

ANNEX 1

CROSS-BORDER COOPERATION ACTION PROGRAMME SERBIA – THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA FOR THE YEARS 2018, 2019 AND 2020

Multi-annual Work Programme
This document constitutes the multi-annual work programme in the sense of
Article 110(2) of Regulation (EU, Euratom) 2018/1046

1 IDENTIFICATION

Beneficiaries	Serbia and the former Yugoslav Republic of Macedonia
CRIS/ABAC Commitment references	IPA/2018/ 041-422 EUR 560,000.00 22.020401
Union Contribution	IPA/2019/ 041-423 EUR 700,000.00 22.020401
Budget line	IPA/2020/041-424 EUR 630,000.00 22.020401
Management mode	Indirect management by the Republic of Serbia.
Responsible Structures	The Operating Structure responsible for the execution of the operations is: Ministry of European Integration The Contracting Authority is: the Department for Contracting and Financing of EU funded projects (CFCU) at the Ministry of Finance The partner Operating Structure in the former Yugoslav Republic of Macedonia is: the Ministry of Local Self Government
Final date for concluding <u>Financing Agreement(s)</u> with the IPA II beneficiary countries (tripartite)	For the budgetary commitment of year 2018 at the latest by 31 December 2019. For the budgetary commitment of year 2019 at the latest by 31 December 2020. For the budgetary commitment of year 2020 at the latest by 31 December 2021.
Final date for concluding contracting including	3 years following the date of conclusion of the Financing Agreement (signature of the last party) with the exception of the cases listed under Article

conclusion of contribution/delegation agreements	189(2) Financial Regulation
Indicative operational implementation period	6 years following the date of conclusion of the Financing Agreement (signature of the last party)
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed) after the acceptance of the accounts	12 years following the conclusion of the Financing Agreement (signature of the last party)

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 OVERVIEW OF THE 2014-2020 CROSS-BORDER COOPERATION PROGRAMME

The 2016-2020 cross-border cooperation CBC programme Serbia - the former Yugoslav Republic of Macedonia was approved by Commission Implementing Decision C(2016) 8258 of 6 December 2016. The adopted 2016-2020 programme constitutes the CBC cooperation strategy for the border region, setting out among others the list of geographical eligible areas, the area context, the programme thematic priorities and the indicative budget allocations for the 5 years period.

The 2016-2020 CBC programme also serves as a reference for the adoption of the CBC action programmes. The 2018-2020 CBC action programme aims at providing assistance for cross-border cooperation in the thematic areas spelled out in the 2016-2020 programme (as indicated in section 2.2). On 6 February 2018, the European Commission adopted a Communication on "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans"¹. This Communication aims to generate renewed reform momentum in the Western Balkans and provide significantly enhanced EU engagement to better support their preparations on the European path. The Communication sets the new strategic orientations, in particular as regards the implementation of the six flagship initiatives (i.e. strengthening support to the rule of law; reinforcing engagement on security and on migration; supporting socio-economic development; increasing connectivity; implementing a Digital Agenda for the Western Balkans and supporting reconciliation and good neighbourly relations).

In particular, cross-border cooperation is a key vehicle for fostering reconciliation and dealing with the legacy of the past in the Western Balkans, in line with flagship 6 (supporting reconciliation and good neighbourly relations) and for sustainable local development, in line with flagship 3 (supporting socio-economic development).

List of geographical eligible areas

In Serbia, the eligible areas are:

- Jablanica district: City of Leskovac and municipalities of Bojnik, Lebane, Medveđa, Vlasotince and Crna Trava.
- Pčinja district: City of Vranje with two city municipalities: Vranje and Vranjska Banja, and municipalities of Vladičin Han, Surdulica, Bosilegrad, Trgovište, Bujanovac and Preševo.

In the former Yugoslav Republic of Macedonia the eligible areas are:

- North – East region: municipalities of Kratovo, Lipkovo, Kumanovo, Staro Nagoričane, Rankovce and Kriva Palanka.
- Skopje region: municipalities of Aračinovo, Čučer Sandevo, Ilinden, Petrovec, Sopište, Studeničani, Zelenikovo, and municipalities Butel, Gjorče Petrov and Saraj of the City of Skopje.

Cross-border cooperation (CBC) eligible area context

The situational analysis conducted for the preparation of the Programme pointed out several key challenges and opportunities to be addressed and supported through cross-border cooperation. In particular the Programme envisages addressing the following:

¹ COM(2018) 65 final, 6.2.2018

Establishing a sound foundation for cross border cooperation

As there has been no cross-border cooperation programme between the two countries so far, so the establishment of initial contacts, the mapping of human and organisational resources and the initial development of long-term partnerships are necessary. Although some cooperation agreements at local levels exist, these have so far not been explored due to various reasons, ranging from insufficient economic and administrative capacities, language barriers, political instability, and others.

Activation of resources for socio economic development

The programme area registers above average unemployment rates. Privatisation processes and economy restructuring resulted in the loss of jobs in traditional industries and caused skills mismatches in the labour market. Young generations lack practical experience to advance their employability. Disadvantaged categories are particularly at risk of high poverty. The border area was, and may continue to be, affected by the refugee crisis, which strained the capacity of local self-governments to provide sufficient social and health services. The multicultural and multi-ethnic diversity of the programme area is also an important asset.

Protection of nature and environment and strengthening of risk preparedness

The area is rich in bio diversity, landscape and geo diversity. However, uncontrolled use of natural resources and human activities represent a threat to the high-quality environment. Protection of waters and soil are the areas main challenges due to underdeveloped wastewater treatment and waste management. Monitoring of the waters and soil is insufficient. Low level of awareness of the population remains an important obstacle. The area is also at high risk of water erosion, and increased events of floods and fires.

Overview of past and on-going CBC experience including lessons learned

Key recommendations from interim evaluations and audits on the 2007-2013 CBC programmes have been taken on board in the development of this programme. Thus, the 2014-2020 CBC programmes are more focused as regards the number of thematic priorities addressed and the geographical eligibility, which will help to achieve better results and increased impact. Additionally the implementation of the CBC programmes has been simplified mainly by having a single contracting authority and a single financial envelope per programme. Although no cross-border cooperation between the two countries had existed so far, stakeholders on both sides of the border have accumulated significant experience in cross border cooperation programmes with Bulgaria in the period 2007-2013.

Key lessons learnt were also identified by the final evaluation of IPA CBC Programmes 2007-2013 that was carried out between 2016 and 2017. The lessons learnt and the recommendations were discussed with the CBC stakeholders in the Western Balkans and follow-up measures were identified for the short and medium term, both for the on-going 2014-2020 CBC programmes and for the future 2021-2027 CBC programmes. The main recommendations regarding all CBC programmes at intra- Western Balkans level include:

- The main objective of promoting good neighbourly relations should be clearly reflected in the CBC projects.
- The calls for proposal should be more focused on a few priority issues that have high cross-border content.
- The intervention logic of programmes and the reporting and monitoring systems must be improved as they are not structured to set out a clear basis for measuring the results at regional level.

- There is a need for continuing capacity building activities for Operating Structures and Joint Technical Secretariats/Antennas.
- There is a need for improving synergies with other policies and donors, capitalising and sharing experiences with the other CBC programmes (e.g CBC programmes with Member States, and European Neighbourhood Instrument CBC programmes).

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

Action 1	Cross-Border Cooperation Operations	EUR 1,890,000
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The envisaged assistance to Serbia and the former Yugoslav republic of Macedonia is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU².

(1) Description of the action, objective, expected results

Description of the action: Cross-border cooperation operations in the border region in the fields of employment, labour mobility and social and cultural inclusion, tourism and cultural and natural heritage.

Objective: Socioeconomic development and strengthening of neighbourly relations in the cross border area through the implementation of cross-border cooperation operations aiming at:

- promoting employment, labour mobility, and social and cultural inclusion across borders through, inter alia, integrating cross-border labour markets, including cross-border mobility; joint local employment initiatives; information and advisory services and joint training; gender equality; equal opportunities; integration of immigrants' communities and vulnerable groups; investment in public employment services; and supporting investment in public health and social services;
- encouraging tourism and cultural and natural heritage.

Expected results:

Employment, labour mobility and social and cultural inclusion:

- Raised employability of the working age population;
- Organisational capacities to activate cross-border employment potentials strengthened;
- Capacities for social and cultural inclusion of disadvantaged groups improved.

Tourism and cultural and natural heritage.

- Development of sustainable cross-border tourist products and destinations initiated;
- Quality and visibility of tourist offers improved;
- Capacities for cross border risk management and intervention increased.

The objectives and expected results will be achieved over the period of implementation of this programme, from 2014 to 2020. The 2018-2020 CBC Action Programme will contribute to

² https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en

the achievement of the overall objectives and expected results as defined in the 2016-2020 CBC programme. For further details see section 3.2 of the 2016-2020 CBC programme (Annex 2 of the Commission Implementing Decision C(2016) 8258 of 6 December 2016).

(2) Assumptions and conditions

As a necessary condition for the effective management of the programme, the participating countries shall establish a Joint Monitoring Committee, and provide proper and functioning offices and staff for the Joint Technical Secretariat and the antenna. So far, the beneficiaries have complied with this condition by ensuring the smooth run of the Joint Technical Secretariat in Leskovac (Serbia). The Antenna Office is still to be set up in Kumanovo (the former Yugoslav Republic of Macedonia). These structures are fully financed by the Technical Assistance component of the programme. Further financial support has been programmed by the European Commission to continue to provide support to the Joint Technical Secretariat and the Antenna Office from 2019 onwards. Therefore, new arrangements will be established with the beneficiaries who have to ensure that the conditions under this paragraph are furtherly respected.

Under indirect management, the participating countries shall conclude, for the whole duration of the programme, a bilateral arrangement that sets out their respective responsibilities for implementation of the programme.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation modalities

(3)(a) Indirect management with Serbia

Description of the tasks entrusted

The operating structures of Serbia and the former Yugoslav Republic of Macedonia have jointly prepared the 2016-2020 cross-border cooperation programme and agree on the necessary arrangements for the management and implementation of the programme, including establishing a system to monitor the implementation.

The operating structure of Serbia shall arrange for procurement and grant award procedures in the selected thematic priorities of the programme. As regards the call for proposals, the entrusted tasks include drafting guidelines for applicants, launching the calls, selecting the grant beneficiaries and signing grant contracts. The entrusted tasks also include activities linked with the implementation and financial management of the programmes such as monitoring, evaluation, payments, recoveries, expenditure verification, ensuring internal audit, irregularity reporting and the setup of appropriate anti-fraud measures.

Description of the call for proposals

Grant – Call for proposal: EUR 1,890,000

a) The essential eligibility criteria:

The list of eligible actions (activities) is set in section 3.2 of the 2016-2020 CBC Programme (Annex 2) in line with the objectives, specific objectives, and results set. They comprise among others: trainings and capacity building activities (including actions to address the digital literacy deficit) addressing identified skills gaps; promotion of employment opportunities; people to people activities, support to education, enhancement of health care

facilities and social services, protection and promotion of natural and cultural heritage, joint touristic products and initiatives, joint risk management activities.

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

Potential beneficiaries could be: local authorities, local governments and their institutions, associations of municipalities, development agencies, local business support organisations, economic factors such as small and medium sized enterprises (SMEs), tourism and cultural organisations, non-governmental organisations (NGOs), public and private bodies supporting the workforce, vocational and technical training institutions, bodies and organisation for nature protection, public bodies responsible for water management, fire/emergency services, schools, colleges, universities and research centers including vocations and technical training institutions.

- b) The essential selection criteria are the financial and operational capacity of the applicant.
- c) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- d) Maximum rate of EU co-financing for grants under the calls is 85 % of the eligible cost of the action.
- e) Indicative amount of the call(s): EUR 1,890,000

The responsible structures may decide to publish more than one call for proposals. Every call for proposals will have the same objectives, results, and essential eligibility, selection and award criteria as described above. Each grant contract will be funded from one budgetary commitment.

The responsible structures may decide to launch a call for proposals which will include the 2018 and /or the 2019 and /or the 2020 allocation. They may also decide to launch a call which will include prior or subsequent budget allocations.

- f) Indicative date for launch of the call(s) for proposals: 3rd quarter of 2020

3 BUDGET

2018				2019				2020				Total Financing Decision
	Union contribution*	Grant beneficiary/ies Co-financing**	Total expenditure		Union contribution	Grant beneficiary/ies Co-financing	Total expenditure		Union contribution	Grant beneficiary Co-financing	Total expenditure	
CBC operations	560,000	98,824	658,824	CBC operations	700,000	123,529	823,529	CBC operations	630,000	111,176	741,176	1,890,000
in %	85%	15%	100%		85%	15%	100%		85%	15%	100%	
TOTALS 2018	560,000	98,824	658,824	TOTALS 2019	700,000	123,529	823,529	TOTALS 2020	630,000	111,176	741,176	1,890,000

**The Union contribution has been calculated in relation to the eligible expenditure, which is based on the total eligible expenditure including public and private expenditure. The Union co-financing rate at the level of each thematic priority shall not be less than 20% and not higher than 85% of the eligible expenditure.*

***The co-financing of the thematic priorities will be provided by the grant beneficiaries. Grant beneficiaries should contribute with a minimum of 15% of the total eligible cost of the project*

4 PERFORMANCE MONITORING ARRANGEMENTS

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the indicative Strategy Papers.

In the specific context of indirect management the National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Neighbourhood and Enlargement Negotiations and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by the Joint Monitoring Committee, which will ensure a monitoring process at programme level.