarian Renaissance. Nowadays, community centers are the only focal points of cultural and community-based initiatives in smaller towns and settlements. Equivalent institutions in Serbia are the cultural centers. There is significant potential for the development of joint projects between community centers in Bulgaria and cultural centers and NGOs in Serbia in the area of creative industries, exchange of experience, etc.

The cultural heritage of the region includes monuments and sites related to churches, old towns and old rural areas, archaeological sites, as well as monuments devoted to commemoration of historical events or figures. Remains from ancient civilizations can still be found in many places on both sides of the border. Ancient architecture, where it is preserved, has many similar features. A vast number and variety of important architectural, archaeological, and ethnological monuments of cultural importance exist in the border region. All monuments present a perfect ground for the development of joint tourism routes, joint studies, promotion and advertising, joint actions for preservation, intercultural education, etc.

Despite the very good potential of the cultural institutes and the community centers in the region, they suffer from a clear lack of financing, both public and private. There has been no investment in infrastructure due to budgetary constraints, and lack of a coherent state aid policy. Buildings are old and are not upgraded to accommodate the needs of modern technologies. Despite their very significant potential, the cultural heritage monuments are in disrepair and require enormous investments for restoration and preservation. While the government suffers from a clear lack of funds, business investment is hindered by the poor access infrastructure to support their role as tourist attractions. The chance for the development of culture is therefore its conversion into a tool for the development of culture industries, and enabling it to become profitable as a tourist product through targeted investment.



## 2.9. Institutional system

### *Public authorities*

In Bulgaria, the main responsibility for carrying out state policy and achieving balance between national and local interests at district level rests with the district governor. He conducts the State policy within the district; co-ordinates the activities of the de-concentrated executive power bodies on district level, and their relations with local authorities; organizes the preparation and implementation of district regional development strategies and programs; and establishes relations with the local government bodies. The district administrations receive only state budgetary support in order to carry out their day-to-day activities. They do not have their own financial resources in order to implement district development plans. These are financed mainly through national sources and to a less considerable degree - through local (municipal) sources. The district councils for regional development are instruments for co-ordination and partnership at district level, trusted to ensure correspondence between national and local interests and the participation of local authorities. Besides this, there are decentralized services of the sectoral ministries and institutions. Those services are located mainly in the existing districts, but also in some municipalities.

Municipalities are self-government administrative-territorial units. They own and manage property, operate own budget, have the right to regulate within their own competencies, they are allowed to manage public services on their territory in the sphere of education, healthcare, culture, public works and utilities, social services, including establishment of municipal enterprises, they may issue obligations and have access to loans and credits.

The competence of municipalities in the field of territorial development is rather broad, though very detailed law provisions on territorial planning exist. Municipalities have the greatest potential for cross-border cooperation and at present are the most active partners in this respect.

The process of further (financial) decentralization is ongoing. Despite of the ongoing decentralization process, local authorities in Bulgaria are still depended on central budgetary sources. Most of their budgets are spent on operational costs; financial sources for rehabilitation of existing or building of new infrastructure are scarce. Other problems they face are related to insufficient human resources, limited experience in project implementation, lack of units/departments in small municipalities specialized in project development and implementation, lack of available financial resources in small municipalities to co-finance projects.

The law establishes the right for voluntary association of municipalities to be established and characterizes a National Association of Municipalities by its position in relationship to the state.

6 planning regions are established for the purposes of regional development planning and for regional statistics, also as part of the commitments undertaken in Chapter 21 "Regional Development" of the negotiations with the EU. Their establishment responds to EU requirements for implementation of regional policy and corresponds to NUTS II level. The border region comprises parts of the South-West and Nord-West planning regions.

Serbian municipalities are the basic entities of local autonomy in Serbia: They have assemblies elected on local elections (held every 4 years), operate their own budgets, possess and manage property (including public service companies). Municipalities are gathered into districts, which are regional centers of state authority, but have no assemblies of their own; they present purely administrative divisions, and host various state institutions such as funds, office branches and courts. At present Serbian municipalities face the similar problems as central government financing dependency, lack of human resources, experience and expertise for strategic planning and project management.





### **Non-government sector**

The non-government sector in the border region is adequately developed in terms of number of organizations and their recognized role in society. However, both sides of the border lack the strong and financially independent non-profit associations able to actively contribute to achieving the regional development objectives. The Bulgarian NGOs, however, do have stronger experience in project development and implementation due to the various funding sources available to the Bulgarian non-government sector during the years of transition. It is important that this experience is built on and further transferred across the border in view of the fact that together with the local authorities, NGOs are the main potential beneficiaries of the financial interventions regulated by the present Bulgaria - Serbia IPA Cross-border Programme.

Following the traditionally well developed relations between the bordering municipalities, a number of Euro-regions have already been established, aiming to foster the socio-economic links between the two sides of the border. They have been arranged to promote common interests across the border and cooperate for the common good of the border populations. The links created within the existing Euro-regions among the various local authorities involved are an excellent basis for cross-border initiatives and joint projects.

The Euro-regions, established in terms of activities for the creation of favourable conditions for cross-border activities located in the area are:

- "Stara Planina" - Unites 11 municipalities from the region of West Stara Planina on the territory of Bulgaria and Serbia. The municipalities on the Bulgarian side included: Belogradchik, Berkovitsa, Varshets, Georgi Damianovo, Godech, Chiprovtsi and Chuprene. The municipalities on the Serbian side were: Dimitrovgrad, Knjaževac, Pirot and Zaječar. Established in 2006. Spheres of cooperation: cross-border activities aiming economic development, cultural development, tourism development, environment, etc.;
- "Middle Danube – Iron Gates" (Unites District of Vidin Serbian regions Bor and Branichevo and Romanian municipality Mehedinti. established in 2005) Spheres of cooperation: cross-border activities aiming economic development, cultural development, tourism development, environment, etc.;
- "Morava-Pčinja-Struma" (Bulgaria, Serbia, the former Yugoslav Republic of Macedonia established in 2003). Spheres of cooperation: communications, exchange of information and networking, economic cooperation, transport and infrastructure, tourism, culture, transfer of know-how, environmental issues;
- "Niš-Skopje-Sofia" (Euro Balkans established in 2003). Spheres of cooperation: economic development, protection of the environment, culture, education, media, infrastructure and information systems.

Achievements: Partnerships established exchange of information and best practices. Euro-regions do not correspond to any legislative or governmental institution, do not have political power and their work is limited to the competencies of the local and regional authorities which constitute them. They are usually arranged to promote common interests across the border and cooperate for the common benefit of the border populations.

## **3. SWOT ANALYSIS**

The SWOT analysis was developed not only on the basis of a quantitative socio-economic analysis of the region, but also through an extensive qualitative survey of local stakeholders, social partners and decision makers. In this way, better meaning was granted to statistical data in local terms, while simultaneously objectifying the inherently partial opinions of local people, thereby arriving at a consistent picture of the border situation. The analysis considers the border area as a single coherent unit for development, with country-based information provided for a better understanding of the internal dynamics of the region, but not as a single unit of analysis in itself. The opportunities sections of the SWOT therefore focus only on



developments likely to contribute to the joint development of the cross border area, and provide less focus on opportunities for development of the separate sides of the border.

The final SWOT summary comprises the basic features of the border region derived as a result of the consultation process, and will form the ground for the definition of the strategic framework and priorities. Sofia city, which was included in the region as an adjacent area at a later stage was not taken into strong consideration for the derived conclusions as its development is far different from the rest of the region and would significantly alter the inferences made.

The SWOT has further been synchronized as far as possible, with all relevant policy documents, including the National Strategic Reference Framework and the National Operational Programmes for Bulgaria 2007-2013 and IPA Multi-annual Indicative Planning Document (MIPD) 2007-2009 for Serbia. All analysis has been further cross-referenced with regional development strategies and plans, on the NUTS IV (municipalities), NUTS III (districts) and NUTS II (planning regions) levels.



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FIELD	STRENGTHS	WEAKNESSES
<b>Geographical Features</b>	<ul style="list-style-type: none"> <li>Favourable geographic and transport location;</li> <li>Favourable climate and geo-morphologic conditions</li> <li>Diverse natural resources and habitats</li> </ul>	<ul style="list-style-type: none"> <li>Peripheral position of the border areas within the territory of the countries;</li> <li>Mountain relief of the region that impedes transport development</li> </ul>
<b>Demography, Labour Market and Education</b>	<ul style="list-style-type: none"> <li>Multicultural traditions and ethnic diversity and absence of conflicts on ethnical or religious base</li> <li>Presence of strong urban centers able to attract people from outside the region</li> <li>Available labour force with traditional skills and knowledge in industry and agriculture</li> <li>Presence of higher educational centers and branches of national Universities</li> </ul>	<ul style="list-style-type: none"> <li>Low population density, small average size of settlements</li> <li>Negative demographic trends</li> <li>Discrepancy in supply and demand of labour force;</li> <li>Low education levels of the population especially in the rural areas and among the minorities</li> <li>High level of unemployment</li> </ul>
<b>Economy</b>	<ul style="list-style-type: none"> <li>Stable macroeconomic environment, good investment climate</li> <li>Good natural conditions for the development of agriculture and various forms of tourism</li> <li>Available industrial premises and facilities, as well as industrial and craft traditions, business support centers and business incubators established</li> <li>Presence of technical universities and branches, R&amp;D centers</li> </ul>	<ul style="list-style-type: none"> <li>Small domestic markets</li> <li>Inefficient utilization and development of business infrastructure</li> <li>Low level of cross-border economic co-operation and bilateral trade</li> <li>Low level of local entrepreneurial initiative and innovative technologies, limited competitiveness of SME sector;</li> <li>Underdeveloped tourism infrastructure and services</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>Proximity to the TEN's: Corridors No. 4, 7(Danube river), 8, 10 cross the region</li> <li>Presence of basic infrastructure (roads – motorways, 1<sup>st</sup> and 2<sup>nd</sup> class roads, railway, river ports, ferry, airports in Sofia and Niš</li> <li>Well developed energy network</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate and insufficient connection between the two parts of the border</li> <li>Poor condition of the local and inter-regional road and railway network</li> <li>Obsolete and insufficient sewage system; lack of waste management infrastructure</li> <li>Low level of digitalization, outdated technical equipment and lack of modern business infrastructure;</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>Improved environmental quality due to the decrease in heavy industry introduction of environmentally sound technologies;</li> <li>Diversity of natural environment</li> <li>Good quality, attractive and diverse natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Local environmental management gaps, e.g. in waste management and waste water treatment</li> <li>Inefficient utilization of natural resources</li> <li>Low level of environmental awareness among population</li> </ul>





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<b>Culture</b>	<ul style="list-style-type: none"> <li>• Common and rich historical and cultural heritage</li> <li>• Common Slavic language base and system of values</li> <li>• Existing variety of cultural and historic monuments and sites</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficiently developed infrastructure for access to the cultural and historical sites</li> <li>• Insufficient joint actions in the field of cultural heritage exchange</li> <li>• Lack of a complete, well-defined, widely promoted quality cultural product</li> </ul>
<b>Institutional System</b>	<ul style="list-style-type: none"> <li>• Comparatively stable and independent local government</li> <li>• Well developed and adequate NGO sector with acknowledged role in society, Euro-regions established</li> <li>• Experience in implementation of common programmes and joint projects</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient public funds for overcoming regional disparities</li> <li>• Insufficient capacity and expertise in public institutions and NGOs</li> <li>• Lack of adequate planning and strategic development (Serbia)</li> </ul>

FIELDS	OPPORTUNITIES	THREATS
<b>Geographical Features</b>	<ul style="list-style-type: none"> <li>• Opportunities for development taking direct advantage of the favourable location and transport connections</li> <li>• Cooperation in the field of efficient and wider use of the Danube river resource – transport, tourism, irrigation, etc.</li> <li>• Opportunities for development of the lagging behind municipalities in terms of favourable geographical situation and resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Danube river floods</li> <li>• Lack of cooperation and economy of scale among smaller municipalities</li> </ul>
<b>Demography, Labour Market and Education</b>	<ul style="list-style-type: none"> <li>• Cross-border cooperation based on the diversity of minorities living along the border</li> <li>• Developing of infrastructure and economy to increase employment opportunities</li> <li>• Opportunities to develop modern types of vocational training, distance learning and tailor-made professional courses;</li> <li>• Existing opportunities for improving the quality of life</li> <li>• Exchange of experience in employment promotion</li> <li>• Existing know-how and positive local practices for social inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Further trends of depopulation and ageing of the population:</li> <li>• Structural and regional problems with unemployment, social exclusion and poverty</li> <li>• Continued outward migration of young and well-educated people</li> <li>• Inability of the education system to adapt and respond to the needs of the market;</li> <li>• Concentration of employment opportunities in the major cities.</li> </ul>



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<b>Economy</b>	<ul style="list-style-type: none"> <li>• Development of the SME support sector, R&amp;D and innovation centers</li> <li>• Development of rural, eco-, spa-, cultural and other forms of tourism,</li> <li>• Improvement of existing and development of new infrastructure, logistics and communications.</li> <li>• Diversification of economy in the rural areas;</li> </ul>	<ul style="list-style-type: none"> <li>• Concentration of economic activity at the administrative centres, while peripheral areas are declining</li> <li>• Skills mismatch: not enough skilful workers matching the demands of employers</li> <li>• Tourism development might turn from ecological to nature threatening if tourism projects do not take environmental issues into consideration</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>• Potential for the development of the strategic road-railroad-river network (South-Eastern Axis Belgrade -Niš-Sofia; Danube River)</li> <li>• European transport networks attract investments;</li> <li>• Modernization and development of the border check points and the adjoining access roads</li> <li>• Further development and application of the telecommunications and information technologies based on the liberalization of the market (BG)</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to implement the necessary development of the physical infrastructure,</li> <li>• Failure to implement (or delay in the implementation of) strategic transport infrastructure projects with international significance,</li> <li>• Stronger control on the border (BG-Serbia is an EU external border),</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Extended use of new technologies and utilization of renewable energy resources.</li> <li>• Investments in the modernization of the waste management infrastructure</li> <li>• Increase of public awareness on environmental protection measures;</li> </ul>	<ul style="list-style-type: none"> <li>• Escalation of environmental problems (especially trans-border ones)</li> <li>• River floods</li> <li>• Continuing inefficient utilization of natural resources</li> <li>• Extinction of endemic species and loss of biodiversity</li> </ul>
<b>Culture</b>	<ul style="list-style-type: none"> <li>• Growth of cultural exchange across the border;</li> <li>• Development of economically-sustainable cultural products and services;</li> <li>• Joint marketing of cultural events and facilities based on the similarity of the cultural appeal.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited central budget sources of funding for cultural projects</li> <li>• Lack of favourable legal environment to promote patronage and donor support</li> <li>• Cultural heritage sites might appear unattractive (even if renovated) if not linked in wider tourist routes across the border.</li> </ul>
<b>Institutional System</b>	<ul style="list-style-type: none"> <li>• Increased efficiency in public spending</li> <li>• Further financial decentralization towards local self-government</li> <li>• Partnership schemes and exchange of experience within the local government administrations</li> </ul>	<ul style="list-style-type: none"> <li>• Delayed government programmes for decentralization</li> <li>• Continuing institutional reform</li> <li>• Introduction of visa regime may impede cross-border cooperation</li> <li>• Unstable political environment</li> </ul>



## 4. PREVIOUS CROSS-BORDER ACTIVITIES

The Bulgaria - Serbia IPA Cross-border Programme tries to define a suitable strategy for a common future development of the border region on the basis of the experiences gained within the last Neighbourhood Programme and the conclusions of the regional analysis.

In anticipation of the future EU external borders, an External Border Facility Programme was allocated in 2003 to prepare new cross-border co-operation programmes from 2004 onwards between Bulgaria and Serbia, the former Yugoslav Republic of Macedonia and Turkey.

The 2003 Phare External Border Initiative for Bulgaria has been designed following bilateral discussions between the Bulgarian authorities and the European Commission.

The objectives of the 2003 Phare External Border Initiative were:

- To improve cross-border co-operation at local level between Bulgaria and Serbia, the former Yugoslav Republic of Macedonia and Turkey;
- To support the further development of the economic potential of the border regions;
- To pave the way for the future (2004-2006) Phare CBC/Neighbourhood programmes between Bulgaria and Serbia, the former Yugoslav Republic of Macedonia and Turkey.

It focused on the project: Phare 2003/005-632.03 Technical Assistance for Multi Annual Programming and Implementation of future Phare CBC/Neighbourhood programmes with Serbia, the former Yugoslav Republic of Macedonia and Turkey.

The project provided direct support to the Ministry of Regional Development and Public Works, local authorities, future beneficiaries and other relevant bodies concerned by future Phare CBC/Neighbourhood programmes.

### 4.1. Phare-CARDS cross-border activities 2004-2006

On July 1st 2003, the European Commission issued the Communication *Paving the way for a New Neighbourhood Instrument* [COM (2003)393] where the substantial principles and aims of the Neighbourhood Programme were introduced.

The overall objective of the Neighbourhood Programme between Bulgaria and Serbia 2004-2006 was:

***To increase cross-border contacts mainly through interventions addressed to the territory and its economy and through strengthening of institutional relations.***

The Programme was structured into the following priority axes:

- Priority 1: Promotion of sustainable economic development;
- Priority 2: Support to social, institutional and economic cohesion
- Priority 3: People to people actions.

Joint Programming Document priorities aim at fostering social and economic cohesion by intensifying cross border relations, exchanges and activities mainly through economic and social actions and the support of linkages among local actors, institutions and communities.

The projects for the 2004-2005 programming period are described in the table below:



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Year	CRIS Number/ Title of the project	Project purpose	Available funds	Number of applicants	Number of contracts	Total amount of the contracts
2004	Grant Scheme 2004/016-785.01.01 - Local Capacity Building	To maximize the social and economic cohesion between the border area by encouraging contacts and co-operations at various levels. To exploit and manage the border area's territory in a coordinated and integrated way between the two sides of the border, thus creating the basis for sustainable economic development.	2,28 MEUR - PHARE support  1,55 MEUR - CARDS support	123 (70 from Bulgarian side, 53 from Serbian side)	35 (23 for Bulgarian side and 12 for Serbian side)	Under Phare – 1,417 MEUR (0,502 – for investment activities and 0,915 – for institutional activities) Under CARDS – 1,424 MEUR (0,522 – for investment activities and 0,902– for institutional activities)
2004	Grant Scheme 2004/016-785.01.02 - People to People Actions	To encourage a wide variety of occasions for the citizens of the eligible border area to get involved in cross border co-operation. Primarily, people to people actions will be directed to develop the flow of information and communication across the border region, mainly to enhance cultural exchanges and education related activities.	0,60 MEUR - PHARE support  0,40 MEUR - CARDS support	184 (103 from Bulgarian side, 81 from Serbian side)	26 contracts (16 from Bulgarian side, 10 from Serbian side)	Under Phare – 0,567 MEUR  Under CARDS – 0,375 MEUR
2005	Grant Scheme 2005/017-457.01 - Sustainable Economic Development	To exploit and manage the border area's territory in a coordinated and integrated way between the two sides of the border, thus creating the basis for a sustainable economic development. To maximize the social and economic cohesion in the border area by encouraging contacts and co-operations at various levels.	3.28 MEUR - PHARE support  0.80 MEUR - CARDS support	133 (79 – from Bulgarian side and 54 – from Serbian side)	The evaluation procedure is ongoing.	
2005	Grant Scheme 2005/017-457.02 - People to People Actions	The overall purpose of the Joint Small Projects Fund (JSPF) is to encourage a wide variety of occasions for the citizens of the eligible border area to get involved in cross-border cooperation. Primarily, people to people actions will be directed to develop the flow of information and communication across the border region, mainly to enhance cultural exchanges and education related activities.	0,60 MEUR - PHARE support  0.20 MEUR - CARDS support	106 (75 – from Bulgarian side and 31 – from Serbian side)	The evaluation procedure is ongoing.	
2006	BG2006-018-338.01.01 Integrated Grant Scheme for sustainable development	Development and implementation of projects prepared under FM 2004 and FM 2005 focusing mainly on the investment component concerning sustainable development of the border region from one side and from the other side - further development of the capability for local and regional social, institutional and economic cohesion.	3.10 MEUR - PHARE support  0.75 MEUR - CARDS support		Preparation of Call for proposals	



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<b>2006</b>	BG 2006/018-388.01.02 People to people actions	The overall purpose of the Joint Small Projects Fund (JSPF) is to encourage a wide variety of occasions for the citizens of the eligible border area to get involved in cross-border cooperation. Primarily, people to people actions will be directed to develop the flow of information and communication across the border region, mainly to enhance cultural exchanges and education related activities.	0.60 MEUR - PHARE support  0.20 MEUR - CARDS support		Preparation of Call for proposals
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Key elements in the Neighbourhood Programme between Bulgaria and Serbia 2004-2006 were the joint programming process, the combination of Phare CBC and CARDS funds, joint implementing structures (Joint Technical Secretariat), the joint call for proposals, and the joint projects' assessment and selection process.

### 4.2. Lessons learned

The registered interest within this programme was taken into consideration when identifying the new priority areas over the preparation of the Bulgaria - Serbia IPA Cross-border Programme and guides towards the needs to develop further all priorities set in the NP Bulgaria - Serbia 2004-2006.

The main conclusions that could be made as a result of programming and implementation of the previous Programmes are:

- The positive experiences made by the two neighbour countries (Bulgaria and Serbia) during 4 years of joint work are the fundamental towards thoroughly successful cross-border cooperation;
- Experience gathered in cross-border co-operation until 2006 shows significant improvement of capacities of the regional and local structures in the context of preparation for the next programming period 2007 - 2013. Development of the regional structures in both countries contributed to intensification of cross-border partnerships. These structures have gained valuable experience in creation of partnerships, joint project development and implementation. The project quality has improved significantly. This process also strengthened the absorption capacities of the border region;
- Numerous contacts at local levels were developed into partnerships aiming at continuous cooperation. Especially the Phare Small Projects Fund has assisted such development;
- The projects implemented under the previous Programme have led to a multitude of positive impacts and contributed to the development of the border area and the strengthening of bilateral cooperation structures;
- There was a very strong demand for cross-border projects, but as the available funds were very limited, a high number of eligible project proposals were not supported;
- Surprisingly larger number of applications came from municipalities, universities and other smaller institutions;
- There is a better coordination and cooperation between all parties involved.

Some critical issues and difficulties in programming and especially in implementation of the Neighbour programme were as follows:

- There were some problems and difficulties in implementation due to the fact that procedures are being implemented for the first time on both sides of the border;
- Different regulations regarding financing, including the considerable disproportion between the Phare and Cards allocations.

The Neighbourhood Programme provided the opportunity to develop, test and continually improve such a development strategy for border regions. A number of pilot projects started and experiences were drawn from their implementation. However, in comparison to the efforts and



resources necessary to overcome the border area problems, even the increased financial resources in that period were very limited.

Therefore, first-hand experience and conclusions from the piloting projects are very useful in the formation of an overall set of policies of integration beyond the programme itself, and it seems essential to focus on actions, which will lead to a continuous process of cross-border exchange of experience and visions.

The Neighbourhood Programme between Bulgaria and Serbia & Montenegro 2004 – 2006 involved the territory of 5 Bulgarian districts (NUTS III level territorial units): Vidin, Montana, Sofia district (partially), Pernik and Kyustendil. Only 5 municipalities of Sofia district (Godech, Dragoman, Kostinbrod, Svoge, Slivnitsa) have been eligible. The rest 17 municipalities had no access to the cross - border activities.



## 5. STRATEGIC FRAMEWORK AND INTERVENTION LOGIC

### 5.1. Strategic preconditions

IPA replaces the five previously existing pre-accession instruments, PHARE, ISPA, SAPARD, Turkey instrument, and CARDS, thus uniting under a single legal basis all pre accession assistance. IPA has also been designed to better adapt to the different objectives and progresses of each beneficiary concerned, thus providing a targeted and effective support according to their needs and evolution.

Border regions are often facing disadvantages due to their peripheral geographical locations and relative isolation from national economies. At the same time the development of the internal market within the Union (and the free movement of people, goods, services and capital) also brought out the need for the balanced development and integration of the European territory.

The aim of this Programme is to promote stronger integration of the territory thus providing a balanced and sustainable development throughout the entire cross-border region.

According to IPA Regulations this Strategy aims promoting good neighborly relations fostering stability, security and prosperity in the mutual interest of both countries, encouraging their harmonious, balanced and sustainable development.

The Strategy is elaborated according to the new single instrument principals thus giving the possibility for further development and creation of effective partnerships in order to facilitate the sustainability of the cross-border region.

The programme strategy objectives fit within the framework of the Community Strategic Guidelines on Cohesion, the Lisbon agenda and the sustainability principles expressed in the Göteborg Council Conclusions.

The main purpose of the interventions to be funded by the programme in the CBC area is to support activities for economic development, by investing in the necessary small-scale infrastructures, human potential and supporting favourable business environment and social inclusion.

The main resources used to develop the strategy were the following:

- EU guidelines and Regulations on IPA and ERDF; Community Strategic guidelines on cohesion;
- The socio-economic analysis and the SWOT analysis of the eligible border region;
- Correspondence with EU Programmes, National / regional programmes and strategies on both sides of the border;
- Experiences from the previous Phare and CARDS programmes for the 1999-2006 period;
- The conclusions of the discussions of programming bodies (JTF, JWG and JPC), responsible authorities, experts and key persons at the regional / local level.

### 5.2. Strategy principles

This Programme strategy is developed by giving a stress on **fostering the strengths** and use of the potential **opportunities of the region** through the defined priorities and measures taking into account the great variety of cross-border needs and possibilities for cooperation. In addition the programme aims to **reduce the common for the region threats** from natural disasters and pollution.

Regarding the limited budget and nature of the programme it intends to complement the strategies and measures at national level. Mainly small-scale projects are foreseen to be



financed that will benefit a larger number of applicants in different measures. Large-scale strategic projects are regarded in principle as a matter of national policies and programmes. Nevertheless joint operations outside the calls if they are coherent with the programme priorities can be identified anytime in a decision taken by the Joint Monitoring Committee (JMC).

Given the strengths and opportunities of the cross-border region the key potential for successful cooperation was identified in the following fields:

- Diversification of economy in the rural area;
- R&D development;
- Human resources potential with focus on qualification upgrade;
- Exchange of know-how;
- Development of alternative forms of tourism;
- Existing of wide range of common cultural and natural heritage;
- Development of economically sustainable cultural and natural products.

### 5.3. Strategic objectives

Formulation of the overall and specific objectives and priorities of the programme is based on the conclusions from the regional analysis and consultations, revealing the particularities of the cross border region, its strengths, weaknesses and opportunities as presented in the SWOT analysis and the experience from the previous programming period.

The vision of the cross border region is of an open, historically and culturally rich, environmentally clean, economically and socially prosperous European region, a centre of interconnection of East-West and North-South transport, trade and tourism routes.

The achievement of this vision will depend on many factors besides the Cross-border programme. The actions under this program will only complement the similar goals set by the Objective 1 and the national programmes and will concentrate on solving problems that have a clear cross-border character. The programme will act as an agent for boosting the socio-economic capital of individual territories by providing them with a framework to be bridged together.

This programme will contribute to the achievement of the set vision through mainly focusing on the capacity of the region to transgress national boundaries that hinder integration and maintain cultural, business and institutional links for sustainable economic and social development of the whole region.

#### Overall objective

**To strengthen territorial cohesion of the Bulgarian–Serbian cross-border region, its competitiveness and sustainability of its development through co-operation in the economic, social and environmental area over the administrative borders**

In line with the overall objective, the programme document aims at supporting the following specific objectives for co-operation in the cross-border region:

#### Specific objectives

1. **To bolster the infrastructure enabling social and economic development and improvement of the environment on both sides of the border** through improving access to transport, information and communication services, and cross-border systems for utilities and environmental protection.

2. **To increase economic synergy in the region and improve the capacity to jointly make use of common regional potential for improving regional well being**, through developing policy and social networks, a sound framework for (cross-border) business support, collaborations in particular sectors such as culture, tourism, research and development, environmental protection and education, an active exchange of best practices, and joint regional





planning and the preparation of the region's economic sector for participation in the joint EU market.

**3. To promote the principles of sustainable development of the cross-border region in all matters pertaining to increased mutual understanding and respect**, through developing successful models of cooperation, on the business, local stakeholder and policy levels in key priority areas.

Stated specific objectives will be fulfilled by the two thematically oriented priority axes and by one supporting priority axis concerning Technical Assistance. The axes are oriented to Lisbon and Göteborg principles and take into consideration the cross cutting issues of gender mainstreaming and sustainability. The axes include a limited number of strategically selected measures securing concentration of resources for their maximum efficiency and responsiveness to the needs of the region. The Technical Assistance axis is focused on the sound management of the programme.

The strategy of the programme is twofold: on one hand it aims at investing in small scale cross border physical infrastructure, supporting the economic and scientific/technological cooperation in order to increase competitiveness and productivity growth (priority 1).

On the other hand, to ensure the sustainability, this development of physical environment shall be supported by strengthening of regional and local level cross border capacity for common initiatives and networks in people-to-people activities, labour market and training sectors, cultural heritage and science and research (priority 2).

## 5.4. Priorities and measures

### *Priority Axis1: Development of small-scale infrastructure*

#### **Rationale**

**The objective** of the priority axis is development of steadfast partnership cooperation within the range of improvement of the cross border infrastructure condition oriented towards spatial integration, better quality of the environment and accessibility, more favorable business environment for new business activities and attractiveness for inhabitants and investors

This priority axis is targeted at the development and modernization of strategic infrastructure, communication and interlinked services in the border area, ensuring compliance with EU standards. Based on the opportunities shown in the SWOT analysis, emphasis will be placed on the development of infrastructure that enables the optimal use of the region's resources, promotes growth in key sectors, business and trade, transports and logistics, services and tourism and foster the more flexible labour and education market.

Taking into account limited funds of the programme, only small scale infrastructure projects not covered by national programmes and having a clear cross border impact will be funded

Targeted activities will complement bigger projects in transport and environment, on local and regional road networks and logistic centers. The activities under this priority, should also considerably contribute to improved access and use of new information and communication technologies in turn leading to the promotion and growth of cross border activities and partnerships and improving border crossing permeability (in line with policy constraints on the management of the Community's borders). Projects should also facilitate the co-ordination and transfer of know-how among relevant stakeholders and raise the awareness for resource efficient policies and technologies in the programme area. Generation of concrete projects will support the preparation of the area to cover the expected rise in energy demand and resources consumption through environmental friendly approaches

The strategy recognizes the benefits that environmental efficiency can bring to the wider regional economy. While planning investments related to the infrastructure in the border area, the environmental conditions related directly to the development of economic infrastructure, will



be taken into consideration. Where necessary the interventions shall be accompanied by impact assessments, taking in account possible negative impacts on agriculture, forestry, biodiversity, soil, water, air and landscape development at regional level. Joint measures aimed at improvement of environmental infrastructure that are to be financed under this Priority, should considerably contribute to the preservation of the natural resources, as well as the sustained developed of the border area.

Within the Priority Axis 1, the following measures are envisaged:

**1.1. Physical and information infrastructure** – including indicatively:

- small-scale transport infrastructure construction providing regional accessibility;
- creation and/or development of local transport information systems and facilities including public transport networks;
- creation and/or development of infrastructure addressing tourism based on the opportunities for sustainable use of regional resources (historical, cultural, natural etc.);
- information infrastructure for joint utilization of resources, providing internet access infrastructure to schools, libraries and community centers, businesses, business-related infrastructure etc.;
- establishment and/or development of social infrastructure in areas as education, health-care, child-care and other issues;
- establishment and/or development of infrastructure for information network concerning e-services (e-health, e-learning, e-government etc);
- joint investments in low-cost ICT infrastructure;
- reconstruction and partial new construction of business and innovation facilities.

**1.2. Infrastructure concerning environmental issues** – including indicatively:

- improvement/construction of small-scale infrastructural projects addressing natural sites;
- projects concerning waste management and waste-water treatment infrastructure;
- construction and/or improvement of small-scale infrastructure for pollution prevention and flood reduction;
- small-scale renewable energy projects;
- establishment and/or improvement of information infrastructure for cases of emergency;
- improvement and/or construction of infrastructure in protected areas (places for visitors);
- creation and/or development of joint eco-itineraries;
- investments for reduction of negative effects of economy on the environment and supporting friendly environmental economic activities;

**1.3. Assistance for project preparation** – including indicatively:

- pre-feasibility and feasibility studies;
- technical and detailed design works;
- joint cross-border studies for improvement of accessibility;
- environmental impact assessments etc.

for the above fields of activities and other projects to apply under different financial sources.

Main target groups:

- Local and regional authorities
- Regional structures of the central administration
- Nature parks administrations
- Business support organizations
- Euro-regions
- Research Institutes, Universities, Schools, libraries, community centers, cultural institutions etc.
- NGOs
- Associations of the above organizations



**Priority Axis 2: Enhancing capacity for joint planning, problem solving and development**

**Rationale**

The growing sense of self-identification of the region, to which Programme sought to contribute, gives ground for setting the future perspective for the common regional resources. Its management should start and cover the whole regional space in its all dimensions.

The objective of this priority axis is to improve the capacity of the region to deal with regional issues as: identification of problems and tracks for solutions, partnerships establishment, strengthening of institutional and business structures to respond to market requirements, establishment of models for cooperation based on best practices and common needs.

This priority axis focuses on improving business, stakeholder and institutional links in both quantity and quality dimensions with the aims at improving the ability of regional stakeholders to jointly address common issues.

Within the priority axis 2, the following measures are envisaged:

**2.1. Links and networking on institutional, business and educational levels –** including indicatively:

- establishment and/or promotion of institutional, business and educational networking;
- support for joint databases and information actions promoting movement of people and services;
- promotion of joint management plans/strategies/researches/studies for environmental protection;
- preparation of joint research studies for market opportunities;
- activating institutional capacity for joint planning and training etc.;
- joint planning in education and labour market policy;
- facilitation of social inclusion
- creation of cooperation between the education, the qualification institutions and the market;
- closer connection between education and business;
- development of training, best practices transfer, scientific exchange and educational facilities for knowledge based economy;
- popularization of networking opportunities on both sides of the border etc.

**2.2. Sustainable development through efficient utilization of regional resources -** including indicatively:

- creation of new common cross-border products and services;
- activities for development of green-, rural-, cultural- eco- etc. tourism as a factor for increasing of employment;
- organization of cross-border cultural events;
- increase the competitiveness of enterprises focusing on R&D activities and innovations;
- joint projects in employment creation, human resources management and equal opportunities of the vulnerable groups to the labour market;
- exchange of know-how of modern information and communication technologies;
- joint projects in business, economic and regional development etc.;
- organization of cross-border business events, seminars, workshops;
- joint activities and cooperation for cases of emergency.

**2.3. People to people actions -** environment, tourism, employment, education, economic development, health, local development, better governance and local democracy, anti-discrimination, unemployment, vocational and career mentoring and advice, culture and cultural cooperation, sport etc.

People to people actions already funded under PHARE in the period 2000-2006 are considered to be extremely useful in the strengthening of local stakeholders. This intervention aims to create sustainable models for partnership on the small-scale level, allows good models of



cooperation to be identified, tested and eventually replicated on a larger scale. The measure is aimed at encouraging a wide variety of events for the citizens of the eligible border area to get involved in cross-border co-operation.

Main target groups:

- Local and regional authorities
- Regional structures of the central administration
- Nature parks administrations
- Business support organizations
- Euro-regions
- Research Institutes, Universities, Schools, libraries, community centers, cultural institutions etc.
- NGOs
- Associations of the above organizations

### **Priority Axis 3: Technical assistance**

The objective of this Priority axis is to provide effective and efficient administration and implementation of the Programme.

Within the priority axis 3, the following measures are envisaged:

#### **3.1: Overall administration and evaluation of the Programme**

- support to Managing Authority and Joint Technical Secretariat (Main and Branch - antenna) for tasks related to preparation of the necessary documents, appraisal and selection of projects, monitoring and evaluation of activities, control and audit of the Programme;
- daily allowances, travel accommodation costs covering the expenses for the Bulgarian and Serbian participants (representatives of MA, JTS, CA, AA, JMC, persons who are not directly involved, for example interpreters, drivers etc.) in events concerning the programme;
- administrative costs concerning the JTS including rent of premises, repair works, furniture and equipment, expenditures for electricity, heating, phones, water, consumables etc.;
- staff remuneration costs for the JTS;
- support to Joint Monitoring Committee and any other structures involved in supervision of the Programme;
- support to the Programme including ad-hoc, mid-term and ex-post evaluations;
- elaboration of specific studies and surveys for the Programme;
- external expertise for development of programme implementation and monitoring procedures, information system for programme administration as well as assessment and first level control of projects;
- organization of capacity building exercises for Managing Authority and Joint Technical Secretariat for development of know-how and skills in programme administration.

#### **3.2: Publicity and communication**

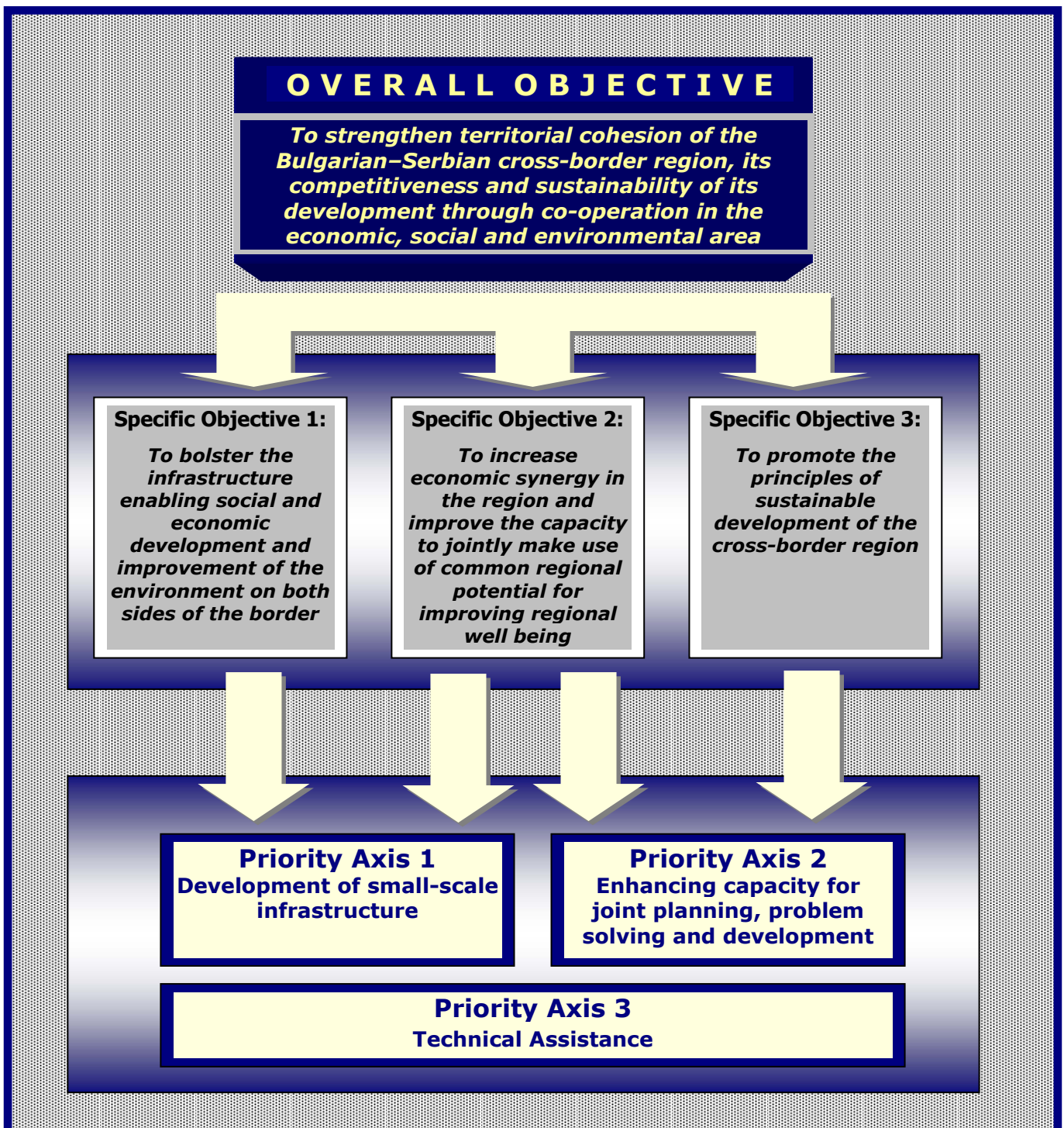
- preparation, translation and dissemination of the Programme related information and publicity materials including but not limited to the programme website, official Programme documents, procedure manuals, bulletins, brochures, posters, etc.; as well as expenses for consumables as paper, files, folders, cases, diskettes, compact disks, etc.;
- organization of public events as conferences, seminars, workshops, round table discussions, trainings for beneficiaries, networking and awareness-raising events, partner search forums etc. including rent of halls and equipment (audio-, video-, translation- equipment), expenses for interpreters, lecturers, trainers (should not be persons involved in the programme); expenses for coffee breaks, refreshments, business diners and lunches for all participants in the events;
- purchase of advertising materials as well as expenses for publications in radio, TV and press.



Main target groups:

- Programme Managing Authority
- Serbian National Authority
- Joint Programme Monitoring Committee
- Joint Technical Secretariat
- Audit Authority
- Certifying Authority
- Assessors and controllers
- All other structures/bodies related to development and implementation of the Programme
- Consultancy companies
- Programme beneficiaries

## 5.5. Objectives' logics





## 5.6. Guiding principles

The strategic concept of the Programme is developed on the basis of:

- proactive approach towards regional economic and social integration;
- value-added results in terms of networking and institution-building across-borders;
- realistic approach to number and scope of priorities;
- principle of proportionality linked to financial allocation.

### Guiding Principles of Implementation:

- **Sustainable Development:** as horizontal principle sustainability is part of the programme priorities. Great importance is placed on the three dimensions of sustainability – the environmental, the economic and the social. The overall objectives structure and the resulting priority axes show direct links to these dimensions, addressing environmental protection and improvement, promoting a future oriented economic synergy and underlining social equality and public participation. All projects should be carried out in line with the environmental acquis, in particular the EIA and the Birds and Habitats directives. Projects are expected to actively tackle wider environmental concerns and contribute to the realisation of the EU Sustainable Development Strategy<sup>9</sup>. While respecting the environment and the natural resources the programme will endeavour to put in place projects that will have continuing economic, social and cultural benefits;
- **Equal opportunities:** this perspective is a basic principle for each single activity and will be integrated into every stage of the project realization: design, implementation, monitoring, evaluation. The promotion of equal opportunities for sexes and different social groups in the region is a cross-cutting goal of the programme;
- **Cross-border partnership:** There is strong requirement for real partnership, cross-border effects of the project and joint actions during planning and implementation of the project. In this respect projects should not only be able to tackle the needs and the opportunities in the region but should also: focus on the joint vision; allow a stable growth path on both sides of the border; take into account the needs of the local resident population and equality; help building cross-border institutions and capacities for regional development and cultural exchange on a long-term basis.

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<sup>9</sup> The Renewed EU Sustainable Development Strategy was adopted by the European Council in June 2006.



## 6. FINANCING PLAN

The division of financial support between priorities 2007-2013:

Priority	Community Funding		National Funding *	Total Funding	Co- financing rate (%)
	a	%	b	c=a+b	a/c*100 : b/c*100
Priority 1	17 253 465	55%	3 044 729	20 298 194	85 : 15
Priority 2	10 979 478	35%	1 937 555	12 917 033	85 : 15
Priority 3	3 136 993	10%	553 587	3 690 580	85 : 15
<b>TOTAL</b>	<b>31 369 936</b>	<b>100%</b>	<b>5 535 871</b>	<b>36 905 807</b>	<b>85 : 15</b>

*\*State budget co-financing for Bulgaria and obligatory beneficiaries' own co-financing for Serbia.*

The annual allocations of EURO are indicated below

Community Funding IPA + ERDF (€)	
2007	2 524 310
2008	4 312 780
2009	4 714 194
2010	4 808 474
2011	4 904 646
2012	5 002 738
2013	5 102 794
<b>TOTAL</b>	<b>31 369 936</b>





## 7. CORRESPONDENCE WITH OTHER EU-PROGRAMMES AND NATIONAL STRATEGIES

Bulgaria - Serbia IPA Cross-border Programme is prepared in line with the Lisbon agenda and the sustainability principles defined in the Göteborg strategy for sustainable development. Since in this border region the basic conditions for cooperation are already in place, assistance under the programme is focused on cross-border actions that bring added value to the national measures.

Due to its wide-spread content the programme contains some thematic overlapping with other national EU co-financed programmes. The priorities set in the Bulgaria - Serbia IPA Cross-border Programme are complementary to the wider priorities for development of the countries forming the border region. Whenever overlaps do exist, the main principle is that CBC support must have a well targeted cross-border effect.

Actions under the programme support the implementation of coherent strategies, improving governance and introducing integrated approaches in order to promote balanced development of the cross-border region, sustainable communities and social inclusion.

The following is a summary of the division of support areas and the synergies with the following documents:

- Community Strategic Guidelines 2007 – 2013 for Cohesion, Growth and Jobs
- National Strategic Reference Framework (NSRF) for Bulgaria 2007-2013
- IPA Multi-annual indicative planning document for the Republic of Serbia - 2007 – 2009
- 2007-2013 Sectoral Operational Programmes for Bulgaria
- National Strategy Plan for Rural Development of Bulgaria 2007-2013
- National Employment Action Plan of the Republic of Serbia
- National Programme of Environmental Protection of the Republic of Serbia Agricultural Strategy of the Republic of Serbia
- Regional development strategies/ municipal plans of the border regions on the Bulgarian side of the border
- CBC/ trans-national cooperation programmes covering the region

### **Community Strategic Guidelines 2007 – 2013**

The objectives of the present OP closely follow the Guidelines on several levels. In close correspondence to the logic of the Guidelines, the OP first builds the small scale basic infrastructure and bolsters the related services that open the regional economy. This is done within the scope of Priority Axis 1, which also includes measures promoting the environmental contribution to sustained growth and jobs. Priority Axis 1 additionally contributes to improving access and builds on the better connectivity within the region to capitalize on the potential for economic synergies that can be derived through the closer integration between its two parts. The big transport infrastructure, in particular the TEN routes are part of the respective national competence, thus no cross-border aspects are included within this programme.

Priority Axis 2 encourage cross-border business development and through promoting services facilitating growth, the OP contributes both directly, and through the improvement of the rates of economic development and inward investment, also indirectly, to significant and sustained job growth in the medium-to-long term. It explicitly focuses on the Guidelines' goals of flexible, equitable, and inclusive labour markets, improving the adaptability of workers, and higher educational quality. This Axis also caters for the second key pillar of the Guidelines, in its clear focus on R&D and innovation as a key drive in regional development.

Priorities of the Bulgaria - Serbia IPA Cross-border Programme are in line with the provisions of the National Strategic Reference Framework, setting the major development policy objectives and priorities to be supported under the Structural Funds in Bulgaria for the period of 2007-2013.

The selected priorities also complement the priorities of the Operational programmes for 2007-2013 (the whole NW and SW regions of Bulgaria as NUTS II regions are eligible under Objective



1), aiming at improving transport, energy and environmental infrastructure, promoting industrial and business development, increasing employment and human resources development.

### **National Strategic Reference Framework (NSRF) for Bulgaria 2007-2013**

The National Strategic Reference Framework (NSRF) is a mid- to long-term strategic document, describing the role of the Structural Funds during the period 2007-2013 in support of the wider development strategy of Bulgaria. The vision of the strategy is based on an extensive analysis of the country's development disparities, as identified in the National Development Plan 2007-2013 and in the National Reform Programme.

The long term vision for Bulgaria combines two strategic medium-term goals:

- To attain and maintain high economic growth through a dynamic knowledge-based economy in accordance with the principles of sustainable development;
- To improve the quality of human capital and to achieve employment, income and social integration levels, that provides higher living standards.

The NSRF defines **four strategic priorities** – three thematic and one territorial:

- Improving basic infrastructure;
- Increasing quality of human capital with a focus on employment;
- Fostering entrepreneurship, favourable business environment and good governance;
- Supporting balanced territorial development.

The NSRF also defines the objectives and the strategy for border regions and cross-border development as follows:

- encouraging economic activity, in particular the development of SMEs, tourism, culture, and cross-border trade;
- encouraging and improving the joint protection and management of natural and cultural resources, as well as prevention of natural and technological risks;
- supporting links between urban and rural areas;
- reducing isolation through improved access to transport, information and communication networks and services, and cross-border water, waste and energy systems and facilities;
- developing collaboration, capacity and joint use of infrastructure, in particular in sectors such as health, culture, tourism and education;
- promoting the development of cross-border labour markets, local employment initiatives, gender equality and equal opportunities, training and social inclusion;
- developing the institutional and administrative capacity on the regional and local level and providing technical assistance for the preparation of new projects.

The main purpose of the strategic interventions to be funded by the EU in Bulgaria is to support the investments necessary for economic development, by investing in the necessary infrastructures, human potential, and supporting favourable business environment and social inclusion. It puts a strong emphasis on the need to prioritize investments directed towards the development of a knowledge-based economy to sustain Europe's growth in a more competitive world market.

Within the framework of the ERDF, Bulgaria actively participates in the trans-national cooperation within South-East Europe. The inter-regional cooperation is included as measure "Encouraging the cooperation with the European regions" in priority "Encouraging of regional and local development" under the Operational Programme "Regional Development" 2007-2013 to be financed under the ERDF.

### **IPA Multi-annual indicative planning document for the Republic of Serbia - 2007 – 2009**

The Multi-annual Indicative Planning Document (MIPD) 2007-2009 is the first strategic document for Serbia under the Instrument for Pre-accession Assistance. The MIPD sets the strategic context and identifies the major areas of intervention and main priorities for subsequent development of annual Action Programmes. The main areas of intervention which are identified in the MIPD are:



- Support to Serbia to fulfil the political requirements of the Stabilization and Association process (SAP).
- Improving the socio-economic situation of the country and its population;
- Approximation to European Standards;
- Support of cross-border co-operation with adjacent candidate and potential candidate countries and EU member states.

The main areas of intervention are structured in two components:

- I. Transition Assistance and Institution Building Component - translates the priorities set out in the European Partnership, which include political requirements, socio-economic requirements, compliance with European standards and European sectoral policies, into specific topics to be supported. Participation to Community Programmes is also covered under this section, including support to establish and/or enhance the necessary structures and financing of Serbia's participation in Community programmes;
- II. Cross-Border Cooperation Component - supports cooperation between Member States, Candidate and Potential Candidate Countries at the border regions.

Building on initial achievements under the CBC-activities supported in existing bilateral programme for the period 2004-2006, the MIPD for Serbia 2007 – 2009 under Component II will continue to support to regions and sectors targeted earlier. In principle, priorities addressed remain similar to the currently existing ones:

- Cross-border infrastructure, flood prevention, waters management;
- Economic co-operation (especially, creation of strong logistical links, supply chains and clusters alongside the border) tourism, agriculture and rural development;
- Address common challenges in the field of environment, public health, prevention and fight against organized crime, etc;
- Ensure efficient and secure borders. Promote legal and administrative co-operation;
- Promote local "people to people" type actions, more emphasis should be put on stronger co-operation between public entities, NGOs in the fields such as education and cultural co-operation, development of democracy and tolerance, conflict prevention etc.;
- Cooperation among cultural institutions including Museums, Theatres, etc.;
- Develop the reference framework for CBC activities and developing planning documents;
- Fostering reciprocal trust at local level;
- Ensure efficient and secure borders;
- Supporting initiatives in the area of education, research and employment generation;
- Support activities in the areas of tourism, agriculture and rural development (joint trainings for EU food safety programs, tourist quality education, heritage tourism, exchange of experiences);
- Support activities for the return of refugees to their country of origin, their reintegration and facilitation of the access to their rights;
- Support efforts to control small arms and light weapons.

The IPA Cross-Border Programme measures complement not only IPA national support but also other Community support.

### **Operational Programme "Regional Development" 2007 – 2013- Bulgaria**

The OPRD sets out a coherent regional development strategy for the period 2007-2013, supported by a multi-annual investment commitment in the key areas of infrastructural development of urban centers, territorial connectivity, sustainable tourism growth and support to regional and local partnerships. Bulgaria - Serbia IPA Cross-border Programme will support some small-scale activities coherent with the priority axes of the OP "Regional Development".

Bulgaria - Serbia IPA Cross-border Programme will complement the OP "Regional Development" in favour of integration of infrastructure facilities and locations for enhanced business development and attraction of new investments; of enhancing good quality of life and appropriate environmental conditions, including risk prevention as a part of a broader social and environmental regeneration strategy; of promoting accessibility, of providing access to online services in the context of transition to information society.



Bulgaria - Serbia IPA Cross-border Programme will complement OP "Regional Development" by encouraging cross-border tourism and contribute to developing integrated and distinctive tourism products based on competitive and marketable attractions that contribute to diversification and territorial spread of tourism; improving seasonal and territorial distribution of tourism development in different regions and areas based on integrated destination management and marketing and to use different tools, techniques and systems ensuring effective tourism information and marketing; enhancing the effectiveness and impacts of national marketing efforts and related activities and facilitating diversification of tourist products Bulgaria - Serbia IPA Cross-border Programme activities will support the regional and local partnership and will be implemented in collaboration and in coordination with OP "Regional Development" measures, supporting marketing or certifying local products, activating institutional capacity for joint planning and training etc. and stimulating regional and local innovations and best practices exchange.

Representative from Managing Authority of OP "Regional Development" will participate in the JMC sessions which will ensure coordination and avoidance of overlapping of activities.

### **Operational Programme "Transport" - Bulgaria**

Investments in transport infrastructure are recognized by the government of Bulgaria as one of the most critical areas to boost socio-economic development of the country, to reduce the disparities within lagging behind and isolated regions such as the border ones, and to link the country both with its neighbours, and with the EU transport system. Bulgaria - Serbia IPA Cross-border Programme will complement OP "Transport" by some small-scale activities oriented towards the improvement of local transport facilities and joint protection of the environment.

The national and European priority axis projects envisaged in the Bulgarian Sectoral Operational Programme "Transport" that are expected to have a significant impact on the border region are as follows:

- Building the second bridge over the Danube river at Vidin (with a road and rail connection to Calafat – Romania)
- Modernization of the Vidin – Sofia railway line
- Modernization of the Sofia-Plovdiv railway line
- Modernization of the Sofia – Pernik – Radomir railway line
- Modernization of the Sofia-Dragoman railway line
- Construction of a key road section along the axis Vidin – Montana
- Upgrading of the two-lane road Vratza – Botevgrad
- Construction of a bypass of Montana
- Construction of the Struma motorway
- Establishment of a River Information Service System in the Bulgarian part of the Danube river
- Implementation of a Vessel Traffic Management Information System
- Improvement of the Danube river navigational waterway

### **OP "Development of competitiveness of the Bulgarian Economy" - Bulgaria**

The purpose of the support within the framework of OP "Development of competitiveness of the Bulgarian Economy" is to develop a competitive and efficient production and business potential, to contribute to increasing the economic effect and to assist the necessary structural changes in the economy with a view to achieving sustainable progress and feasible cohesion during the programme period. In order to achieve these objectives, support for the development of the productivity of small and medium-sized enterprises is envisaged, as well as assisting the development of innovations and new technologies, and improving the general climate of the business environment.

The Bulgaria - Serbia IPA Cross-border Programme will encourage the cross-border cooperation between businesses by focusing mainly on soft activities such as establishment of co-operation networks and structures among different actors in order to exchange experiences and knowledge on both sides of the border. The Bulgaria - Serbia IPA Cross-border Programme will



complement the actions foreseen under "Development of the Competitiveness of the Bulgarian Economy". In order to ensure coordination and avoid overlapping among the different activities of the programmes, representative from Ministry of Finance managing OP "Development of the Competitiveness of the Bulgarian Economy" will be member of JMC.

### **OP "Human Resources Development" - Bulgaria**

The strategic objective of the Operational Programme is to improve the quality of life through employment promotion, access to high quality education and lifelong learning and increased social inclusion. The goal here is to ensure an efficient and adequate education corresponding to the market requirements, better health care quality, deepening the social integration of the vulnerable groups and of disabled people and their realization on the labour market.

The priorities of the OP Human Resource Development are:

**Priority axis 1.** Promotion of job creation and development of inclusive labour market

**Priority axis 2.** Raising the productivity and adaptability of the employed persons

**Priority axis 3.** Improving the quality of education and training in correspondence with the labour market needs for building a knowledge-based economy

**Priority axis 4.** Improving the access to education and training

**Priority axis 5.** Social inclusion and promotion of social economy

**Priority axis 6.** Improving the efficiency of labour market institutions and of social and healthcare services

**Priority axis 7.** Trans-national and interregional cooperation.

In the IPA Cross-border programme between Bulgaria and Serbia the promotion of human resources capital is foreseen as a theme, addressed to the needs of the region in a **clear cross-border manner**.

In order to avoid overlapping and to ensure synergies of activities, a representative of the Ministry of Labour and Social Policy (managing Human Resources Development OP) will participate as observer in the JMC sessions.

### **OP "Administrative Capacity" (OPAC) - Bulgaria**

On the basis of the identified development areas and the goals of the NSRF the strategic goal of the OP Administrative Capacity was formulated:

- Creating an efficient and competent administration, capable of developing and implementing the national and European policies while meeting the citizens' and the business sector's expectations for better service delivery and ethics;
- Providing support for efficient judicial system.

The strategic goal of OPAC is developed in three specific objectives:

- Efficient functioning of the administration and enhanced confidence of the citizens and the business in it;
- Improving human resources management in the state administration, the judicial system and the civil society structures;
- Modern administrative service delivery.

OPAC is a horizontal Operational Programme and is aimed at the state administration, the judiciary, the socioeconomic partners and the non-governmental organizations in the Republic of Bulgaria.

Due to the specific requirement of CBC impact of operations, Bulgaria - Serbia IPA Cross-border Programme does not overlap with the OPAC, however having as main beneficiaries local and regional authorities, regional structures of central administration, NGOs, and their associations it will increase the result of the specific objectives 1 and 3 and will further to some extent the activities under the OPAC.

### **National Employment Action Plan of the Republic of Serbia 2006 – 2008 (NEAP)**

The National Employment Action Plan for the period 2006-2008 sets forth measures and activities for the realization of the National Employment Strategy for the period 2005-2010





(adopted by the Government's Resolution from April 14<sup>th</sup> 2005) with the aim to increase the level of employment, to reduce unemployment, and to overcome the labour market problems, which the Republic of Serbia is facing during the process of its transition to a market-based economy.

The NEAP helps create the conditions for a balanced approach to all issues concerning the functioning of the labour market, and for giving priority to those that are most crucial in this field.

The NEAP is based on the following priorities:

- reducing unemployment and increasing labour market competitiveness;
- broadening the scope and types of active employment measures (self-employment support programs, programs for creating new jobs, programs for additional education and training, public works programs, and other programs in accordance with the law);
- solving the working legal position of the redundant;
- improving social dialogue and the effectiveness of social-economic councils and local employment councils;
- decentralizing and modernizing the work of the NES.

Bulgaria - Serbia IPA Cross-border Programme will complement OP HRD and NEAP by joint planning in education and labour market policy, promoting educational cooperation by joint activities, development of closer connection between education and business and integrating the cross-border labour market

### **OP "Environment 2007-2013" – Bulgaria**

General strategic objective of Operational Programme "Environment 2007-2013" is:

Improvement, preservation and recovery of the natural environment and development of the environmental infrastructure.

The Programme defines four Priorities as follows:

Priority Axis 1: Improvement and development of waste water infrastructure in settlements with over 2 000 PE and in settlements below 2000 PE within urban agglomeration areas

Priority Axis 2: Improvement and development of waste treatment infrastructure

Priority Axis 3: Preservation and restoration of biodiversity

Priority Axis 4: Technical Assistance

### **National Programme of Environmental Protection of the Republic of Serbia (NPEP)**

The general policy objectives of the NPEP address the general causes of environmental problems identified. They are grouped in the following key policy areas:

- Developing a comprehensive legal environmental system through adoption of sectoral laws and by-laws, improved law enforcement monitoring, and increasing the capacity of the judiciary system. Laws relevant to the environment should be further revised and gradually harmonized with the EU environmental acquis.
- Institutional capacity for the development and enforcement of sectoral and environmental policy should be strengthened generally and emergency response systems should be developed.
- Improving environmental infrastructure
- Upgrading environmental monitoring and enforcement system will require establishing accredited laboratories, enforcement of norms and standards and mandatory quality control of analyses and emission monitoring, self-monitoring by polluters, the establishment of an inventory of polluters and an environmental information system.
- Establishing an effective system of environmental financing and economic incentives.
- Full integration of environmental policy with economic and other sectoral policies
- Improving formal and informal environmental education to be based on the National Strategy for Environmental Education. Increasing environmental awareness through improved information and communication with the public and developing mechanisms for public participations in environmental decision-making.





Bulgaria - Serbia IPA Cross-border Programme will contribute to achieving the General strategic goal of Operational Programme "Environment 2007-2013" and the policy objectives of NPEP. Bulgaria - Serbia IPA Cross-border Programme activities are expected to support sustainable environmental management and preservation – including promotion of joint management and protection of the environment, small-scale renewable energy solution projects, pollution prevention plans for the border area, cooperation in cases of emergency, reduction of the negative effects of the economic activities on the environment and encouraging environment-friendly economic activities, awareness raising campaigns for nature protection, etc. The basic line for the environment program will be to focus on the national part of the activities while the territorial co-operation program will focus on the cross-border aspects.

### **National strategy plan for rural development - (2007–2013) of the Republic of Bulgaria (NPRD)**

Priority Axes:

- To contribute to the development of competitive agriculture and forestry sector and innovation-based food-processing sector - focused on increasing the competitiveness of the agriculture, food and forestry sectors. This objective directly addresses the first Community Strategic Guideline for rural development.
- To support protection of natural resources and environment of the rural areas - targeting the preservation of natural resources and the improvement of the countryside
- To improve the quality of life and job opportunities in rural areas - aims at increasing job opportunities and improving the quality of life in rural areas.

### **Agricultural Strategy of the Republic of Serbia (AS)**

The strategy defines the following objectives (one economic, three social, two political and one ecological):

- Sustainable and efficient agricultural sector that can compete on the world market, contributing to increasing the national income
- Providing food that meets the needs of society concerning quality and safety
- To ensure support of life standards for people who depend on agriculture and are not in a condition to follow economic reforms with their development
- Support for the development of villages
- To preserve the environment from the destructive influences of agricultural production
- To prepare the agriculture of Serbia for its integration in the EU
- To prepare agricultural domestic and trade support policy for the rules of accession to the WTO

The Strategy does not put any specific emphasis on border regions. However, since most of the cross-border area is rural, many of the activities described in the Strategy will by presumption be implemented in the target region.

Bulgaria - Serbia IPA Cross-border Programme will complement the objectives under NPRD and AS and will enhance the following measures: Encouragement of Tourism Activities, Basic Services for the Economy and Rural Population. Bulgaria - Serbia IPA Cross-border Programme will contribute to the development of opportunities for tourism, promotion of human resources and promotion of education, training and knowledge management. Bulgaria - Serbia IPA Cross-border Programme will contribute to the development and improvement of the quality of life and diversify economic opportunities in the rural areas.

Representatives from the Bulgarian Managing Authorities of OP "Environment 2007-2013", "Transport", OP "Administrative Capacity", National strategy plan for rural development - (2007–2013) of the Republic of Bulgaria (NPRD) and the respective Serbian institutions dealing with related national programmes will participate in the JMC sessions which will ensure coordination and avoidance of overlapping of activities.

### **Regional strategies and municipal plans for development on the Bulgarian side of the border**



In accordance with the Law for Regional Development of Bulgaria, each Bulgarian district and its municipalities develop strategies/plans for development. These plans follow the development priorities of the National strategic documents such as: NEDP, the National Strategy for Regional Development 2005 – 2015, etc., and at the same time take into account regional specifics and development potential. Strategies of planning regions (6 NUTS II level in Bulgaria) form the framework to work out and implement bigger trans-regional projects which are expected to have a greater impact on the regions and form a prerequisite for improving regional well-being. Each strategic document of the Bulgarian border regions puts a strong emphasis on the potential for cross-border cooperation in various areas of local development, incl. tourism, employment, education, culture, etc.

### **Other CBC/ trans-national cooperation programmes covering border region**

#### ***OP Romania – Bulgaria 2007 – 2013***

Two of the Bulgarian eligible regions under Bulgaria – Serbia IPA Cross-border Programme are covered by this OP – districts of Vidin and Montana. The programme will finance projects under the following priority axes (draft):

Priority Axis 1 *Accessibility*: Improved mobility and access to transport, information and communication infrastructure in the cross border area

Priority Axis 2 *Environment*: Sustainable use and protection of natural resources and environment and promotion of efficient risk management in the cross border area

Priority Axis 3 *Economic and Social Development*: Economic development and social cohesion by joint identification and enhancement of the area's comparative advantages

Priority Axis 4: *Technical Assistance*

#### ***Romania – Serbia IPA Cross-border Programme***

Districts: Severno Banatski; Srednje Banatski; Južno Banatski; Branicevski and Borski as Serbian eligible regions will be supported through the programme. Borski District is a target region both under IPA Cross-border Programmes Bulgaria – Serbia and Romania – Serbia.

Priorities of the programme are defined as follows:

Priority Axis 1: Economic and Social Development - issues related to connectedness, competitiveness, and rural development

Priority Axis 2: Environment and Emergency Preparedness - common issues faced on both sides of the border in specific fields of environment and emergency preparedness, and which require joint action to achieve meaningful and sustainable results

Priority Axis 3: Promoting "people to people" exchanges - to widen and deepen the level of engagement of communities on both sides of the border in common actions

Priority Axis 4: Technical Assistance

Build on the initial achievements under the CBC-activities supported in the existing bilateral programmes for the period till 2006, IPA Cross-border Programmes Bulgaria – Serbia and Romania – Serbia and OP Romania – Bulgaria 2007 – 2013 will continue to support the regions targeted earlier providing stronger cross-border territorial cohesion focus, with key aspects being competitiveness and sustainability, quality of life and environmental protection.

As a National Authority of the IPA Cross-border Programmes Bulgaria – Serbia and Romania – Serbia the Sector for Programming, Management of EU funds and Development Assistance at the Ministry of Finance (MoF) of Republic Serbia will be responsible for coordination between the programmes. Apart from the Programme structures both CBC programmes in Serbia are also covered with a local office of MoF in Bor.

#### ***Bulgaria - the former Republic of Macedonia IPA Cross-border Programme***

The district of Kyustendil is a target region both under this programme and Bulgaria - Serbia IPA Cross-border Programme. Institutions and organization will benefit from assistance in the following priority axes:

Priority Axis 1: Economic Development and Social Cohesion



Priority Axis 2: Improvement the quality of life

Priority Axis 3: Technical Assistance

IPA Cross-border Programmes Bulgaria – Serbia and Bulgaria - the former Republic of Macedonia will support the common target region providing stronger cross-border territorial cohesion focus, with key aspects being sustainability and competitiveness, quality of life and environmental protection. People-to-people actions that have proven valuable under the ongoing Neighbourhood Programmes in developing local stakeholders and their partnerships across the borders are a key aspect in both programmes thus helping to promote mutual understanding and tolerance.

Directorate General “Territorial Cooperation Management” at Ministry of Regional Development and Public Works of the Republic of Bulgaria as Managing Authority of both programmes will be responsible for coordination and avoidance of overlapping between the interventions under the programmes.

Based on the valuable experience under the ongoing bilateral Neighbourhood Programmes in promoting mutual understanding among local stakeholders and developing their partnerships across the borders, the issue of involving applicants as partners from another programme area on trilateral basis arose. Implementing provisions for the programmes have not yet settled a common mechanism and made no exact provision for such cases. Guided by the perspective of the stronger cross-border territorial cohesion that such cooperation could bring the participating countries will look for ways in which that trilateral partnership could be realized on a case by case basis.

### ***OP South-East Europe (SEE) Transnational Co-operation Programme for a European area in transition on the way to integration***

Programme priorities cover the following areas:

Priority Axis 1: Facilitation of innovation and entrepreneurship

Priority Axis 2: Protection and improvement of the environment

Priority Axis 3: Improvement of the accessibility

Priority Axis 4: Development of transnational synergies for sustainable growth areas

Priority Axis 5: Technical assistance to support implementation and capacity building

The effective combination of all programmes for cross-border and trans-national cooperation available to the region is expected to have an extremely positive impact on its development. Since most of the programmes support actions in similar fields, the capacity to upgrade, complement and expand successful project ideas is a crucial prerequisite for efficient absorption of funds and ensuring an optimal utilization of EU assistance.

## Summary

The financial resources available to the Bulgaria - Serbia IPA Cross-border Programme do not allow large-cost and durable infrastructural investments, but mainly soft and small-scale activities. The projects must be designed by representatives from both sides of the border, must clearly integrate the ideas, priorities and actions of stakeholders on both sides of the border. They have a clear cross-border impact which is impossible to be covered by the sectoral national programmes.

The coordination of Bulgaria - Serbia IPA Cross-border Programme with other plans and programmes will be achieved by the national coordination structures in both participating countries. The representatives of national coordination structures participate in the Joint Monitoring Committee (JMC) sessions. The Management of EU Funds Directorate at the Ministry of Finance of Republic of Bulgaria as a Central Co-ordination Unit (CCU) in Bulgaria participates in all Operational Programmes Monitoring Committees and operates the Management Information System for the Programmes. Representation of CCU in JMC will ensure the co-ordination between the OPs and the assistance from the IPA, EAFRD, ERDF and other financial instruments. Sector for Programming, Management of EU funds and Development Assistance at the Ministry of Finance of Republic Serbia will be responsible for coordination of all donor and



## Bulgaria-Serbia IPA Cross-border Programme

national programmes. Moreover ministries managing the sectoral national programmes will participate as advisors in JMC sessions which will ensure coordination and avoidance of overlapping of activities. Management Information System is a useful tool for this purpose.

Administrative mechanism for coordinating and avoiding overlapping during implementation of the programmes will include the following steps:

- in order to avoid overlapping the beneficiaries will be required to submit a declaration that their project is not receiving financing under any other program;
- for measures, eligible for funding under more than one programme and addressing common target groups, ad hoc consultations between the representatives of the ministries managing the sectoral national programmes will be conducted to synchronise measures' implementation
- all approved projects will be included in a single system for management and monitoring at programme level, which is coordinated with the Management Information System for the Programmes maintained by the "Management of EU Funds" Directorate in the Bulgarian Ministry of Finance. The projects approved could be verified with the information system for the donor and national programmes maintained by the Serbian Ministry of Finance as well.

EU/national programme	Priority Axes					
	Priority Axis 1			Priority Axis 2		
	Development of small-scale infrastructure			Enhancing capacity for joint planning, problem solving and development		
	1.1. Physical and information infrastructure	1.2. Infrastructure concerning environmental issues	1.3. Assistance for project preparation	2.1. Links and networking on institutional, business and educational levels	2.2. Sustainable development through efficient utilization of regional resources	2.3. People to people actions
CSG	X	X	X	X	X	X
NSRF – BG	X	X	X	X	X	X
IPA MIPD – Serbia	X	X	X	X	X	X
OP "RD" – BG	X			X	X	
OP "Transport" – BG	X					
OP "Competitiveness" – BG		X		X		X
OP "HRD" - BG				X	X	X
OP "AC" - BG				X		X
NEAP - Serbia					X	X
OP "Environment" –BG		X			X	X
NPEP – Serbia					X	X
NPRD – BG					X	X
AS – Serbia					X	X
Regional strategies - BG	X	X			X	X
Other CBC/transnational programmes	X	X			X	X



## 8. PROGRAMME INDICATORS

The programme indicators are vital to the efficient and effective implementation of the Programme. They serve to monitor and evaluate the extent to which the Programme has achieved its objectives, and the efficiency with which it has done so.

Two levels of indicators can be distinguished:

### 8.1. Horizontal

Indicators on the horizontal level comprise measurements referring to transversal principles that need to be upheld at all impact levels of the programme (short-term, medium-term and long-term). Four key areas need to be evaluated:

- **effectiveness** (whether the programme produces impacts corresponding to its goals and design);
- **sustainability** (whether the impacts will survive beyond the intervention period);
- **efficiency** (whether the programme was the optimal solution to needs identified);
- **relevance** (in both its correspondence to national planning, and its responsiveness to local needs).

### 8.2. Vertical

This second indicator level follows the programme design in formulating specific indicators for achievement. Three types of indicators are distinguishable at this stage:

- **Output indicators:** measure consequences on the activity level. They have the shortest time horizon, referring to outcomes which are typically directly related to the activity itself and are relatively fast to materialize.
- **Result indicators:** measure consequences on the level of measures. They apply to a longer time scale than output indicators, but still refer mostly exclusively to direct consequences.
- **Impact indicators:** these are indicators on the higher, programming level. They apply to measures exclusively and measure the overall impact of the programme. They typically apply to the long-term.

The vertical level will be presented in detail below, where indicators are given for each level. However, since there can be no clear idea at this stage on which actions will be approved, and which areas of intervention will prove the most popular with beneficiaries, output indicators are only presented as examples, of the types of indicators that can be used, their relative size, and the sources of information that can be employed. This is done in much the same spirit with which sample actions are enumerated under areas of intervention. It is necessary to note that for all quantified indicators, the values apply above the baseline. The baseline is established as the average of the indicator for the past 5 years. An alternative approach can be taken in measuring the change in the indicators in standard deviation units (the number of standard deviations that they stand from the mean/baseline). The indicators together on the vertical level combine to form the indicators for achievement of the relevant level of the programme (measures and specific/general objective). Notably, each level needs a specific indicator, and not simply the sum of the indicators of the previous levels, in the same way that the outcome of the programme represents the synergy of its parts, and not only the sum of them. The correspondence of indicators to the various levels is presented below:



PRIORITY	MEASURE	OUTPUT	QUANT	RESULT	QUANT	
<b>Priority Axis 1. Development of small-scale infrastructure for social and economic networking</b>	<b>1.1. Physical and information infrastructure</b>	Number of small-scale projects addressing physical infrastructure improvement	5	Improved small-scale infrastructure	2,5 %	
		Number of small-scale projects addressing information infrastructure improvement	3			
		Number of small-scale projects addressing social infrastructure improvement	3			
		Number of small-scale projects addressing business and innovation facilities	7			
		Number of existing facilities upgraded	7			
		Number of institutions/bodies reached by programme activities	45			
		Training places created	3			
	<b>1.2. Infrastructure concerning environmental issues</b>	Number of joint friendly environmental projects	5	Decreased pollution in the region	2 %	
		Number of small-scale infrastructural projects concerning environmental protection	3			
		Number of projects for pollution prevention and flood reduction	3			
		Partnerships for cases of natural disasters established	2	Increased attractiveness of the region based on preservation of natural resources	2 %	
		Number of joint eco-itineraries created/developed	5			
		Number of institutions/bodies reached by programme activities	10			
	<b>1.3. Assistance for project preparation</b>	Feasibility studies	10	Projects actually applied	3 %	
		Preliminary and detailed design works	7			
		Project environmental assessments	2			
	<b>Priority Axis 2. Enhancing capacity for</b>	<b>2.1. Links and networking on the institutional,</b>	Number of linkages between different institutions created	7	Number of joint information services established	3
			Number of joint databases created	3		





## Bulgaria-Serbia IPA Cross-border Programme

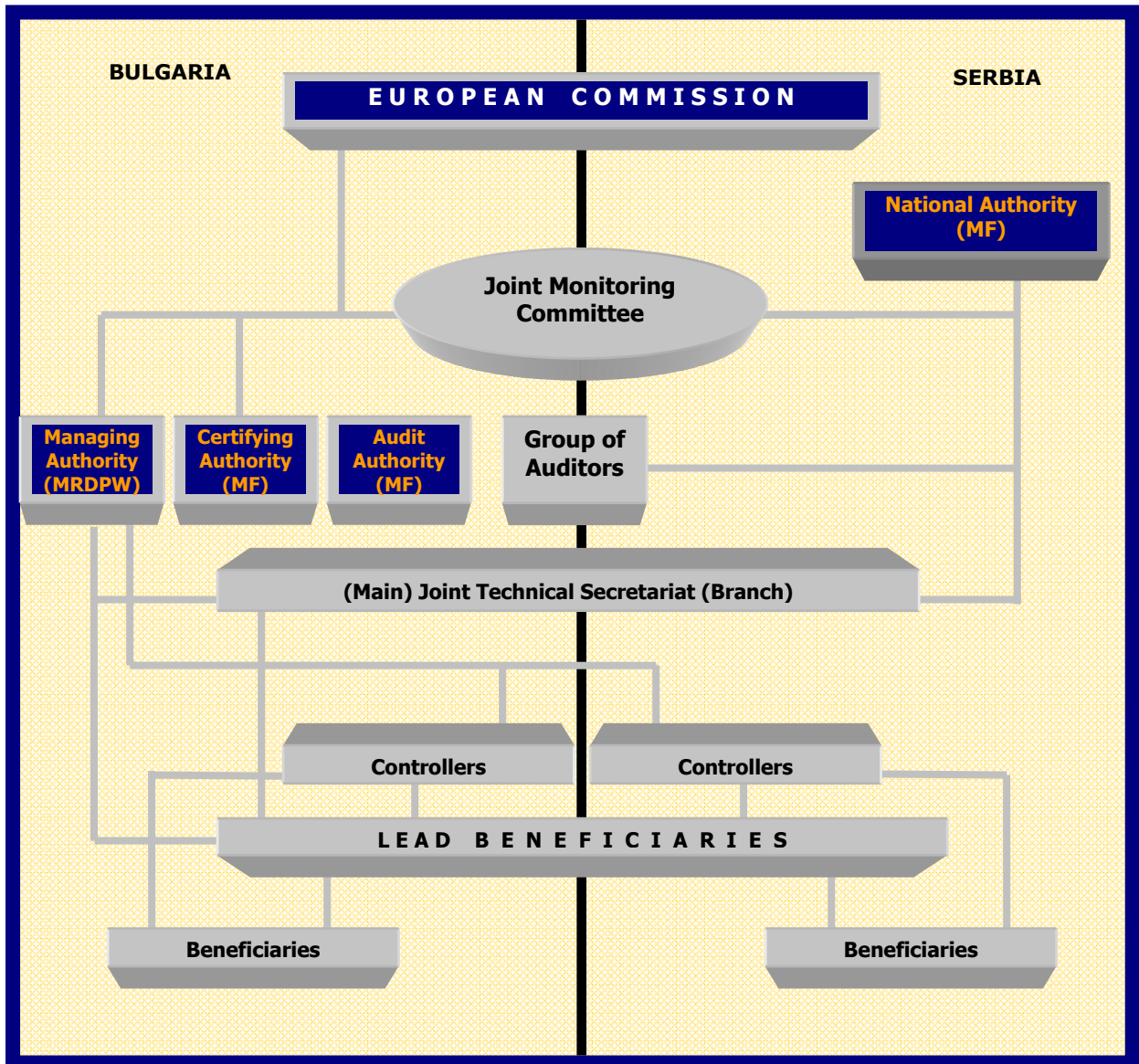
<b>joint planning, problem solving and development</b>	<b>business and educational levels</b>	Number of management plans/strategies/researches developed	3	Improved environment for development of relationships across the border	3 %
		Number of education/business partnerships	5		
		Number of common marketing initiatives	2		
		Number of institutions participating in knowledge economy activities	5		
		SMEs involved/addressed in CBC projects	7		
		Number of people involved in projects' activities	400		
		Management and job-related training courses	15		
		Number of people trained	250		
	<b>2.2. Sustainable development through efficient utilization of regional resources</b>	Number of common cross-border tourist products and services	7	Increased cross-border movement of people and exchange of goods and services in the region	1,5 %
		Tourist destinations created/ developed	2		
		Number of projects concerning common cultural heritage	10		
		Number of cultural events carried out	15		
		Number of projects concerning common products and services	10		
		New jobs created	50		
		Number of projects concerning exchange and transfer of know-how	7		
		Number of cross-border business events, seminars, workshops carried out	15		
		Awareness campaigns carried out	30		
	<b>2.3. People to people actions</b>	Number of people to people collaboration projects	50	Number of new partnerships created	7
		Number of institutions/bodies involved	100		
		Number of people involved	300		



## 9. IMPLEMENTING AND FINANCIAL PROVISIONS

### 9.1. Management and implementation structures

The management and implementation structures and procedures described in this section have been agreed in partnership between the participating authorities of Republic of Bulgaria and Republic of Serbia.



Both countries are aware of the core concept of **IPA CBC** as fully embodying the principle of "**common benefit**", and acknowledge the fact that the programme has to operate on the basis of one set of rules on both sides of the border, thus providing the opportunity to establish fully equal and balanced programming and decision making structures between Bulgaria as a Member State and Serbia as a Potential Candidate Country. Thus, IPA CBC will promote enhanced cooperation and progressive economic integration and coherence between the European Union and the Potential Candidate Country. Based on these shared views, Bulgarian and Serbian authorities have reached a common agreement to implement the cross-border cooperation programme using the **Shared management approach** as defined in Article 33 and Article 98 of IPA Implementing Regulation.



The implementation structures and procedures have been drawn up based on the following overall principles:

- Respect of the partnership principle;
- Efficient and effective structures;
- Clear division of responsibilities;

### **Joint Monitoring Committee (JMC)**

*Legal provision for the establishment and operation of the JMC:*

**COMMISSION REGULATION (EC) No 718/2007 of 12 of June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)**

*Article 87 - Partnership*

*Article 102 – Designation of authorities*

*Article 110 - Joint monitoring committee*

The Joint Monitoring Committee is being set up within three months from the approval of the programme and consists of representatives appointed by the two participating countries according to the partnership principle. The JMC meets minimum twice a year at the initiative of the participating countries or of the Commission and it is co-chaired by the Managing Authority (Bulgaria) and the National Authority (Serbia). Representative/s of the European Commission or other relevant bodies participates in the work of the JMC in an advisory capacity.

The JMC is responsible for the following tasks:

- considers and approves the criteria for selecting the operations financed by the cross-border programme and approves any revision of those criteria in accordance with programming needs;
- periodically reviews progress made towards achieving the specific targets of the cross-border programme on the basis of documents submitted by the managing authority;
- examines the results of implementation, particularly achievement of the targets set for each priority axis and the evaluations referred to in Article 57(4) and Article 109;
- considers and approves the annual and final reports on implementation referred to in Article 112;
- be informed of the annual control report, referred to in Article 105 (1)(c) and of any relevant comments the Commission may have after examining those reports;
- it shall be responsible for selecting operations;
- may propose any revision or examination of the cross-border programme likely to make possible the attainment of the objectives referred to in Article 86(2) or to improve its management, including its financial management;
- considers and approves any proposal to amend the content of the cross-border programme;
- carries out monitoring of the programme by reference to financial indicators, as well as the output and result indicators;
- approves methodology for selection of assessors and controllers;
- approves any addendums to the contracts with lead beneficiaries that are related to change in total budget or duration of the project;
- approves all internal documents concerning the programme implementation between the two countries.

All operations will be selected through single calls for proposals covering the whole eligible area. Joint operations outside calls for proposals may be also identified any time after the adoption of the programme in a decision taken by the Joint Monitoring Committee.<sup>10</sup>

Details on composition, chairmanship and decision making in the Joint Monitoring Committee will be determined by the Rules of Procedure of the JMC, drawn up in

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<sup>10</sup> Article 95, paragraph (1) of IPA Implementing Regulation



agreement with the Managing Authority and adopted on the first JMC meeting. Decisions will be taken by consensus.

### **Managing Authority (MA)**

*Legal provision for the establishment and operation of the MA:*

*COUNCIL REGULATION (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)*

*Article 9 – Cross-Border Cooperation Component, item 3*

*Article 13 – Management of Assistance, reporting, item 2*

*COMMISSION REGULATION (EC) No 718/2007 of 12 of June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)*

*Article 102 – Designation of authorities*

*Article 103– Functions of the managing authority*

The Bulgarian and Serbian programme partners have agreed that the responsibility of a **Single Managing Authority (MA)** will be given to the *Directorate General "Territorial Cooperation Management" at the Ministry of Regional Development and Public Works of the Republic of Bulgaria.*

The Managing Authority is responsible for managing and implementing the cross-border programme in accordance with the principle of **sound financial management** and in particular for:

- ensuring that operations are selected for funding in accordance with the criteria applicable to the cross-border programme and that they comply with applicable Community and national rules for the whole of their implementation period;
- ensuring that there is a system for recording and storing in computerized form accounting records of each operation under the cross-border programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected;
- verifying the regularity of expenditure. To this end, it shall satisfy itself that the expenditure of each final beneficiary participating in an operation has been validated by a controller;
- ensuring that the operations are implemented according to the public procurement provisions (adopted by the JMC) referred to in Article 121 (1) of IPA Implementing Regulation;
- ensuring that final beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;
- ensuring that the evaluations of cross-border programmes are carried out in accordance with Article 109 of IPA Implementing Regulation;
- setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 134 of IPA Implementing Regulation;
- ensuring that the certifying authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
- nominating Bulgarian representatives and guiding the work of the Joint Monitoring Committee (JMC) and in cooperation with the Joint Technical Secretariat (JTS) providing it with the documents required to permit the quality of the implementation of the cross-border programme to be monitored in the light of its specific goals;
- participating in preparation of job descriptions, selection of the experts and signing contracts with all members in the JTS (Main and Branch);
- drawing up and, after approval by the joint monitoring committee, submitting to the Commission the annual and final reports on implementation of IPA Implementing Regulation;



- inform about the programme and calls for project proposals in cooperation with the Joint Technical Secretariat (JTS) as well as ensure compliance with the information and publicity requirements laid down in Article 62 of IPA Implementing Regulation;
- after a selection procedure nominates controllers and assessors from Bulgarian side;
- signing Framework Agreements and contracts for a definite service with the assessors and controllers;
- laying down the implementing arrangements for each operation and enters into agreement with the lead beneficiary;
- carrying out monitoring of the programme by reference to financial indicators, as well as the indicators referred to in Article 94(1) (d);
- signing on behalf of Bulgaria the bilateral Memorandum of Understanding;
- approves any addendums to the contract with the lead beneficiary that do not change duration and total budget of the project (for example: change of address, bank account, experts, etc.);
- submits to the Commission a description of the management and control systems accompanied by an assessment report on their compliance with Articles 101 and 105 of Commission Regulation (EC) No. 718/2007 of 12 June 2007.

### **National Authority**

The *Serbian European Integration Office (SEIO), Department for Cross-border and Transnational Cooperation Programs of Republic of Serbia* as a **National Authority of Serbia (NA)** cooperates in joint programming, management and implementation of the programme and will take all necessary measures to provide assistance to the MA, CA and AA in their respective duties, mainly through:

- participating in joint programming and generation of operations in accordance with the programme objectives;
- nominating Serbian representatives in the Joint Monitoring Committee;
- participating in preparation of job descriptions and in the selection of the experts in the JTS (Main and Branch);
- organizing a selection procedure for controllers and assessors from Serbian side.
- nominating representative(s) in the group of auditors;
- being responsible for development of guidelines for specific national control, based on the program level guidelines, approved by JMC;
- signing on behalf of the Republic of Serbia the bilateral Memorandum of Understanding;
- contributing on behalf of the Serbian side to the programme modification if necessary;
- supporting dissemination of information about the programme, implementing national level publicity actions;
- ensuring national co-financing according to the approved allocation of funds;
- ensuring access to information of Managing Authority, Certifying Authority and Audit Authority in order to fulfill their respective tasks.

### **Joint Technical Secretariat (Main and Branch)**

*Legal provision for the establishment and operation of the JTS:*

**COMMISSION REGULATION (EC) No 718/2007 of 12 of June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)**

*Article 102 – Designation of authorities*

The Managing Authority establishes a Joint Technical Secretariat. Its main office is placed in Sofia, Republic of Bulgaria. JTS has a branch office in Serbia placed in Niš. The JTS (including its Branch office as part of the same body) consists of equal number Bulgarian and Serbian experts contracted by the MA.



JTS assists the Managing Authority and the Joint Monitoring Committee of the Programme and assists where appropriate the Certifying Authority and Audit Authority in carrying out their respective duties. The JTS also takes part in preparation and implementation of the decisions of Joint Monitoring Committee and carries out usual duties of a secretariat. The JTS is in particular responsible for the following tasks:

- participation in planning and organization of programme information campaigns and other activities related to raising public awareness on the programme;
- establishing and managing a joint projects data base and project partners data base;
- supporting projects generation and development;
- making available of standardized forms for project application, assessment, contracting, implementation, monitoring and reporting in cooperation with the MA;
- prepare and launch of Calls for proposals;
- advising beneficiaries on the implementation of operations and financial administration;
- receiving and registering of applications submitted;
- performing a formal check of project applications in terms of administrative compliance and eligibility;
- presenting a detailed work plan to the Managing Authority for approval;
- organizing all meetings and events, draft the minutes, prepare, ensures the administrative management of tasks and services;
- organizing the work of the assessors and submitting the results of the project technical evaluation sessions to the JMC;
- prepare the subsidy contracts on behalf of the MA;
- monitoring of project implementation, collecting of information from the lead beneficiaries and updating data in the Management Information System;
- administrating the work of the controllers and providing cross-check of the certified activities according to the "four eyes principle";
- collecting and checking project reports from the lead partners before submitting to the MA;
- assisting the MA in preparation of the reports on programme implementation;
- receiving requests from the lead beneficiaries on any modifications as well as preparation of addendums to projects and submitting them to MA or JMC respectively for approval;
- cooperation with the programme implementing authorities in Bulgaria and Serbia, and with other territorial cooperation programmes;
- collaboration with central, regional and local stakeholders involved in the Bulgaria - Serbia IPA Cross-border Programme.

### **Certifying Authority (CA)**

*Legal provision for the establishment and operation of the CA:*

**COMMISSION REGULATION (EC) No 718/2007** of 12 of June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)

*Article 102 – Designation of authorities*

*Article 104 – Functions of the certifying authority*

The **Certifying Authority** of the programme is the "**National Fund**" Directorate at the **Ministry of Finance of Republic of Bulgaria**. The Certifying Authority receives the payments made by the Commission and transfers funds to the Paying Unit at the Ministry of Regional Development and Public Works and is responsible for:

- drawing up and submitting to the Commission certified statements of expenditure and applications for payment;
- certifying that: the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents; the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with





- the criteria applicable to the programme and complying with Community and national rules;
- ensuring for the purposes of certification that it has received adequate information from the managing authority on the procedures and verifications carried out in relation to expenditure included in statements of expenditure;
  - taking account for certification purposes of the results of all audits carried out by or under the responsibility of the Audit Authority;
  - maintaining accounting records in computerized form of expenditure declared to the Commission. The managing authorities and the audit authorities shall have access to this information. At the written request of the Commission, the certifying authority shall provide the Commission with this information, within ten working days of receipt of the request or any other agreed period for the purpose of carrying out documentary and on the spot checks;
  - keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the general budget of the European Union prior to the closure of the cross-border programme by deducting them from the next statement of expenditure;
  - sending the Commission, by 28 February each year, a statement, identifying the following for each priority axis of the cross-border programme: the amounts withdrawn from statements of expenditure submitted during the preceding year following cancellation of all or part of the public contribution for an operation; the amounts recovered which have been deducted from these statements of expenditure; a statement of amounts to be recovered as at 31 December of the preceding year classified by the year in which recovery orders were issued.

### **Audit Authority (AA)**

*Legal provision for the establishment and operation of the AA:*

**COMMISSION REGULATION** (EC) No 718/2007 of 12 of June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)

*Article 102 – Designation of authorities*

*Article 105 – Functions of the audit authority*

The **Audit Authority** for the programme is the *Executive Agency "Audit of European Union Funds" at the Ministry of Finance of the Republic of Bulgaria*, and it is assisted by a Group of Auditors.

The Audit Authority is functionally independent of the Managing Authority and the Certifying Authority and is responsible for:

- ensuring that audits are carried out to verify the effective functioning of the management and control system of the cross-border programme;
- ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;
- by 31 December each year from the year following the adoption of the cross-border programme to the fourth year following the last budgetary commitment: submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 month period ending on 30 June of the year concerned and reporting any shortcomings found in the systems for the management and control of the programme; issuing an opinion, on the basis of the controls and audits that have been carried out under its responsibility, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular;
- submitting to the Commission at the latest by 31 December of the fifth year following the last budgetary commitment a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of



expenditure, which shall be supported by a final control report. This closure declaration shall be based on all the audit work carried out by or under the responsibility of the audit authority;

- ensuring that the audit work takes account of internationally accepted audit standards;
- where the audits and controls referred to in first two bullets are carried out by a body other than the audit authority, the audit authority shall ensure that such bodies have the necessary functional independence professional proficiency to perform the tasks according the international accepted audit standards and the relevant EU and Bulgarian legislation;
- giving the reasons and estimating the scale of the problem and its financial impact in the case described in Article 105 (4);
- designating the Bulgarian experts in the group of auditors and carrying out training of all members of the group;
- an audit strategy for the whole programming period will be elaborated by the AA;
- preparing compliance assessment report on the management and control systems.

### **Group of Auditors**

In compliance with Article 102(2) of Commission Regulation 718/2007 of 12 June 2007, a Group of auditors will be set up to assist the AA in carrying out the duties provided for in Article 105 of Commission Regulation 718/2007. The group of auditors will be set up within three months of the decision approving the cross-border programme. It shall draw up its own rules of procedure. This group will be chaired by the AA and shall comprise equal number (at least two) representatives of each country participating in the programme.

The Group of auditors will provide any necessary information to the AA in relation with developing and implementing the Audit Strategy, the method to be used, the sampling method for audits on operations and the indicative planning of audits. The Group of auditors' representatives has to be independent of the Joint Monitoring Committee members and the controllers designated.

The systems audits and audits on operations on Bulgaria - Serbia IPA Cross-border Programme will be carried out by representatives of the AA with, where necessary, assistance from representatives from a competent authority in the Republic of Serbia.

The audits addressed in Article 107 of Regulation 718/2007 shall be carried out each twelve-month period from 1 July 2008 on a sample of operations selected by a random statistical sampling method. This method is approved by the Audit Authority.

### **Controllers**

*Legal provision for the establishment and operation of the Control System:*

**COMMISSION REGULATION** (EC) No 718/2007 of 12 of June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)

*Article 108 – Control system*

In order to validate the expenditure Bulgaria and Serbia will set up a control system making it possible to verify:

- the delivery of the products and services;
- the soundness of the expenditure declared for operations or parts of operations implemented on its territory;
- the compliance of such expenditure, related operations, as well as tendering procedures with Community rules and its national rules;
- the compliance of such expenditure, related operations, or parts of operations to the eligible costs given in the application.



For this purpose each country will designate controllers responsible for verifying the legality and regularity of the expenditure declared by each beneficiary participating in the operation. After a selection procedure carried out according to the respective national legislation of the two countries, JMC approves a list of controllers (LC). They will be contracted as physical persons by MA (framework agreement and contract). Depending on the number of contracts and control needs maximum 3-4 controllers per country from the LC will be used.

Where the verification of the delivery of the products and services co-financed can be carried out only in respect of the entire operation, such verification shall be performed in accordance with Article 108 (1) of Commission Regulation (EC) No. 718/2007 of 12 June 2007.

Expenditure will be validated by the controllers within a period maximum of three months from the date of its submission by the lead beneficiary to the controllers.

## 9.2. Generation, application and selection of operations

### *Lead beneficiary/partner*

The responsibilities of the lead beneficiary and the other beneficiaries are in compliance with Article 96 of the IPA Implementing Regulation.

The final beneficiaries of an operation shall appoint a lead beneficiary among themselves prior to the submission of the proposal for the operation. The lead beneficiary assumes the following responsibilities:

- lays down the arrangements for its relations with the partners participating in the operation in an agreement comprising, inter alia, provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;
- is responsible for ensuring the implementation of the entire operation;
- is responsible for transferring the relevant budget amount to the partners participating in the operation according to the partnership agreement and certified costs;
- ensures that the expenditure presented by the partners participating in the operation has been paid for the purpose of implementing the operation and corresponds to the activities agreed between the partners participating in the operation;
- verifies that the expenditure presented by the partners participating in the operation has been validated by the controllers referred to in Article 108 of IPA Implementing Regulation;
- collects the information from the project partners, cross-checks the certified activities with the progress of the project and submits the reports to the JTS;
- signs the agreement for implementation of the operation with MA;
- informs JTS about project modifications.

### *Other beneficiaries/partners*

Each partner participating in the operation needs to:

- assumes responsibility for irregularities in the expenditure which it has declared;
- repays the lead beneficiary the amounts unduly paid in accordance with the agreement existing between them;
- sends the statement of costs and content report to the lead partner for the first level control;
- submits the certification of costs and information to the lead beneficiary.

### *Project generation/preparation*

Potential beneficiaries will be adequately informed on the programme objectives and priorities for support, the prerequisites for obtaining funds and the individual procedures



to be followed. Active public relations work will be provided by JTS in agreement with the MA. JTS will also provide technical support to potential beneficiaries during project generation and preparation including a partner search facility.

The following indicative actions will be implemented in order to ensure that the local population will be actively involved in the Programme:

- seminars with potential applicants, presenting them all issues concerning the IPA CBC programme (priority axes, indicative actions, project application and implementation cycle, project ideas, best practice from the previous programme etc.);
- thematic workshops addressed specifically to those potential beneficiaries with an interest in the respective fields;
- setting up of a programme website;
- permanent contact of Joint Technical Secretariat and Branch JTS with potential applicants to answer technical questions such as: eligibility of projects, selection criteria, budgetary aspects etc.;
- cooperation with Municipalities, District Administrations, Regional Development Agencies and other relevant bodies from the eligible area regarding the distribution of information on the IPA CBC Programme;

All the pro-active measures will be brought to the attention of the broad public with a special emphasis on local press due to its impact at local level.

### **Application**

Calls for proposals will be launched by the JTS. Applications for funding shall include at least two beneficiaries (one from each partnering country) with residences in the programme area. These beneficiaries shall cooperate in at least one of the following ways for each operation: joint development, joint implementation, joint staffing and joint financing. Full application packages and other necessary supporting documents according to the guidelines for the different Calls for proposals will be submitted to the JTS Main office or its Branch office. Official language for the application will be English with summaries in the official languages of both countries.

### **Project assessment**

#### **Assessors**

Since the JTS will be responsible only for the administrative and eligibility check of project proposals, for the needs of technical (quality) evaluation of proposals, external assessors will be used.. It is foreseen the external assessors to have an in-depth knowledge and extensive experience on the issues covered by the Bulgaria - Serbia IPA Cross-border Programme. Depending on the Call for proposals equal number of assessors from the two countries will be hired by the MA to carry out the technical evaluation.

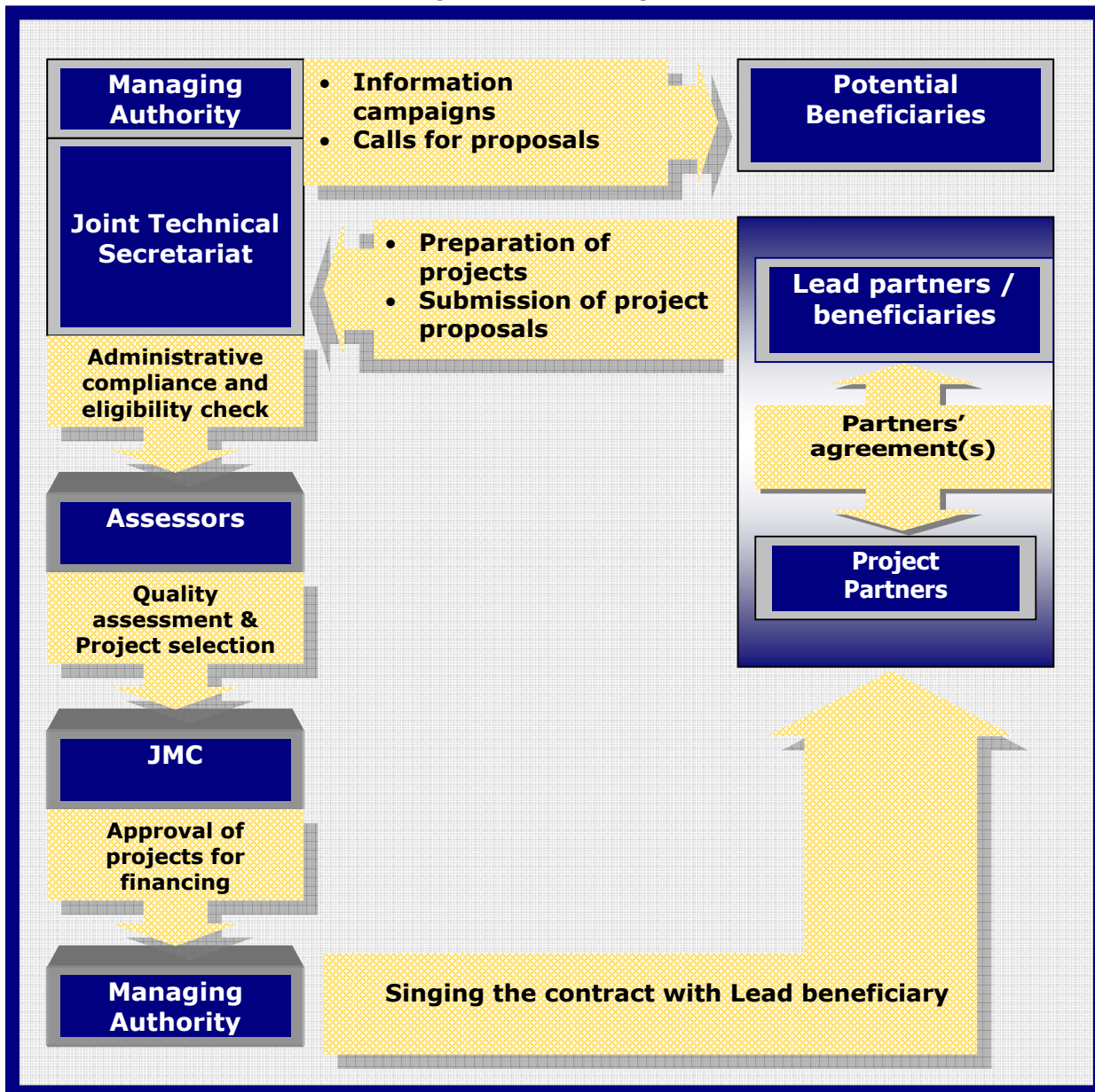
#### **Assessment process**

All projects will be assessed according to the evaluation criteria previously approved by JMC. Assessment will be carried out in three steps:

- First, opening session carried out by the JTS. Basic information on each submitted project and its beneficiaries will be recorded in an electronic registration system.
- Second, administrative compliance and eligibility check carried out by the JTS.
- Third, technical/quality assessment carried out by independent assessors from both Bulgaria and Serbia appointed by the MA.

The assessment process will be organized and secretarially supported by JTS. The results of all assessment steps will be summarized in the form of a report and presented to the JMC for a decision.

Project selection cycle



**Project selection and approval**

The JMC will decide on the approval of projects and the amount of programme's financial contribution to each operation. Following that, each Lead beneficiary will be informed with an official letter about approval/rejection of their project. For the approved projects this letter will also provide information on the next steps. Detailed rules on decision making will be included in the rules of procedure of the Monitoring Committee.

**Contracting**

Based on the formal projects approval by the Joint Monitoring Committee, the Managing Authority concludes a subsidy contracts with the Lead beneficiaries. Contracts with the lead beneficiaries will be prepared by JTS based on a standard subsidy contract template form and annexes approved by the Joint Monitoring Committee. Implementation of the projects may start only after the contracts are signed by both - the MA and the lead beneficiary



### **Project modifications**

The lead beneficiary shall inform the JTS in written form about any changes made to the original project application. All the requested modifications will be assessed following the rules for project modifications previously developed and approved by the JMC. Depending on the content of modification, it may require approval either by MA or JMC respectively. Approval of the modifications will be recorded either in the letter of approval or may require change to the contract in the form of addendum.

## **9.3. Financial management and control**

### **First level control and payments**

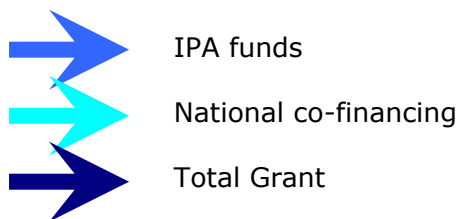
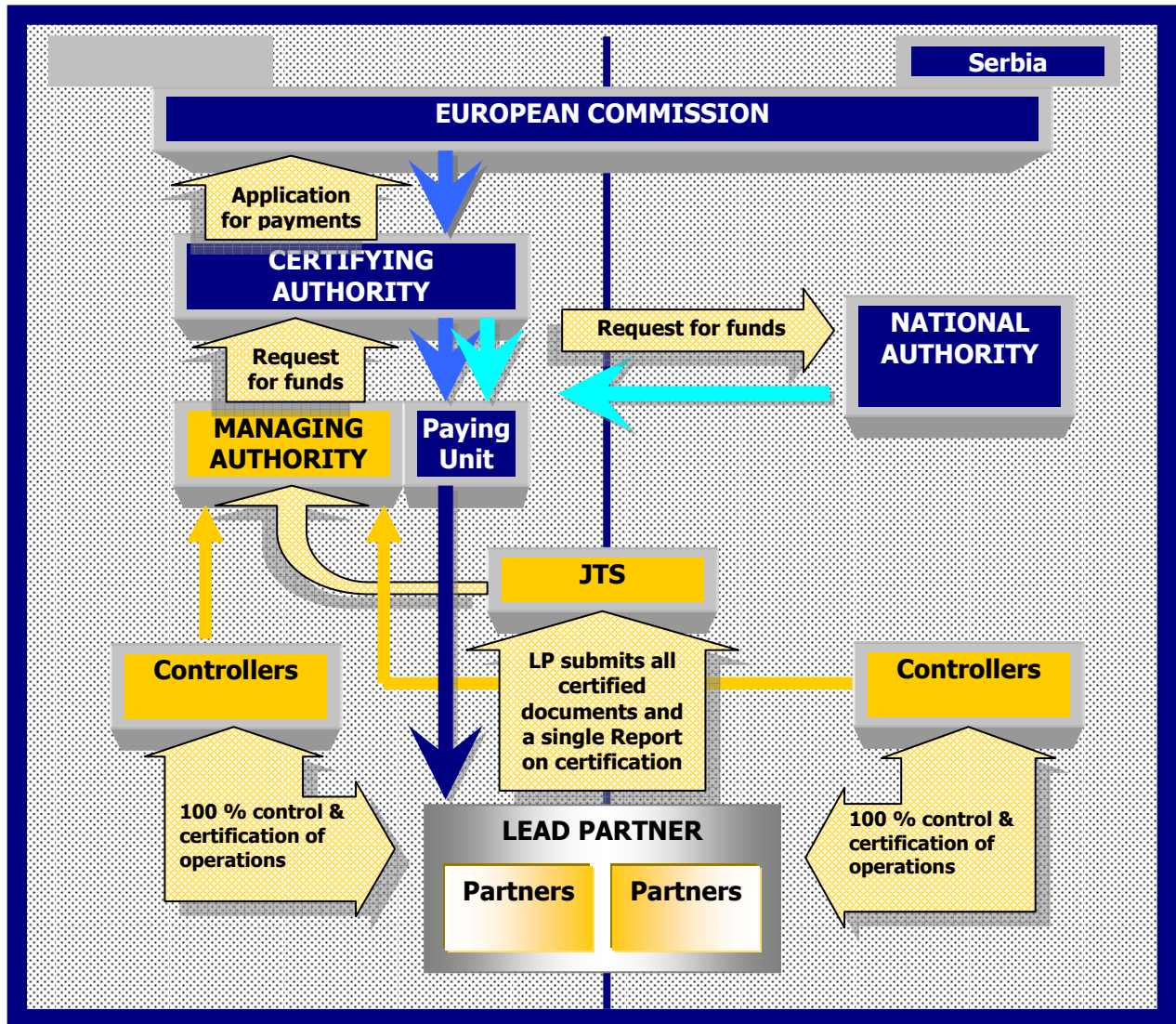
The first level control and payments are carried out in the following steps:

- once works are contracted and/or services are provided, invoices are issued by the contractor or supplier and submitted to the Beneficiary. After delivery of goods or services the Beneficiary carries out verification and pays the invoices with its own resources/pre-financing (up to 20 % of the total project costs) received from the Paying unit at Managing Authority;
- all project partners under the coordination of the Lead beneficiary provide to the respective controllers all documents and information necessary for the verification and certification of the delivery of the products and services, the soundness of the expenditure declared for operations implemented;
- the controllers provide a 100 % control and verify the delivery of the products and services; the soundness of the expenditure declared for operations implemented on his territory; the compliance of such expenditure, related operations, as well as tendering procedures with Community rules and when relevant with its national rules and the compliance of such expenditure, related operations and part of operations to the eligible costs given in the application;
- the controllers submit to the Lead beneficiary/Project partner and copy to the MA/JTS a Report on certification;
- the Lead beneficiary compiles all verification issued by controllers from project partner/s, prepares a single report containing all verifications on the delivery of goods or services together with the paid invoices and submits the report to the JTS on a quarterly bases;
- the JTS cross checks all Reports on certification according to the "four eyes principle", compiles them and on a quarterly basis submits a Report on certification on priority level to the MA;
- MA ensures the aggregation of information on expenditures and submits to the CA on a monthly basis a report on certification and statement of expenditures. On a quarterly basis a request for funds is sent by the MA to the CA;
- the Certifying Authority is responsible for drawing up and submitting statement of expenditure and applications for payment as well as receiving funds from the Commission;
- National Authority in the Republic of Serbia ensures that the national co-financing is transferred to the Paying unit at the MRDPW in a timely and proper manner;
- The CA transfers funds to the Paying unit at the MRDPW;
- the Paying unit at the MRDPW transfers funds to the Lead beneficiary;
- Lead beneficiary transfers the corresponding funds to the project beneficiaries;





Control and financial flows



**Auditing**

The "Audit of EU Funds" Directorate (AEUFD) at the Bulgarian Ministry of Finance intends to rely on work carried out by the Internal Audit Unit (IAU) within MRDPW, where the latter has carried out systems audits or audits on operations on the Bulgaria - Serbia IPA Cross-border programme. The results of such audits will be used by AEUFD only where it has positively assessed the quality of the related audit work carried out by the Internal Audit Unit (IAU) within MRDPW.

AEUFD remains responsible for issuing the Annual Control Report, the Audit Opinion and the Closure Declaration which should be submitted to the EC in accordance with Art. 105 of Regulation 718/2007. This responsibility does not change as a result of using the work of the IAU within MRDPW.



Internal Audit Unit (IAU) within the Ministry of Regional Development and Public Works implements the functions of internal audit of all structures, activities and processes carried out by the ministry, including structures managing the EU funds (the Managing Authority of the Bulgaria - Serbia IPA Cross-border Programme) and the lower budget level spending units. The unit is subordinated and reports directly to the minister. The functions of this unit are in compliance with the Law on Internal Audit in the Public Sector. The Internal Audit Unit will carry out the internal audits for the purposes of Bulgaria - Serbia IPA Cross-border Programme in accordance with the international accepted standards for internal audit.

### **Irregularities**

The Managing Authority will report to the responsible national body (Anti-fraud Co-ordination structure – AFCOS) and OLAF without delay all suspected and/or actual cases of fraud and/or irregularity as well as measures related thereto undertaken by the Head of the MA. On a quarterly basis the Head of the MA should report to the responsible national body (Anti-fraud Co-ordination structure – AFCOS) on the follow up of the already reported cases of suspected and/ or detected irregularity / fraud.

National Authority within the Ministry of Finance of the Republic of Serbia is responsible for reimbursement to the CA the amounts unduly paid to Lead beneficiaries/ beneficiaries from the Republic of Serbia as described in Article 114 (2) of Commission Regulation (EC) No. 718/2007 of 12 June 2007.

## **9.4 Monitoring**

The Managing Authority and the Joint Monitoring Committee will ensure the quality of the implementation of the programme in accordance with the principle of sound financial management. The Joint Monitoring Committee will observe the monitoring of the Programme implementation and ensure the achievement of the Programme objectives through a rational use of the allocated resources. Monitoring will be carried out by reference to the indicators specified in Chapter 8.

The tools used for the monitoring and evaluations of the programme are:

- Annual report and final report on implementation, as set up in Article 112 of the IPA Implementing Regulation; The annual reports will be drafted by the Joint Technical Secretariat, verified by the Managing Authority and approved by the Joint Monitoring Committee before submitting them to the Commission;
- Annual examination of programme, according to Article 113 of the IPA Implementing Regulation

Lead Partners will submit a progress report on a regular basis. These reports will be the main source to monitor implementation of project operations.

The JTS on behalf of Managing Authority will provide all relevant information to the Joint Monitoring Committee to ensure proper implementation of the programme. For monitoring of progress, the JTS will regularly provide a report on the progress of the operations, commitments and payments.

### **Computerized exchange of data at EC level**

Electronic data exchange between the Commission and the programme management structures is a requirement according to Article 111 of the IPA Implementing Regulation.

The Managing Authority is responsible for the setting up of a system to gather reliable financial and statistical information on implementation for the monitoring indicators and for evaluation and forwarding these data in accordance with arrangements agreed between the partner states and the Commission using computer systems permitting the exchange of data with the Commission.

After having set up the Monitoring and Information System for the programme (MIS), in co-ordination with SFC 2007 (Structural Funds Common database), an efficient way of data exchange will be established. The Managing Authority will ensure that all data related



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to Bulgaria - Serbia IPA Cross-border Programme is entered in MIS and that all reports submitted are based and/or identical with the information in that system.



## 10. EVALUATION

The aim of the evaluation is to improve the quality, effectiveness and consistency of the use of assistance, the strategy and the implementation of the programme. Evaluations are closely linked to the monitoring of the programme. Evaluations will be carried out in accordance with Article 109 of the IPA Implementing Regulation.

### 10.1. Ex-ante evaluation

In accordance with Article 109(2) of the IPA Implementing Regulation, an ex-ante evaluation was carried out by IBM, Belgium, in association with Sogerom, BB&T, Incom Ltd, PlaNet Finance.

The ex-ante evaluation team participated in: Programme preparation procedures and meetings, SWOT evaluation meeting, the two implemented training workshops, focus-meeting on SEA methodology, results and recommendations, focus meeting on indicators and targets quantification and other issues, such as development of monitoring-implementation procedures, selection criteria, leading-partnership principles and their implementation etc. This fact is an example of interactive and parallel process of drafting the Programme and its ex-ante evaluation.

The Ex-ante Evaluation is annexed to the Bulgaria - Serbia IPA Cross-border Programme. (Annex 1)

Ex-ante Evaluation report offers the main conclusions from the ex-ante evaluation process, provides an overview of the changes and programme development during the ex-ante evaluation process from September 2006 until December 2006 and provides the conclusions and recommendations of the evaluation team, based on the evaluation results. The Final Ex-ante Evaluation Report is based on the draft Programme dated May 2007, with previous ex-ante comments prepared on the basis of draft dated November 2006.

**The overall assessment of the programme is positive.** The document has a clearly defined and well-elaborated structure, covering almost all requirements of relevant EU regulations and guidelines. The evaluated version of the programme strategy reflects the results and needs identified by the analysis of the programming area. The strategy follows the Community Strategic Guidelines 2007 – 2013 priorities – especially in the area of improving of the attractiveness of the region and further developing of the human resources.

The ex-ante team provided number of recommendations regarding the analytical part of the programme. Considering the outputs and findings from the analytical part the ex-ante team suggested modification of the strategy which proposal had been reflected within the May version of the programme.

In general, the main objective of the ex-ante evaluation was to improve and strengthen the final quality of programme assessed. The results, recommendations and conclusions of the ex-ante evaluation were discussed during programme preparation and most of the proposals of the ex-ante team have been integrated in the final version of the programme.



Summary of key recommendations of Ex-ante evaluation:

	Recommendations	Comments
For SWOT	It's recommended that the scope of SWOT analysis to be narrowed down in order to focus it on issues which are to be subject of Programme strategy.	Accepted where reasonable
For Chapter 7 Correspondence	It is recommended shortening this chapter especially in description of each document and programmes' components.  To provide actualization and condensation of respective parts of the programming documents	Accepted
For Internal coherence	It's recommended rewording the specific objectives, including links between the specific objectives	Accepted where reasonable
For the Overall Strategy	To modify the strategy using the proposal of the ex-ante team and considering the comments from the European Commission	Accepted where reasonable
For implementation structure	To integrate comments specified in the field of implementation structure and programme realization,	Accepted where reasonable
	It is recommended providing information on the language in what the reports and documents will be submitted by the Beneficiaries.	Accepted
For the Financial Allocation	To provide information for the total allocation proposed by the Programme	Present budget table covers 3 year period. Recommendation may be taken into account when allocation after 2010 is prepared.
For Indicators	It's recommended enlarging the description of indicators used and to state a baseline and an explanation of the respective measurement method, and source of information.	NA The measurement methods, and sources of information will be specified in the Internal Programming Document
For Evaluation and Monitoring arrangements	It is recommended that a description of the arrangements for a proper monitoring and evaluation of the programme to be integrated into the programming document	Accepted
For Publicity and Information	It is recommended that the description of information and publicity measures to be integrated into the of the programming document	Accepted



## 10.2. Strategic environmental assessment

The SEA has been produced in accordance with the requirements of Directive 2001/42/EC of the European Parliament on the Assessment of the Effects on the Environment from the Implementation of Plans and Programmes dated June 2001, and the Regulation on the Conditions and Order of Carrying Out of Environmental Assessments of such Plans and Programmes (Official Gazette 03/2006)

The Strategic Environmental Assessment is annexed to the Bulgaria - Serbia IPA Cross-border Programme. (Annex 2)

### 10.2.1. Non-technical summary of the SEA report

The SEA is focused on an evaluation of the analysis of the current environmental status and on identifying the needs, including an assessment of the likely evolution of trends without implementation of the programme. The SEA examines the coherence of the strategy of the programme with regard to other national plans, strategies and operational programmes. The SEA attempts an appraisal of the anticipated environmental impacts by the programme, with reference to its objectives, priority axes and measures, and proposes measures for mitigation of the negative impacts on the environment and gives recommendations for qualitative improvement of the Bulgaria - Serbia IPA Cross-border Programme

The SEA methodology used for this assessment fully incorporated the requirements of the SEA Directive, methodological recommendations contained in the Handbook on SEA for Cohesion Policy 2007-2013 and the national SEA requirements in Bulgaria

The SEA of the Programme was carried out in parallel with the development of the programme, and multiple meetings and discussions with the planning team were held in the course of the assessment. The consultations with the bodies in charge of the preparation of the Programme and the participation of the public were conducted in the process of formulation of the SEA scope and of the SEA Report.

Considering the activities included in the Bulgaria - Serbia IPA Cross-border Programme and comments received during the scoping stage from the Ministry of Environment and Waters and other bodies, the description of the current state of the environment and its likely evolution has been prepared for following issues:

- climate change;
- air;
- water;
- soil;
- biodiversity and landscape;
- human health;
- waste management;
- energy management;
- cultural heritage;
- sustainable transport;
- sustainable tourism.

The SEA was developed in the period September 2006 – May 2007 closely following the whole programming process. The following steps in elaboration of the SEA can be outlined along with the development of the programme itself:





Programming steps	Timeline	Corresponding SEA steps
Workshop on the elaboration of the SWOT analysis with the participation of stakeholders at regional and local level in Bulgaria and Serbia.	25 September	The Ex-ante and SEA team leader took part in the meeting and gave his written comments on SWOT analysis and draft priorities afterwards.
Determine objectives of the programme and the main needs of the cooperation area it should address. Programme draft version of October 2006 has been sent to all JPC members and Ex-ante and SEA team for comments.	11 October – 17 October 2007	The comments on the SWOT and draft priorities have been taken into account and incorporated in the draft Bulgaria - Serbia IPA Cross-border Programme
Joint Programming Committee Meeting - approval of the SWOT analysis by both sides and discussion on the strategy (in terms of objectives and priority axes) and management and implementations arrangements.	17 October 2007 – 20. October 2006, Niš, Serbia	The Ex-ante and SEA team members took part in the meeting and gave their written comments on SWOT analysis and draft priorities afterwards - "Some Rules for creating an OP and ex ante evaluation approach".
Programme draft version of 6 November 2006 has been sent to all JPC members for comments.	20. October 2006 – 13 November 2006	The comments on the SWOT and draft priorities have been taken into account and incorporated in the draft programme version of 6 November 2006. On 13 November 2006 Bulgarian Ministry of Environment and Waters informs with an official letter about the requirements regarding SEA.
Joint Programming Committee Meeting - approval of the SWOT analysis by both sides and discussion on the strategy (in terms of objectives and priority axes) and management and implementations arrangements.	14 November 2006 Belgrade, Serbia	Determine environmental issues, objectives and characteristics that should be considered during the SEA process. Bulgarian MRDPW consults the partners from the Serbian MF about necessary steps in elaboration of SEA.
Workshop 1 under Ex-ante and SEA contract - Training for Future Managing Structures in Bulgaria with a Specific Focus on Indicators and Implementation Management Issues for Cross-border Programmes of 2007 – 2013	28 November 2006 Sofia, Bulgaria	On 29 November 2006_a scoping report was sent to the Bulgarian MOEW for statement on the scope, structure and content of the SEA The Ex-ante and SEA team consulted and received comments from respective Serbian environmental authorities on the content of the SEA report
Workshop 2 under Ex-ante and SEA contract - Training for Local Authorities and Stakeholders Workshop in Instrument for Pre-accession Assistance (IPA) General provisions and components; new principles for cross-border co-operation, Lead Beneficiary principle	29 November 2006 Sofia, Bulgaria	
Joint Task Force Meeting to further discuss the draft programme; procedures and timeline for public consultations.	20 February 2007 Niš, Serbia	Statement of Bulgarian MOEW on the structure scope and content of SEA (of 24 January 2007)  SEA suggestions have been taken into account in the programming document.
Programme draft version of May	21 May 2007.	Final SEA Report has been



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2006 has been sent to all JPC members for comments.		presented. SEA suggestions have been taken into account in the programming document.
Joint Programming Committee Meeting - approval of the SWOT analysis by both sides and discussion on the strategy (in terms of objectives and priority axes) and discussion of the proposed new management and implementing structures implementations arrangements of the programme.	22 May 2007 Sofia, Bulgaria	SEA public consultation procedure has been discussed.
Consultation with environmental authorities and public consultations on SEA and draft strategy of the Programme in Bulgaria and Serbia started at the same time in compliance with all requirements of national legislations of the two countries. Republic of Serbia as potential candidate country is not obliged to adopt neither to fully implement SEA Directive. Nevertheless, Serbian Environmental Authority - Ministry for Environmental Protection was involved in SEA process, and acted according to national Law on SEA.	08 June 2007 – 28 June 2007	The SEA report of 21 May 2007, the non-technical summary of the SEA report and a summary of the programme was translated into Bulgarian language and published in the Internet on <a href="http://www.mrrb.government.bg">www.mrrb.government.bg</a> . Statements on SEA report have come from Bulgarian - municipalities of Svoge, Ihtiman , Kula, Gramada, Pirdop, Botevgrad, District of Vidin and from West Aegean Basin Directorate, at the Bulgarian MOEW SEA Report was translated in Serbian language and sent to the Ministry for Environmental Protection and regional stakeholders: Municipality of Pirot, Regional Chamber of Commerce Niš, City of Niš and Municipality of Zaječar. Regarding the public consultations, National Authority, - Serbian Ministry of Finance put all relevant documents on programme website, and sent documents to all interested parties on their request. According to the Serbian national SEA Law the documents have been available for 20 days, No relevant comments on SEA report on Serbian side have been received, and SEA is considered accepted by the National Authority, Ministry of Finance
All comments and the Ex-ante and SEA suggestions incorporated in the final draft of Bulgaria - Serbia IPA Cross-border Programme before the JPC approval of the programme.	15 October 2007	Take into account SEA report and the results of public consultations

### Specific Conclusions and Recommendations

The basic framework for assessing the single parts of the Bulgaria - Serbia IPA Cross-border Programme consists of a set of the relevant environmental objectives, which have been proposed for the environmental issues, as they were specified during the scoping stage of SEA.

With regard to the overall objective: It is proposed the overall objective to be modified as follows *"To strengthen territorial cohesion of the Bulgarian – Serbian cross-border region,*



its competitiveness and sustainability of its development through enhancing **co-operation in the economic, social and environmental area**, over the administrative borders." This wording introduces an environmental issue into the overall objectives, since the activities regarding the environmental protection are planned further in the programme.

With regard to the specific objectives: It is suggested the specific objectives to be reformulated as follows:

Specific objective 1: "To bolster the infrastructure enabling **social and economic development and improvement of the environment** on both sides of the border through improving access to transport, information and communication services, and cross-border systems for utilities and environmental **protection**."

Specific objective 2: To increase economic synergy in the region and improve the capacity to jointly make use of common regional potential for improving regional well being, through developing policy and social networks, a sound framework for (cross-border) business support, collaborations in particular sectors such as culture, tourism, research and development, **environmental protection** and education, an active exchange of best practices, and joint regional planning and the preparation of the region's economic sector for participation in the joint EU market.

Specific objective 3: To promote the principles **of sustainable development of the cross-border region in all matters pertaining to increased mutual understanding and respect**, through developing successful models of cooperation, on the business, local stakeholder and policy levels in key priority areas.

With regard to the priority axis 1: It is suggested the priority objective to be reformulated as follows: ""The objective of the priority axis is development of steadfast partnership cooperation within the range of improvement of the cross border infrastructure condition oriented towards spatial integration, **better quality of the environment**, better accessibility, more favourable business environment for new business activities and attractiveness for inhabitants and investors".

**Summary of the relevant recommendations**

The following table summarizes the recommendations derived by the analysis to the identified **Relevant environmental objectives** regarding possible environmental impact at strategic level of the entire programme.

Priority axis Measure	SEA recommendations	Comments
<b>Priority axis 1</b> <b>Measure 1.1:</b> Physical and information infrastructure	If the adverse effects to the protected areas (including Natura 2000 sites) will be identified the appropriate evaluation has to be carried out on the project level including the involvement of the authorities responsible for the nature protection.	Accepted
<b>Measure 1.2:</b> Infrastructure concerning environmental issues	Since the measure is directly focused on the environmental infrastructure and related project, the significant positive effects might be expected. To minimize likely adverse effects these should be assessed in detail by EIA on the projects level (if applicable) specifically focused on this issue. If the adverse effects to the protected areas (including Natura 2000 sites) will be identified the appropriate evaluation has to be carried out on the project level including the involvement of the authorities responsible for the nature protection.	Accepted
<b>Measure 1.3:</b> Assistance for project preparation	EIA process can contribute to the higher public awareness of the environmental issues.	Accepted



<p><b>Priority axis 2</b></p> <p><b>Measure 2.1:</b> Links and networking on the institutional, business and educational levels</p>	<p>To further strengthen potential for indirect positive effects the involvement of the relevant key stakeholders in the environmental planning shall be ensured – i.e. authorities responsible for environmental (including nature) and health protection, NGOs, inhabitants of the respective territory etc.</p>	<p>Accepted</p>
<p><b>Measure 2.2:</b> Sustainable development through efficient utilization of regional resources</p>	<p>It’s necessary to ensure the potentially negative adverse effects of the tourism development (especially in the protected areas) are appropriately assessed on the project level.</p>	<p>Accepted</p>
<p><b>Measure 2.3:</b> People to people actions</p>	<p>To further strengthen the positive effects of the implementation of this measure the involvement of the relevant key stakeholders shall be ensured – i.e. authorities responsible for environmental (including nature) and health protection, NGOs, inhabitants of the respective territory etc.</p>	<p>Accepted</p>

**Required Measures and Environmental Indicators with Regard to Monitoring of the Programme**

**System of monitoring the environmental effects on the programme level**

The system for environmental monitoring proposed by SEA takes into consideration the fact that during monitoring of environmental indicators on national or regional level, it is impossible to distinguish the environmental impacts of the Bulgaria - Serbia IPA Cross-border Programme from impacts of other activities /interventions (e.g. projects financed from sources other than the cross-border programme).

The proposed monitoring system is based on the relevant environmental objectives specified in SEA. The environmental impacts of the Bulgaria - Serbia IPA Cross-border Programme implementation should be monitored through the extent to which these objectives would be influenced. In order to monitor the extent of the effects that the programme has on the environment, it was proposed environmental indicators for each of the relevant environmental objectives. The proposed environmental indicators have to be incorporated into the overall system of monitoring the programme. This monitoring should be carried out during the whole programming period and the results should be published regularly, ideally in electronic form (Internet).

**System for environmental evaluation of the projects.**

For the monitoring of the environmental effects of the single projects it is proposed environmental criteria to be included into the system of evaluating and selecting the projects. It’s supposed the environmental indicators corresponding with the environmental criteria to be used. Indicators have to be selectively (selected in consultations with the relevant Environmental Authority) applied to projects or to the overall programme. The aggregation of data from the monitoring on the project level will enable to estimate the overall environmental effects of the entire programme.

**General recommendations of the SEA concerning monitoring and control** during implementation of the Cross-Border Cooperation Programme “Bulgaria – Serbia” are listed in the table below:



<b>SEA recommendations</b>	<b>Required activities</b>	<b>Comments</b>
To incorporate the environmental indicators into the overall system of monitoring on the Bulgaria - Serbia IPA Cross-border Programme implementation impacts;	Monitoring of environmental indicators on the programme level (on the basis of aggregation of data from the project level); Modifications of environmental indicators and criteria with respect to the character of the projects submitted.	Accepted
To connect the monitoring system to the system of evaluating and selecting the projects, using environmental criteria, and the project monitoring;	Evaluation of the projects submitted using environmental criteria (selected for specific projects); Monitoring of the project's environmental impacts using the environmental indicators (selected for specific projects – in accordance with environmental criteria used); Examination of the monitoring results, i.e. revision of changes in environmental indicators; Initiation of respective steps in case negative environmental impacts from the programme was found.	Accepted
To publish the results of monitoring regularly (at least once a year);	Publishing of the results of monitoring	Accepted
To ensure sufficient personnel and professional capacities for environmental areas within the Bulgaria - Serbia IPA Cross-border Programme monitoring;	Providing environmental consulting to people working in the Bulgaria - Serbia IPA Cross-border Programme implementation structure, i.e. especially to the members of evaluation and selection commissions	Accepted
To involve the Ministry of Environment and Water into the discussion about the overall system of monitoring and especially the way of incorporating environmental issues into the overall system before it is launched;	Communication with the respective SEA authority (the Ministry of Environment and Water) and nature conservancy bodies as well as other authorities working in environmental protection	Accepted
To ensure that the applicants are informed sufficiently about environmental issues and about possible links of the draft projects to the environment	Providing advisory services to entities submitting projects in the environmental field; Providing information on environmental issues related to the Bulgaria - Serbia IPA Cross-border Programme to all parties interested	Accepted

**Overall Conclusions and Recommendations of SEA on the Programme**

Under Bulgaria - Serbia IPA Cross-border Programme have been identified measures for increasing positive and reducing negative effects on the environment of implementation of the programme activities. It should be ensured that any possible negative impacts on potential Natura 2000 sites as well as other protected areas should be assessed and mitigation measures proposed through EIAs (when applicable).



It is recommended that the measures as well as the environmental project evaluation and selection system are fully integrated in the implementation system of the programme.

All recommendations of SEA report have been taken into account in elaboration of the final draft of the Programme.

**10.2.2. Information on the public consultation process**

Public consultations have been carried out according to the requirements of the national law of Bulgaria and the Republic of Serbia. Public consultations on the SEA report included:

- announcement on the web-site of the MRDPW for conducting public consultations, containing following information: bodies responsible for implementation of the programme, place and time for access to the Bulgaria - Serbia IPA Cross-border Programme and SEA report, deadline for comments (14 days according Bulgarian legislation), way of submission of comments - via mail on paper or (but not only) via e-mail or other electronic devices;
- official letter to the environmental authorities at central and NUTS III level, to the mayors and municipal councils of all eligible municipalities in the CBC area;
- announcement on notice board at the MRDPW (Bulgaria);
- the necessary technical possibility and experts available for consultation were provided.

The following table shows the results of the public consultations:

<b>Institution</b>	<b>Statement/Recommendation</b>	<b>Comments</b>
West Aegean Basin Directorate, Blagoevgrad, directorate at the Bulgarian MOEW	Comments on the Programme Strategy: The main priorities of the programme are in line with the priorities for sustainable management of waters. In that respect it is recommends Basin Directorates to be included in the main target groups of the programme priorities	Accepted
	Comments on the SEA report: In 2009 the Programme to be consulted again with the Management Plan of River Flows in West Aegean Basin 2009 – 2015	Accepted
Municipality of Svoge	Fully accepts the strategy of the programme and supports the recommendations made in the SEA report.	Accepted
Municipality of Ihtiman	Accepts the strategy of the programme and agrees with the conclusions of the SEA report.	Accepted
Municipality of Kula	Fully accepts the strategy of the programme and agrees with the conclusions of the SEA report.	Accepted
Municipality of Pirdop	Accepts the strategy of the programme and agrees with the conclusions of the SEA report.	Accepted
Municipality of Gramada	Accepts the strategy of the programme and agrees with the conclusions of the SEA report.	Accepted
Municipality of Botevgrad	Accepts the strategy of the programme and agrees with the conclusions of the SEA report.	Accepted
District governor of Vidin District	Fully accepts the strategy of the programme and agrees with the conclusions of the SEA report.	Accepted

Comments and advices of potential stakeholders, including all local and regional authorities and partners have been incorporated in the programme. Preparation of the Bulgaria - Serbia IPA Cross-border programme has taken into account comments and main findings of ex-ante evaluation and the strategic environmental assessment that have been incorporated in the document, as well. Programme preparation process ensures transparency and open access to the relevant information.





### **10.2.3. Description of the measures decided concerning monitoring** (in accordance with Art. 9(1)c and Art.10 of the SEA Directive 2001/42/EC)

A quality and effective system of monitoring and evaluating of the environmental impacts of the Programme implementation will contribute not only to preventing the programme's possible negative environmental impacts, but it will also help to enhance its positive effects, not only in terms of the environment, but also in terms of a higher quality of the projects submitted.

In order to ensure monitoring of environmental impact the following measures will be taken:

- To incorporate the environmental guiding questions / indicators into the overall system of monitoring the programme implementation impacts
- To connect the monitoring system to the system of evaluating and selecting the projects and also for further project monitoring;
- To link monitoring of the programme to monitoring of the single projects;
- To publish the results of monitoring;
- To ensure sufficient personnel and professional capacities for environmental areas within the programme monitoring;
- To involve the Ministry of Environment and Waters into the discussion about the overall system of monitoring and especially the way of incorporating environmental issues into the overall system before it is launched;
- To ensure that the applicants are informed sufficiently about environmental issues and about possible links of the draft projects to the environment;
- To invite environmental organizations to take part in the Joint monitoring committee established for the programme.

The whole monitoring system includes the following activities:

- Monitoring of environmental guiding questions / indicators with special attention to those related to NATURA 2000 Network;
- Examination of the monitoring results, i.e. revision of changes in environmental indicators;
- Initiation of respective steps in case the programme negative environmental impacts were found;
- Publishing of the results of monitoring;
- Selection and modifications of environmental guiding questions / indicators with respect to the character of the projects submitted;
- Communication with the respective assessment authority (Ministry of Environment and Waters) and other authorities working in environmental protection
- Providing environmental consulting to people working in the programme implementation structure, i.e. especially to the assessors;
- Providing advisory services to applicants submitting projects in the environmental field
- Providing information on environmental issues related to the programme to all parties interested

The above mentioned activities will ensure a quality and effective system to monitor environmental effects of the programme implementation.

### **10.2.4. Statement summarizing how the environmental considerations and the opinions expressed has been taken into account** (in accordance with Art. 9(1)b of the SEA Directive 2001/42/EC)



Organisation	Comment/Recommendation	How the comment/recommendation have been integrated into the Programme
SEA Evaluators	With regard to the overall objective: It is proposed the overall objective to be modified as follows "To strengthen territorial cohesion of the Bulgarian – Serbian cross-border region, its competitiveness and sustainability of its development through enhancing co-operation in the economic, social and environmental area, over the administrative borders."	The overall objective has been modified.
	It is suggested the specific and priority objectives to be reformulated	The specific and priority objectives have been modified according the recommendations.
	Concerning Priority axis 1, Measure 1.1: If the adverse effects to the protected areas (including Natura 2000 sites) will be identified the appropriate evaluation has to be carried out on the project level including the involvement of the authorities responsible for the nature protection.	
	Concerning Priority axis 1, Measure 1.2: Since the measure is directly focused on the environmental infrastructure and related project, the significant positive effects might be expected. To minimize likely adverse effects these should be assessed in detail by EIA on the projects level (if applicable) specifically focused on this issue.  If the adverse effects to the protected areas (including Natura 2000 sites) will be identified the appropriate evaluation has to be carried out on the project level including the involvement of the authorities responsible for the nature protection.	At project application stage applicants will fill in a standard form regarding possible environmental impact of the proposed operation as an integral part of the application process.  In case of necessity EIA on project level will be requested.
	Concerning Priority axis 1, Measure 1.3: EIA process can contribute to the higher public awareness on the environmental issues.	Some activities concerning public awareness on the environmental issues might be executed under Priority axis 2  The exact activities will be specified in the Internal Documents.
	Concerning Priority axis 2, Measure 2.1: To further strengthen potential for indirect positive effects the involvement of the relevant key stakeholders in the environmental planning shall be ensured – i.e. authorities responsible for environmental (including nature) and health protection, NGOs, inhabitants of the respective territory etc.	All the key stakeholders in the environmental planning in the eligible for this programme region are regarded as main potential project partners. There are no obstacles or any unfavourable conditions limiting the cooperation between them in the process of implementation of the eligible programme actions. In this context special focus on cooperation between the key stakeholders in the environmental planning seems



		unnecessary.
	Concerning Priority axis 2, Measure 2.2: It's necessary to ensure the potentially negative adverse effects of the tourism development (especially in the protected areas) are appropriately assessed on the project level.	At project application stage applicants will fill in a standard form regarding possible environmental impact of the proposed operation as an integral part of the application process. In case of necessity EIA on project level will be requested. Only projects having a positive or neutral environmental effect will be financed.
	Concerning Priority axis 2, Measure 2.3: To further strengthen the positive effects of the implementation of this measure the involvement of the relevant key stakeholders shall be ensured - i.e. authorities responsible for environmental (including nature) and health protection, NGOs, inhabitants of the respective territory etc.	All the key stakeholders in the environmental planning in the eligible for this programme region are regarded as main potential project partners. There are no obstacles or any unfavourable conditions limiting the cooperation between them in the process of implementation of the eligible programme actions. In this context special focus on cooperation between the key stakeholders in the environmental planning seems unnecessary.
	Recommendations concerning monitoring and control during implementation of the Programme	Issues regarding the monitoring and control during implementation of the Programme have been described in section 10.2.3.
West Aegean Basin Directorate, Blagoevgrad, directorate at the Bulgarian MOEW	Comments on the Programme Strategy: The main priorities of the programme are in line with the priorities for sustainable management of waters. In that respect it is recommends Basin Directorates to be included in the main target groups of the programme priorities	The West Aegean Basin Directorate is a regional structure within the Ministry of Environment and Waters. Regional structures of the central administration have been specified in the main target groups.
	In 2009 the Programme to be consulted again with the Management Plan of River Flows in West Aegean Basin 2009 - 2015	Compliance of the Programme with the Management Plan of River Flows in West Aegean Basin 2009 - 2015 will be assessed by the Joint Monitoring Committee

### 10.3. Evaluation during the programme implementation

During the programme period the two countries participating in the programme will carry out evaluations closely linked to the monitoring of the programme, in particular where the monitoring of the programme reveals a significant departure from the goals initially set or where proposals are made for the revision of this programme.

During the implementation of the programme evaluations will be made. The scope of the evaluations will be targeted to specific needs of the programme identified in the monitoring, e.g. to impacts of the finalized operations and the programme.

The Joint Monitoring Committee shall decide on the execution of such evaluation. The evaluations shall be carried out by external experts. The results of the evaluations will be sent to the Commission.



## 11. COMMUNICATION, PUBLICITY AND INFORMATION

The participating countries Bulgaria and the Republic of Serbia shall provide information on and publicize Bulgaria - Serbia IPA Cross-border Programme and its operations. The Managing Authority bears the ultimate responsibility for carrying out the information and publicity measures. The information shall be addressed to the citizens and beneficiaries, with the aim of highlighting the role of the Community and ensuring transparency on the Bulgaria - Serbia IPA Cross-border Programme (see Article 62 Commission Regulation (EC) No. 718/2007 of 12 June 2007).

This chapter introduces the basics for the Programme publicity and information dissemination. Detailed Information and publicity measures are presented in the form of a separate communication plan. The information and publicity measures within the scope of the programme are designed:

- to target potential and final beneficiaries and serve the purpose of informing on the possibilities offered by the European Union, Bulgaria and Serbia and guaranteeing the transparency of the joint interventions;
- to inform the general public of the role that the European Union plays together with Bulgaria and Serbia in the respective interventions and of their results;
- to guarantee transparency vis-à-vis potential and final beneficiaries by a general information on the program. Furthermore to give an overview of competencies, organization and project selection procedures as well as standardized information on project applications. Also the selection criteria and valuation mechanisms for tenders and project applications will be published. All the information will be available for downloading on the respective programme websites;
- to inform the public about announcements on the start of the programme in the media, giving an appropriate presentation of the participation of the European Union. Ongoing communication on the stages of a project's implementation throughout the entire programme planning period and the presentation of the final results of the program.

The general strategic goal of the information and publicity measures is to create a uniform public image which should achieve the status of a brand name or a "corporate identity" with time. To this end, a common logo is used on printed matter, publications, in the printed and electronic media. For the strategic implementation of the contents listed above, the following shall be used:

- A programme-specific website providing ongoing information to the general public, potential and final beneficiaries as well as structured networks in the Internet, which are to be prepared by the Joint Technical Secretariat;
- Information material in the form of leaflets, information binders and brochures;
- Ad hoc press releases, press conferences to inform the national, regional and local media (e. g. on the start of the programme, best practices, project completions, Joint Monitoring Committee meetings, annual implementation reports, enlargement);
- Regional and local information events and networking of project organizers, financing institutions and funding bodies (kick-off event at the start of a programme at the regional level as well as information events at the regional level);
- Contributions to special-interest events, articles in special-interest magazines.

The application of the above-mentioned information and publicity measures are differentiated within the programme planning period by three phases each of which having different requirements:



### *Information on the start and the announcement of program:*

The objective of this phase is to spread the information as widely as possible (potential and final beneficiaries as well as the general public) and to inform in general about the programme, contact partners, info points, procedures and decision-making structures, etc. Communication means: Kick-off events in Bulgaria and Serbia; leaflet, press conferences, press releases on the start of the programme (as fast as possible after the programme has been approved by the EC);

### *Ongoing information, communication and presentation:*

In this phase, the public is regularly informed on the current status of the implementation of the programme and on the completion of successful projects. Furthermore, clear information (homogenous) at the regional and local level on the administrative procedures and information on the selection criteria and valuation mechanisms are provided. Regular information and networking events by project organizers, financing institutions and funding bodies are crucial in this phase for the implementation of the joint programme planning document. Communication means: Brochures, information events, organization of events to share experiences among projects, press releases on the status of the implementation, etc;

### *Presentation of results and review:*

During the implementation of the Programme, a presentation of the completed projects and a review of the co-operation projects created are given. Communication means: brochures, final events, etc.