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ANNEX

to the Commission Implementing Decision on the financing of the cross-border cooperation programme Kosovo* – North Macedonia for 2021-2027

Action Document for: cross-border cooperation programme Kosovo – North Macedonia for 2021-2027

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244(1999) and the ICJ Opinion on the Kosovo declaration of independence

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PROGRAMME SYNOPSIS

Basic Act	Instrument for Pre-accession Assistance (IPA III)
Programme title	Cross-border cooperation programme Kosovo – North Macedonia for 2021-2027
OPSYS number	ACT-60752
Programming document	IPA III Programming Framework
Window	Window 5 Territorial and cross-border cooperation
Programme area	<p><i>Kosovo</i> East Economic and South Economic Regions.</p> <p><i>North Macedonia</i> Polog Region; Northeast Region; Skopje Region.</p>
Programme overall objective	To promote good neighbourly relations, foster Union integration and strengthen the social, economic and territorial development of the programme cross-border area by improving environment protection, and preservation of resources, and competitiveness and business development.
Programme thematic clusters (TC), thematic priorities (TP) and specific objectives/outcomes (SO) per thematic priority	<p>TP0: Technical Assistance SO1: To ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme as well as to raise awareness of the programme amongst national, regional and local communities and, in general, the population in the eligible programme area</p> <p><u>TC 2: Greener and Improved resource efficiency</u> TP2: Environment protection, climate change adaptation and mitigation, risk prevention and management SO2.1: The cross border territory is more environmentally sustainable</p> <p><u>TC 4: Improved business environment and competitiveness</u> TP8: Competitiveness, business and SME development, trade and investment SO1.1: Increased levels of cross border trade and tourism services SO1.2: Increased employment/ number of new businesses created</p> <p>NB: The thematic cluster TC 5: <i>Improved capacity of local and regional authorities to tackle local challenges</i> will be mainstreamed. Beneficiaries' proposal for the mainstreaming of this thematic cluster will be presented in Section 3.3 of this document</p>
Sustainable Development Goals (SDGs)	<p>Main SDG: Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</p> <p><i>In the framework of the implementation of the seven years cross border cooperation programme, the operations selected will also contribute to the following :</i> Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; Goal 5: Achieve gender equality and empower all women and girls</p>

	<p>Goal 6: Ensure availability and sustainable management of water and sanitation for all <u>In the territorial sphere:</u> Goal 10: Reduce inequality within and among countries <u>In the environmental domain:</u> Goal 13: Take urgent action to combat climate change and its impacts Goal 15: Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>
DAC code(s) *	<p>14010: Water sector policy and administrative management (20%) 33210: Tourism policy and administrative management (30%) 41010: Environmental Policy and administrative management (50%)</p>
BUDGET INFORMATION	
Budget Line	15 02 03 00
Total cost 2021-2027	EUR 9 734 117.64
Total EU contribution 2021-2027	EUR 8 400 000
Yearly EU contribution	<p>For the year 2023 - EUR 3 600 000 For the year 2025 - EUR 2 400 000 For the year 2027 - EUR 2 400 000</p> <p>Subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p>
MANAGEMENT AND IMPLEMENTATION	
Method of Implementation	Direct management by the European Commission
Responsible CBC structures/ relevant authorities in the IPA III participating beneficiaries [†]	<p><i>In Kosovo</i> Ministry of Local Government Administration</p> <p><i>In North Macedonia</i> National IPA Coordinator (NIPAC), NIPAC Office and CBC Structure established under the IPA III legal framework</p>
JTS/Antenna Offices of the joint technical secretariat (JTS)	<p>JTS Main office: Prishtina Kosovo Antenna office: Kumanovo, North Macedonia</p>
Final date for concluding <u>Financing Agreement</u>	For the budgetary commitment of 2023 at the latest by 31 December 2024
Final date for agreement (exchange of letters)	For the budgetary commitment of 2025 at the latest by 31 December 2026

* DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab 'purpose codes' in the following document: <http://www.oecd.org/dac/financing-sustainable-development/development-financestandards/dacandercodelists.htm>

† Responsible structures and responsibilities will be defined upon adoption of their accordance with the IPA III legislative framework and corresponding Framework partnership Agreement and Financial Agreement.

of all parties on further yearly budget allocations for implementation of the Financing Agreement	For the budgetary commitment of 2027 at the latest by 31 December 2028
Final date for concluding <u>procurement and grant contracts</u>	Three (3) years following the date of conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments) except for the cases provided for in Article 114 FR
Indicative operational implementation period	Six (6) years following the date of conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments)
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement (or the exchange of letters for the subsequent budgetary instalments)

LIST OF ACRONYMS

AIR	Annual implementation report
CBC	Cross-border cooperation
CEFTA	Central European Free Trade Agreement
CfPs	Call for proposals
CSOs	Civil society organisations
EFTA	European Free Trade Association
EPAP	European Partnership Action Plan
EU	European Union
EUSAIR	EU Strategy for Adrian Ionian Region
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GHG	Greenhouse Gases
GVA	Gross Value Added
ICT	Information and Communication Technologies
IPA	Instrument for Pre-Accession Assistance
JMC	Joint Monitoring Committee
JTF	Joint Task Force
JTS	Joint Technical Secretariat
MSMEs	Micro and Small and Medium sized Enterprises
NATO	North Atlantic Treaty Organization
NGO	Non-governmental Organisation
OS	CBC Structure (if the text refers to IPA II, Operating Structure)
OSCE	Organization for Security and Co-operation in Europe
PESTLE	Political, economic, socio-cultural, technological, legal and environmental
PRAG	Practical Guide to Contract Procedures for EU External Actions
P.Y.	Per Year
Q	Quarter
R&D	Research and Development
SAA	Stabilisation and Association Agreement
SME	Small and Medium sized Enterprise
SWOT	Strengths, weaknesses, opportunities and threats
UNDP	United Nations Development Programme
VET	Vocational Education and Training
WB	Western Balkans
WTO	World Trade Organisation

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1. PROGRAMME SUMMARY

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

The legal provisions for the implementation of the programme are stipulated in the following EU legislation: Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III).

1.1. Summary of the Programme

The Instrument for Pre-Accession Assistance (IPA) is the means by which the EU supports reforms in the enlargement region with financial and technical help. The IPA funds build up the capacities of the beneficiaries throughout the accession process, resulting in progressive, positive developments in the region. For the period 2007-2013 IPA had a budget of EUR 11.5 billion; its successor, IPA II, built on the results already achieved by dedicating EUR 11.7 billion for the period 2014-2020. For the period 2021-2027, the amount of EUR 14.162 has been approved by the European Parliament.

It was proposed that this budget would be divided according to five thematic priorities and be allocated based on the actual performance of beneficiaries by annual assessment.

The IPA III CBC programme between Kosovo and North Macedonia includes five eligible regions, including 17 municipalities from the South and North Economic Regions in Kosovo and 32 municipalities from Polog, Skopje and Northeast Regions in North Macedonia. The eligible territory covers 10 782 km² with 1 864 814 inhabitants, out of which 39.36 % live in Kosovo and 60.64 % in North Macedonia. The entire programme area is the same as it was under the IPA II CBC Programme.

The IPA CBC programme Kosovo-North Macedonia has been prepared when the world is facing a difficult health, social and economic situation caused by the COVID-19 pandemic containment measures. Although Governments have announced Economic Recovery Programmes actions to mitigate the negative impact of the pandemic on the economy, **Kosovo's** economy contracted by 5.6 % in the first nine months of 2020 with a fall of imports of goods and services of 13.5 %, mitigated by the strong support of the domestic consumption by the diaspora, whereas in **North Macedonia** the GDP dropped by 5.4 % in 2020, due to a sharp decrease of remittances, but the World Bank expects a rebound of 5.99 % in 2021³.

The programme preparation was the result of a bilateral consultation process with many partners involved. A thorough analysis of the political, economic, social, technological, legal and environmental situation in both beneficiary countries was conducted with a focus on the eligible area.

The programme addresses the business development and aims at creating and strengthening the cross-border market through sustainable usage of local resources helping MSMEs to be able to compete in regional and international markets. Tourism and

³ <https://www.worldbank.org/en/news/press-release/2021/10/21/north-macedonia-s-growth-projected-higher-but-economy-still-faces-risks>

agriculture are regarded as the sectors with a high potential and unused capacities to explore and further develop economic growth, social cohesion and welfare under a CBC perspective.

The programme targets the creation of sustainable value chains in tourism and agriculture, as part of the same supply chain. This will be the result of developing and improving local products, joint tourism offers and new tourist itineraries. Support has been envisaged to create joint branding and promotional activities for tourism products. Activities for capacity building of institutions dealing with international trade and support to businesses, mainly women-led businesses, will be part of the programme' activities.

Thanks to capacity building programmes on entrepreneurship, exchange of knowledge, experience and good practices, and specific profiles, the programme aspires to create new business activities in the targeted sectors, especially women-led businesses, and increase the employment among youth and women.

Key challenges of the programme area are environmental and nature protection, sustainable use of natural resources and re-use of residues and waste. Activities such as capacity building and awareness-raising, training, exchanging good practices, networking and preventing natural disasters by joint management measures for environmental protection has been planned.

Under the thematic priority 'technical assistance', the programme has also envisaged activities to support local authorities to be valuable stakeholders in its implementation, maintain the functioning of the Joint Technical Secretariat, monitor projects and programme implementation, assist grant beneficiaries to perform according to their contracts and boost the communication and visibility of the programme's impact.

Based on the situation/PESTLE and SWOT analyses, a joint task force (JTF) considered the following thematic priorities and specific objectives/outcomes as instrumental for the effective implementation of the CBC programme:

Main areas of interventions

The **overall objective/impact** of this CBC Programme is: To promote good neighbourly relations, foster Union integration and strengthen the social, economic and territorial development of the programme cross-border area by improving environment protection, and preservation of resources, and competitiveness and business development.

1: Thematic Priority 8 - Competitiveness, business environment and SME development, trade and investment

Specific objective/outcome 1.1: Increased levels of cross border trade and tourism service

Specific objective/outcome 1.2: Increased employment/ number of new businesses created

2: Thematic Priority 2 - Environmental protection, climate change adaptation and mitigation, risk prevention and management

Specific objective/outcome 2.1: The cross-border territory is more environmentally sustainable

The support to be provided under this multi-annual action plan will directly contribute and create synergies with the priorities of the Economic and Investment Plan⁴ and the Green Agenda⁵ for the Western Balkans.

1.2. Preparation of the programme and involvement of the partners

The two operating structures of IPA II CBC Programmes (OSs), notably the Ministry of Local Government of Kosovo and the Ministry of Local Self-government and the NIPAC office from North Macedonia, have jointly worked for the preparation of the programme.

The 2021-2027 IPA CBC programme between Kosovo and North Macedonia is the result of a bilateral programming exercise, carried out by the participating IPA III beneficiaries, including relevant stakeholders from the central and local institutions of the eligible areas of the programme, chambers of commerce and industry, businesses, and local organizations. In addition, a JTF was established based on the Rules of Procedures of the Joint Task Force, responsible for the Strategic Planning and Programming of the 2021-2027 IPA CBC Programme Kosovo – North Macedonia⁶. It is a collective body with members from both IPA III beneficiaries, appointed by the authorities and constitute the delegation of each participating beneficiary. The JTF is chaired on a rotation basis by the head of the operating structure in Kosovo and the head of NIPAC Office in North Macedonia who lead the respective delegations. JTF is established to supervise and steer the preparation of the programme document, together with the OSs and the joint technical secretariat (JTS).

The programming exercise lasted from April 2020 to the beginning of December 2020, resulting in the first draft of the programme document Kosovo-North Macedonia. The programme was designed through a large consultation process involving local stakeholders and potential beneficiaries from both sides of the eligible territory. During the process, the JTF, OSs and the JTS were assisted by the EU-funded multi-beneficiary project titled “Cross-border Institution Building – CBC Plus Phase III” (CBIB+3).

To collect inputs from the field, three types of questionnaires⁷ were designed by the CBIB+3, discussed with the OSs and disseminated with the support of the JTS to institutions at central and local level and CSOs. The responses collected were used as primary information sources for the situation/PESTLE and SWOT analyses for the programme and provided hints in the identification of joint thematic priorities for the cross-border area. A total of 40 questionnaires filled out by legal entities from both IPA II beneficiaries. The respondents were 17 local authorities (9 from Kosovo and 8 from North Macedonia) and 23 CSOs and universities (7 from Kosovo and 15 from North Macedonia). Their proposals and considerations for regional cooperation with cross-border impact served to design the intervention logic. The collected information contributed to understanding the capacities of the local beneficiaries to manage EU funds, the level of cooperation between them and the areas of their collaboration. Also, it served to understand the preparedness of the development plans by each municipality and difficulties faced by the beneficiaries in projects' implementation. In this process, some clarification interviews were also held, including discussions with relevant actors at the central and local level as well as civil society representatives and local grassroots organisations to ensure a large representation of stances supporting the programme choices. The vast majority of the meetings for the analyses, consultations and discussions,

⁴ COM(2020) 641, 6.10.2020

⁵ SWD(2020) 223, 6.10.2020

⁶ Rules of Procedures for Joint Task Force were adopted at the 1st JTF meeting (online) held on 17th of August, 2020

⁷ CSOs in both participating beneficiary who deal with women issues or gender policy were requested to respond to the questionnaires

quality review and decision taken were held online due to the COVID-19 pandemic situation.

In this process, the JTF supervising programming based on the programme formulation instructions had to select a maximum of two thematic clusters (out of five) and retain one or more of their thematic priorities. Then within each of these thematic priorities, the JTF had to define one or two specific objectives/outcomes. These objectives//outcomes will be coherent with the beneficiaries' needs and priorities, thus the programme strategy design is based on:

- ◆ Selection of two thematic clusters and two thematic priorities, barring the technical assistance one and mainstreaming the thematic priority dealing with the capacity of local and regional authorities
- ◆ A comprehensive analytical screening of the PESTLE situation
- ◆ A SWOT analysis of situation in Kosovo and North Macedonia
- ◆ The experience of previous IPA CBC Programmes
- ◆ Findings from meetings with the JTF to select the priorities and public consultation
- ◆ A strong CBC dimension to add value in addressing common needs and challenges by cross-border cooperation
- ◆ A synergy and complementarity with internal, EU and other donors' programmes

The first draft document of the programme was submitted to the Commission on 17 December 2020, the second revised draft was submitted on 29 April 2021 (for more info on the important milestones, meetings and other events during the programming process, check the table 1.1 below).

Table 1.1: Table of meetings, important milestones and consultations

Date	Events and scope
22 April 2020	A letter from the European Commission regarding IPA III and starting of programming process received by the NIPAC Office
28 April 2020	Introductory meeting Kosovo OS, North Macedonia OS and CBIB+3 on the coming IPA III CBC programming process
06 May 2020	Kick off meeting between Kosovo OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan)
18 May 2020	Kick off meeting between North Macedonia OS and CBIB+3 on the IPA III CBC programming process (required steps and draft working plan)
26 May 2020	Coordination meeting with OS, DEU and NIPAC office in North Macedonia with CBIB+3 on IPA III CBC programming
July 2020	The process for the establishment of the Joint Task Force (JTF) was completed, consisting of a representation of stakeholders from Kosovo and North Macedonia for the preparation of the CBC programme 2021 – 2027
05 August 2020	Bilateral meeting between Kosovo and North Macedonia OSs on programming process

11 August 2020	JTS Kosovo-North Macedonia dispatched the questionnaires to the relevant CBC stakeholders
17 August 2020	First JTF meeting on the adoption of the RoP, Initial discussions related to planning of activities, definition of timeframe and steps in the programming process
01 September 2020	Mobilisation of the programming expert for the programme Kosovo-North Macedonia
03 September 2020	Bilateral meeting between Kosovo and North Macedonia OSs on programming process
19 September.2020	Second deadline for the collection of the completed questionnaires in both beneficiaries
20 October 2020	The aggregated answers from the collected questionnaires were delivered to the programming expert for further elaboration and analysis
15-16 October 2020	Workshop on strategy development and formulation for the members of the JTF, and OS and JTS, (for Kosovo), one event per beneficiary in the WBs
28 October to 9 November 2020	Consultation with JTF members (Collection of comments on the Situation and SWOT Analysis)
11 November 2020	Second JTF meeting on the Situation SWOT Analysis and preliminary discussion on selection of TCs/TPs
13 – 17 November 2020	Consultation with JTF members (on selection of TCs/TPs)
17 November 2020	Preparatory meeting between two OSs on the selection of TCs/TPs
18 November 2020	Third JTF meeting on the selection of the TCs/TPs
25 November – 30 November 2020	Consultation with JTF members (Collection of comments on the draft Programme Strategy)
09 December 2020	Fourth JTF meeting on the firstdraft Programme Document
17 December 2020	Submission of the first draft of the Programming Document to the European Commission
16 -31 December 2020	Public consultation on firstof the Programme Document
11 March 2021	Coaching session on the intervention logic of the programme by Promel
17 March 2021	Bilateral coordination meeting between the OSs on the comments received by European Commission on the 1 st version. Setting up an action plan
21 April 2021	Bilateral coordination meeting between the OSs on the prepared seconddraft of the Programme Document
29 April 2021	5th JTF meeting on the seconddraft Programme Document
30 April 2021	Submission of the second draft version to the European Commission
22 June 2021	Comments received unofficially by the European Commission
17 June 2021	Bilateral coordination meeting between the OSs on the prepared thirddraft of the Programme Document

18 June 2021	Initiation of the decision-making by written procedures /Adaption of the third draft document for IPA III Programme Kosovo-North Macedonia
25 June 2021	Closure of decision-making written procedures for adaption of the third draft document for IPA III Programme Kosovo-North Macedonia 2021-2027
13 July 2021	Submission of the final version to the European Commission

2. PROGRAMME AREA

2.1. Situation Analysis

The eligible territory of the 2021-2027 IPA III cross-border programme between Kosovo and North Macedonia includes five regions: two in Kosovo and three in North Macedonia. The programme covers the same eligible area as it was under the IPA II CBC Programme.

2.1.1 General Profile

The **Kosovo part of the programme area** includes 2 economic regions, encompassing 17 municipalities, with a total of 529 settlements:

East Economic Region, including the municipalities of Gjilan/Gnjilane, Kamenicë/Kamenica, Viti/Vitina, Novo Bërdë/Novo Brdo, Ferizaj/Uroševac, Kačanik/Kaçanik, Shtërpçë/Štrpce, Hani i Elezit/Elez Han, Ranillug/Ranilug, Partesh/Parteš and Kllokot/Klokot.

South Economic Region, including the municipalities of Prizren, Suharekë/Suva Reka, Malishevë/Mališevo, Dragash/Dragaš, Rahovec/Orahovac, and Mamusha/Mamuša.

The eligible area of North Macedonia includes 3 regions, divided into 32 municipalities plus the city of Skopje, with a total of 518 settlements⁸ (six towns and 512 villages):

Polog Region, including 9 municipalities: Bogovinje, Brvenitsa, Gostivar, Jegunovtse, Mavrovo and Rostusha, Teartse, Tetovo, Vrapchishte and Zhelino.

Northeast Region, including 6 municipalities: Kratovo, Kriva Palanka, Kumanovo, Lipkovo, Rankovtse and Staro Nagorichane.

Skopje Region, including 17 municipalities: Arachinovo, Chucher-Sandev, Ilinden, Petrovets, Sopsishte, Studenichani, and Zelenikovo. The City of Skopje is an administrative unit which gathers 10 municipalities: Aerodrom, Butel, Chair, Centar, Gazi Baba, Gjorche Petrov, Karposh, Kisela Voda, Saraj, and Shuto Orizari.

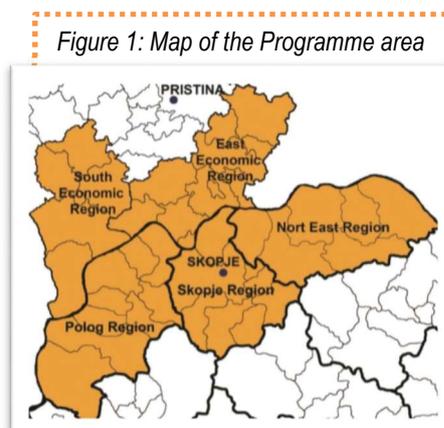
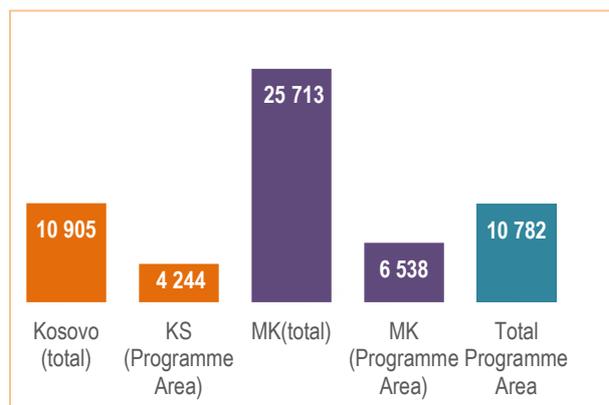


Table 2- Basic territorial and demographic data (2019)

⁸ Regional Statistics of North Macedonia, 2020



Territories	Area (km ²)	% of the total territory	Population	% of the total population	Density per km ²
TOTAL Cross-border area	10 782	29.44 %	1 864 814	48.33 %	173.0
Kosovo	10 905	100 %	1 782 115	100 %	163.42
Kosovo - Cross-border area	4 244	38.92 %	734 049	41.19 %	173.0
East Economic region	2 234	20.72 %	326 635	18.33 %	146.2
South Economic Region	2 010	18.64 %	407 414	22.86 %	202.7
North Macedonia	25 713	100 %	2 076 255	100 %	80.7
North Macedonia - Cross-border area	6 538	26.30 %	1 130 765	54.41 %	173.0
Polog Region	2 416	9.70 %	322 605	15.50 %	133.5
Northeast Region	2 310	9.30 %	176 086	8.50 %	76.2
Skopje region	1 812	7.30 %	632 074	30.41 %	348.6

The entire programme area is 10 782 km², of which 38.92 % belong to Kosovo and 26.30 % to North Macedonia. The total population of the programme area is 1 864 814 inhabitants, representing 48.33 % of the total population of both beneficiaries. In the programme area, the population is divided between 39.36 % and 60.64 % living in Kosovo and North Macedonia respectively. The density of the population in the area is on average 173 inhabitants / km².

Graph No. 1: Programme area in km²

The programme area is characterised by differences and similarities. Urban areas in Kosovo (Prizren, Ferizaj/Uroševac and Gjilan/Gnjilane) and in North Macedonia (Skopje, Tetovo, Gostivar, Kumanovo and Kriva Palanka) predominately have trade and industrial activities with a more developed industry in the Skopje region and agro-industrial features in other zones.

In Kosovo, the **East Economic Region** has great potentials and very favourable conditions for businesses. They operate on wholesale trade, production, agriculture, forestry, light industrial processing, construction and services. This region is distinguished for its rare natural, climate and hydrologic beauties. It has a developed winter tourism in Brezovica and revitalised it in Klllokot / Klokot, with high potential for rural tourism development. The presence of agricultural land is significant, and the most developed sector is livestock raising, orchard and fruits and vegetables.

The **South Economic Region** features natural resources, water and minerals. The National Park 'Sharri / Šar Mountains' is characterized by its unique natural beauty, hydrological, climatic and landscape values. Agriculture is developed, where vineyards and vegetable cultivation are typical. Food processing industry is a field of great potential for development. The cultural heritage, mountainous, urban, rural and recreational tourism are typical for this region. Agro-industrial and economic zones are present in the region. The municipalities of Malisheva / Mališevo and Mamusha / Mamuša are greatly favouring agriculture and food processing.

In North Macedonia, the regions in the programme area contribute differently to the GDP in the country. The Skopje region is the most developed region of North Macedonia and contributes around 43.2 % to the national GDP. The *Polog region* has a small contribution (7.4 %) ⁹ and *Northeast region* has the lowest contribution both to the GDP (only 4.8 %) and employment rate 33.7 % ¹⁰ (2018). The natural conditions and resources provide good opportunities for the agriculture development, meat and dairy processing industry. Agriculture contributes 13.93 % to the regional GDP in the Polog region and only 9 % in the Northeast region.

2.1.2 Overall economic context

Kosovo and North Macedonia are CEFTA's (Central European Free Trade Agreement) members. North Macedonia signed a Free Trade Agreement with EFTA countries, whereas Kosovo signed Joint Declarations on Cooperation, as a first step to the negotiation of EFTA ¹¹.

Kosovo's government has undertaken important reforms to strengthen the economy and support the EU candidacy ¹². The GDP was € 7 103.8 million (2019), with a real growth rate of 4.94 %, and EUR 3 986 per capita ¹³ (2019). There is a need to reduce the high unemployment rate affecting both women and men.

The containment measures of the COVID-19 situation severely decreased growth, resulting in a contraction of GDP for 2020 of -5.34% ¹⁴. Tourism revenues, remittances, exports production, employment and FDI saw a sharp drop due to travel/movement restrictions and due to contracting economies in diaspora.

North Macedonia's recent economic developments have demonstrated a growth by 3.6 % ¹⁵ of the GDP (2019). The GDP in 2018 was EUR 10 744 million and per capita EUR 5 175 ¹⁶. The GDP structure in 2018 was dominated by services, industry and construction. Agriculture, forestry and fishing had a share of 9.8 % ¹⁷ in the structure of GDP. The highest employment rate of 47.3 % was recorded in 2019 with 60 000 new jobs created in two years, with higher wages and historically low unemployment figures (17.3 % ¹⁸ in 2019). Like Kosovo however, pandemic prevention measures have impacted negatively the evolution of GDP in 2020 leading to a contraction of -5.2%.

2.1.3 Private sector development

⁹ Gross Domestic Product and gross fixed capital formation, by regions, MAKSTAT, October 2020

¹⁰ Regions of North Macedonia 2019

¹¹ <https://www.efta.int/free-trade/free-trade-agreements>

¹² IMF Country Report No. 20/24 (January 2020)

¹³ OECD, The COVID-19 Crisis in Kosovo, July 2020

¹⁴ World Bank national accounts data, and OECD National Accounts data files

¹⁵ Operational Programme of the Government of North Macedonia (2020-2024)

¹⁶ Statistic Yearbook 2020 of North Macedonia, SSO (October 2020)

¹⁷ Progress Report 2020, North Macedonia

¹⁸ Operational Programme of the Government of North Macedonia (2020-2024)

In **Kosovo**, the MSME base has been steadily growing over the past four years, constituting 99 %¹⁹ of the enterprises. 79.1 % are individual businesses and 17.7 % are limited companies, employing 156 504 workers (2016 latest figures) with 99 % employing less than 10 people. The largest industry sector is the retail and wholesale sector, manufacturing and construction²⁰.

North Macedonia had 75 914 active business entities in 2019, compared to 2018 their number increased by 5 %²¹. The highest share of 80.7 % belongs to SMEs with 1-9 workers, while those with 10-19 workers represent 4.2 %.

2.1.4 Trade and services

In **Kosovo**, the export volume counts on EUR 383 491 million and the import on EUR 3 496 billion. The balance of goods²² during 2019 marked an annual increase of 3.7 %, while the balance of services increased by 8.3 %. Exports covered only 11 % of imports in 2019. The trade deficit of goods and services was around EUR 3.1 billion or 27 % of GDP that year. During 2019, Kosovo's exports to North Macedonia²³ reached EUR 44 million (11.5 % of the total), whereas their imports from North Macedonia amounted to EUR 240.6 million (6.9 %). The sectors with the highest potential for export and employment are meant to be the food industry, textile, wood processing, furniture, etc.

In North Macedonia, the trade volume is calculated at USD 16.62 billion (2019), divided by exports for USD 7.18 billion and imports for USD 9.44 billion. The most important trade partner is Germany and other Western Balkan countries. Machinery and transport equipment represented the main exports followed by chemicals, manufacturing goods, food and live animals, crude materials, beverages and minerals and fuels.

2.1.5 Industry and investment

In Kosovo, the share of the processing industry in the GDP for 2019 was over 11.50 %. The share of industrial sectors in total exports for 2019 was 76.06 %, with a dominance of low value-added products. Within the non-food industrial sectors, the metal sector leads with a share of 26.01%, in total exports.

Despite the development of the industrial sectors and their contribution to employment, there are still structural obstacles related to the lack of standards, knowledge and innovation, insufficient financial reporting, lack of product quality, access to information, lack of networking, followed by low capacity in terms of output and labour.

In North Macedonia, the industrial sector represents 23.5 % of the GDP and employs 31 % of the active population. The most important industries are the food processing industry, the light metal industry, construction, tourism, trade, transport, and business services. In recent years, the machine and automotive components sector has enjoyed a dynamic development and growing importance for the country's economy, supported by a cost-competitive market environment. The manufacturing sector alone contributes 13% of the GDP (World Bank). Due to COVID-19, in 2020 industrial production volumes went down by 9.5% (State Statistical Office).

2.1.6 Tourism and features of the regions

In **Kosovo**, the *South Economic Region* has cultivated a cultural heritage, tourist sites and tourism development. The city lies in the picturesque valleys beside the mountains of

¹⁹ Economic Reforms Programme, Kosovo 2020-2022

²⁰ Statistical yearbook, Kosovo 2020

²¹ North Macedonia in figures, 2020 (State Statistical Office)

²² National Plan for Implementation of SAA, Kosovo 2020

²³ KAS -Kosovo in figures 2019

Sharri/Šar, that - together with its glacial lakes - make a potential tourist attraction. *The East Economic Region* has great resources and natural potentials for development of summer and winter tourism. The Sharr/Šar Mountain is extremely rich in rivers and mountain lakes, fertile agricultural land, pastures, forests, flora and fauna. Still the region has unexploited resources to use for tourism purposes. Despite the great potential for job creation, tourism is still at an early stage of development. In 2018, the sector employed about 24 000, or 7 % of all employees in economic activities²⁴. The tourists visiting Kosovo in 2018 (?) were 300 804 and overnights were 476 355. The visitors from North Macedonia in Kosovo were 7 842, spending 12 544 overnights.

But the sector lacks institutional coordination, little information on tourist sites, available products and services, lack of potential community tourism products and 'tour' operators in rural and mountain areas. The development of tourism requires improvement of infrastructure, increasing the capacities and digitalisation of the tourist maps. Also, local authorities need to prepare local development plans for tourism, human capacity, tourist information, construct tourist infrastructure and support the development of agricultural production as a complementary measure to diversify the economic development in rural areas.

In North Macedonia, the Polog region has tourist potential in natural beauty, historical and cultural monuments. It covers the Polog valley, Mavrovo plateau, Bistra mountain range and the valley of the river Radika. Shar Planina and Bistra have alpine landscapes, where the ski centres "Mavrovo" and "Popova Shapka" are located. It entails also the Shar National park. *The Skopje region*²⁵ is rich in natural and cultural-historical facilities, as well as several natural reservoirs and natural monuments. The region successfully develops urban, spa, transit and alternative tourism. The thermal and thermal-mineral waters in Katlanovo are of particular mineral importance, which provide an opportunity for the development of spa tourism. *The Northeast region* has many tourist attractions and cultural landmarks that attract many visitors. The Skopje region had most foreign tourists, while the smallest percentage of those tourists visited the Northeast region. 52% of the total tourist expenditures are spent in the programme area.

Despite the tourism development in the area, in some regions, tourism is not sufficiently developed and there is still a lot of unused potential that represents an opportunity for investments. The existing resources in the programme area need to be further explored, tourism infrastructure has to be upgraded, products developed, the regions properly promoted and human resources trained according to the required standards. The impact of COVID-19 has produced negative effects in tourism. The pandemic disrupted the global and regional supply chains, reducing travel and tourist arrivals.

2.1.7 Agriculture

The agricultural land in the **programme area** extends over 647 275 ha and is shared between North Macedonia's 398 087 ha (61 %) and Kosovo's 249 188 ha (39 %).

Kosovo has defined the agriculture sector of a high priority, even though the share of agriculture in GDP resulted in 8.1 %²⁶ in 2019. The number of the agribusinesses is 2 942 and the number of employees is 13 156 (2018).

The Government has prepared a programme for sustainable agricultural development and protection of local products. At farm level, support will be given on investment for the

²⁴ ERP 2020-2022

²⁵ <https://skopjeregion.gov.mk/en/about-the-skopje-planning-region/>

²⁶ KAS-Gross Domestic Product, 2008-2019 (September 2020)

production and packaging of products, storage rooms and supportive equipment. Local government will support the establishment of farmers' markets.

In North Macedonia, the agriculture sector²⁷ is an important economic sector in the rural areas. It represents 8% of the GDP and employs 15% of the active population (World Bank, 2020). The three regions have the same structure of agriculture land: 76 % of pastures and 24 % of cultivated land in 2018 that create favourable conditions for the development of agriculture, and especially cattle breeding, for which this region is renowned. Exports' products are vegetables and fruits, wine and food products. The high potential for agriculture development is unlocked, although it is still limited due to the systemic and highly gender barriers linked the smaller agricultural producers lack access to inputs, knowledge and skills, etc.

The COVID-19 pandemic impact on agriculture was mild (-2.9 % for purchase and sale in the first half of 2020 - UNDP) and lessened by the reduced prices of inputs (energy, fuel, etc.).

2.1.8 Labour market

The situation on the **labour market** presents large gender disparities between regions in the programme area. The pandemic situation worsened the situation on employment, as thousands of citizens are losing their jobs.

In Kosovo, in 2019, 66.4 % of the population are in working age, out of them 59.5 % were not economically active. **Unemployment** is higher among women than men; a very low rate of women participate in the labour market. Youth unemployment is a main issue, which is higher among young women (60.3 %) than young men (44.1 %).

The employment rate was 30.1 %, but only 21.1 % of women are active in the labour market, compared to 59.7 % of men. The employment rate was 13.9 % among women and 46.2 % among men. 53 % of employed women are mainly employed in the education, retail and health sectors. The economic sectors with higher employment percentage in 2019 were trade (17 %), construction (12.6 %) and manufacturing (11.9 %).

In North Macedonia, the **unemployment rate** declined to 17.3 % in 2019, but the total number of unemployed persons (166 363) was dominated by long-term unemployed during one and more years. Women's labour market participation also slightly increased. Women are less likely to be employed fulltime than men.

Unemployment, estimated at 20.2 % in 2020 (IMF), is still really high and was exacerbated by the COVID-19 crisis. In the period from April to September 2020, the number of employees decreased by 25 500 (State Statistical Office, 2020). A gradual resumption of employment growth is projected for 2021 and 2022 (17.8 % and 16.7 %, respectively).²⁸

The employment rate was 57.2 % (797 651), culminating in 2019. The employment rate is higher for men (56.6 %) compared to women (38.1 %)²⁹. More women are entering into the labour market. Manufacturing, trade, agriculture, construction and public administration generated most jobs in 2019.

2.1.9 Culture

The programme area has its own specific traditions and culture, which is rich on tangible and non-tangible cultural heritage. *In Kosovo*, the East Economic Region has 252 cultural

²⁷ The World Bank Agriculture Modernization Project, January 2020

²⁸ IMF – World Economic Outlook Database, October 2020, estimated data

²⁹ North Macedonia in figures, 2020

heritage sites and the South Economic Regions 308, all included in the Ministry of Culture Youth and Sport's list of sites under permanent/temporary protection.

North Macedonia has confirmed the key role of cultural heritage. The country will take measures on establishing a list of monuments of national interest and increase the professional staff. Also, support will be given to amateur folklore organisations.

2.1.10 Civil Society

In Kosovo, 9 545 CSOs (2017) are registered and in **North Macedonia**, 15 476³⁰ and 69 CSOs networks (2019). **A Resource Centre for CSOs have offices in both beneficiaries. Also, they participate in regional organisations such as the Balkan Civil Society Development Network and the Regional Youth Cooperation Office (RYCO).**

2.1.11 Energy

Kosovo produced 6 036.6 GWh in thermo centrals, 326.5 GWh by hydropower's central, 34 MW of wind and 10 MW of solar. Electricity produced from renewables accounts for 5.5 %. Kosovo has potential to improve energy efficiency and to integrate renewable sources into its energy supply mix, projected to be increased by 4.6 % p.y.³¹.

North Macedonia produced over 4 607 GWh (2018) and 1 400 GWh of renewable electricity or 35.1 %. The country has limited range of options for energy supply and is highly dependent on energy imports. The Government plans to reach over 50 % of the total installed power from renewable energy sources by 2024. Also, the regional landfills will use waste to produce electricity and 100 000 households will be supported by solar thermal collectors.

2.1.12 Environment

Kosovo features a rich biodiversity. The important ecosystems are forests, covering 47.4 % of the total surface. Kosovo however suffers from low air quality. In 2019, the most polluted district was Hani i Elezit/Elez Han³². Air monitoring devices are installed in four places within the programme area.

Water resources seem to be insufficient. In *the South Economic Region*³³ a significant number of settlements are connected to the potable water treatment system. The *East Economic Region* has a higher proportion of settlements connected to the water supply and wastewater treatment systems. Most of the waste is dumped in landfills and a small amount is recycled.

Climate change policies address the mitigation of emissions of greenhouse gases and adaption to climate changes. The CO₂ (80 % of GHG) emissions per capita were at 5.5 t (2015) and the total is 10 Mt, relatively lower to EU average. The energy sector (88 %) and agriculture (7 %) are the main contributors of CO₂. Kosovo is exposed to droughts, floods and forest fires. Actions on energy efficiency, investment on renewables and adaptive approaches for resource management are needed.

³⁰ Civil Society Organization Sustainability Index, North Macedonia 2019

³¹ World Bank, 2020 <https://www.worldbank.org/en/country/kosovo/brief/ee-in-kosovo>

³² Annual report on Air Quality, Kosovo 2019

³³ Regional Social-Economic Profiles in Kosovo

In North Macedonia changes are foreseen on encouraging “environment friendly” vehicles and friendly fuel gas, increasing bicycle traffic, helping SMEs to adapt to new environment standards and promoting energy efficiency in public buildings. Air pollution is mainly associated with emissions from industrial facilities, combustion of fossil fuels, heating systems and traffic. Polluted soils are a direct source of pollution of surface and ground waters. The country is prone to floods, counting 44 %³⁴ of all disaster events in the country. The water quality is rather low due to various sources of pollution, affecting surface waters.

The generated municipal waste was 916 thousand tons, almost all landfilled in 44 active landfills.

Greenhouse gases emissions and climate change adaption are key issues addressed by the government. GHG emissions are planned to be 72 % lower in 2050 than in 1990, affecting the energy sector, industrial process and products, agriculture, forests and other land uses, and waste.

2.1.13 Cross-border Cooperation

The cooperation experience between local authorities and CSOs has been strengthened thanks to the operations implemented under the previous IPA CBC programmes, including Albania-Kosovo, Serbia-North Macedonia and Bulgaria-North Macedonia. The local authorities have built capacities to apply, manage and implement projects funded by other EU programmes, donors and banks. But many of them still lack managerial skills to handle EU-funded contacts, find complicated the tender procedures, emphasise language barriers, and admit ignoring what the situation is in neighbouring beneficiaries.

The main fields of cooperation have been the management/protection of natural resources; nature and cultural heritage; tourism; agriculture/rural development; business/trade, construction and maintenance of infrastructure and other investment projects.

Although the experience created during the projects implementation, the mid-term evaluation of IPAlI CBC programme (January 2021) found that the “*capacity of municipalities, in particular, to design and implement operations is very low*”. Although the municipalities are the leaders in project implementation, there is very limited in-house capacity and the projects have been led by consultants contracted to design and deliver them on behalf of the municipality.

2.2. Main findings

The programme area consists of five regions with common features and has a lot to share, great opportunities for cooperation and synergies that would increase the social and economic development of all its regions.

Both beneficiaries have demonstrated their political commitment to EU integration, including by undertaking EU-related reforms. The beneficiaries are committed to supporting their citizens’ health safety and the economic recovery measures to overcome the impact that the COVID-19 has brought about.

The beneficiaries have demonstrated an increasing growth on the GDP, relatively stable inflations, an increase of exports, a decrease of unemployment, an increase of the number of business entities and in other social and education

³⁴ Environmental Performance Review, third review, North Macedonia, UNECE 2019

indicators. But the impact of the pandemic and the recovery measures have increased the need for external financing. The COVID-19 pandemic has affected all macroeconomic indicators.

The economic structure of the programme area has an agro-industrial character, while some regions have typical agricultural features. The urban areas of Skopje have developed trade and industrial activities, but others have more agro-industrial features with potential for the development of agriculture, agro-processing and tourism.

Trends are positive on the increase of trade volumes. The economy exports a short list of low value-added industrial products and services due to low productivity and technology, incompliance with the regulation, quality, etc. These concerns should be addressed through cross-border cooperation, exchanging of know-how and best practices, business services, training and cooperation between all stakeholder to achieve results.

The structure of the private sector is typically characterised by micro and small-sized companies, running from one person companies to units with less than nine employees. These organisational structures do not have the capacity to introduce innovation and technology and increase productivity. A strong need for the cross-border cooperation is to diversify and upgrade the products and services to enter into the regional and international market.

The tourism sector has availability of supply resources in the area potential to develop and access to the regional road network European corridors. The area has natural resources, landscapes of mountains, rivers, lakes and waterfalls and sharing a positive image of the winter tourism on both sides. A rich cultural and historical heritage, linked to different ethnic groups living in the area, creates a potential that needs to be preserved, appreciated and promoted. The diverse types of tourism such as rural tourism, winter and nature tourism, agro-tourism, cultural tourism and business tourism are unexplored opportunities to unlock. Previous cooperation of the stakeholders through CBC projects in tourism and the commitment of governments and other donors to invest in tourism should continue in supporting the whole tourism value chain, creation of joint tourist products and offers, upgrading skills and create a marketing image and promote the programme area as one tourism destination.

Cultural heritage plays a valuable role. There are numerous historical sites, religious buildings, museums and archaeological sites that need to be renovated to be ready to receive visitors. Governments aim to support the cultural economy as a source of income. Previous cross-border cooperation in culture was rather successful during the implementation of the previous IPA programmes and such initiatives, as part of tourism development shall be the focus of the new IPA III Programme.

Agriculture is the most important sector, especially for the regions with most of the population living in rural areas. The potential for agriculture is immense when unlocked but still limited developed due to smaller farms, infrastructure, storage capacities, access to inputs, knowledge and skills, new technologies and market opportunities. This results in low productivity. Therefore, discovering possibilities to increase the productivity through supporting their initiatives as value chain of tourism, introducing new methods of cooperation through cooperatives or social businesses, assisting in access to market are some of the important directions to intervene in this sector.

The unemployment rate, phenomenon of fewer pupils enrolled in schooling, the continuous movement of population, poverty and inequality remain problems for both beneficiaries. High unemployment and poverty affect the young men and women more acutely in rural areas. Internal migrations from rural to urban areas are phenomena

that reveal the lack of job opportunities. The outflow of skilled and educated people to work abroad decreases the availability of people with suitable competences in the market. Women participate less in the labour market and the worst is the situation with the RAE communities. The COVID-19 situation has deteriorated the employment perspectives. The programme addressing the tourism and agriculture sectors will explore the possibilities to contribute in the increasing the employment of youth and women and RAE communities, in particular.

The beneficiaries **have a low percentage of energy produced from renewable sources**. North Macedonia progresses faster than Kosovo, but the beneficiaries should still explore other possibilities to diversify the sources of energy production from renewable sources. This requires high investment and programme is difficult to contribute to the renewable energy sector. But possibilities on agriculture, livestock waste, forestry and the wood industry, have unused potentials to engage in economic activities.

Environment degradation is one of the most pressing challenges in the region, which could hamper efforts to improve people's health and livelihood, and reduce poverty levels, but the need for protection is highly important. The environmental protection has received attention at policy level and both beneficiaries are strategically addressing climate change. The low level of awareness of the population, including pupils, the poverty that brings the uncontrolled exploitation of resources and the low level of enforcement of environmental regulations are some of the key challenges. The nature protection, forests, land and flood management need better attention to prevent environmental degradation. Natural disasters should be addressed through a better coordination between local authorities, awareness raising of the population for sustainable use of natural resources for a sustainable development of the area. The major opportunities for regional cooperation are in cooperation in the management of shared environmental resources, such as international rivers and the mountain ecosystems that straddle many of the international borders.

The CSOs have played a suitable role in the implementation of the IPA programmes. The sector is relatively small, but they demonstrate capacities in project application and implementation. CSOs participate in network and regional organisations supporting the CSOs by developing cooperation links of regional dimension.

ICT in application of digitalisation and e-commerce is increased. The programme considers the digitalisation and e-commerce as cross-cutting issue throughout its intervention.

Institutional capacities, cooperation and networking built in the programme area need strengthening to foster cross-border development through an integrated approach. The local authorities have prepared development plans on sustainable development, environmental, energy efficiency, SMEs, tourism, urban/spatial, waste management, agriculture/rural and youth, but addressing these issues from the cross-border perspective need an integrated approach. The capacities of the local authorities to design and manage projects still is weak, especially by small municipalities. These issues will be addressed.

In general, the situation analyses reveal that in the programming area there are potentialities for economic development of SMEs in trade and tourism services, environmental protection, climate change adaptation and mitigation, risk prevention and management. Interventions that aim at unlocking the potential for economic development/growth will need to be inclusive and gender-responsive, leading to sustainable and equitable results.

3. PROGRAMME STRATEGY

3.1. Rationale - Justification for the selected intervention strategy

The decision on the thematic priorities (**TPs**) was taken after screening the political, economic, social, technological, legal and environmental situation and a SWOT analysis of Kosovo and North Macedonia. The analytical findings concluded that the programme area is rich in natural, ethnic and cultural diversity, with an agro-industrial economic profile that has a high potential to develop, be upgraded and integrated at cross-border level. Thus, the availability of tourism components must become apparent and make the CBC area known in a broader aspect as one tourism destination. The local agricultural, agro-food and forest products must find their way as suppliers of (bio)products for the tourism sector and be developed as value-added products for the export.

Different types of tourism (e.g. natural, winter, adventure, cultural, rural, etc.), agriculture, agro-food and environment are sectors closely interconnected and dependent on one another. The existence of an interactive relationship between the sectors of tourism, agriculture and environment will be the core focus of the programme, aiming at an integrated sustainable development.

Unemployment among youth and women represents another challenge in the programme area, but the programme will create new jobs and increase employment by encouraging entrepreneurship and creating new business opportunities, stimulating training and qualifications in the labour market, and job counselling for youth and women.

The selection of thematic priorities took into account the accumulated experience and lessons learnt from the two-previous implementing periods of the IPA programmes

The combination of the foregoing analyses, the identification of the key challenges of the area, resulted in the prioritisation of three TPs: **TP2** (Environmental protection, climate change adaptation and mitigation, risk prevention and management), **TP5** (Tourism) and **TP8** (Competitiveness, business environment and SME development, trade and investment), but focusing at the end on only **two thematic priorities**: TP8 and TP2.

The selection of **TP8 (Competitiveness, business environment and SME development, trade and investment)** was substantiated on the fact that dealing with business development would require upgrading skills, mostly of youth and women, and therefore contribute to achieving objectives that are usually associated to the TP1 (employment) and TP2 (investing in youth, education and skills).

The selection of **TP2 (Environmental protection, climate change adaptation and mitigation, risk prevention and management)** rests on the fact that the programme area is affected by many environmental issues linked to a low level of awareness among the population on environment protection, weak planning and management of environmental protection and prevention of natural disasters, and the sustainable use of local natural resources. Environmental interventions have consequences on tourism, agriculture and the health.

The programme will mainstream an **integrated intervention approach** by addressing needs, problems, concerns and priorities of the business sectors targeting only tourism and agriculture, agro-food and forest products by sustainable use of natural resources and environmental protection.

To achieve these challenges, the programme strategy has defined the overall objective/impact and selected two thematic priorities:

Overall objective/impact: To promote good neighbourly relations, foster Union integration and strengthen the social, economic and territorial development of the programme cross-border area by improving environment protection, and preservation of resources, and competitiveness and business development

1: Thematic Priority 8 -Competitiveness, business environment and SME development, trade and investment

2: Thematic Priority 2- Environmental protection, climate change adaptation and mitigation, risk prevention and management

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

Selected (TPs)	Justification for selection
<p>TP8- Competitiveness, business environment and SME development, trade and investment</p>	<p>Business is one of the most important sectors to be addressed in the programme area. Its development still lags in its capacity to create value-added products and services, ready to compete regionally and internationally. The creation and strengthening of the cross-border market through sustainable use of the local resources in economic aspects will strengthen SMEs to compete in the markets. The TPs' selection is justified based on the following reasons:</p> <ul style="list-style-type: none"> ◆ Tourism resources are considered a great potential in the area, sufficient to develop a different type of businesses in the tourism field (winter tourism, agro and rural tourism, nature and adventure tourism, cultural tourism, etc.). ◆ Shar Mountain (Shar Planina) is one of the highest mountains, equally divided, connecting two beneficiaries. So all actions in regard to the Shar Mountain area need to be taken as a mutual initiative. A unique research and analyses of the area and making a joined / regional marketing image is a priority to market internationally. ◆ The agricultural economic profiles of the area, the arable land, forests, the so-far development of agro-food and agricultural skills are prerequisites for diversifying and improving agro-products as part of the supply chain for tourism, and not only. ◆ The COVID-19 pandemic has caused a significant change in hospitality, tourism, food supply outlets and food consumption patterns. The Programme needs to reconsider strengthening short value chains to link agro-food producers to local markets and consumers, promoting the production and consumption of diverse local foods, facilitating access to markets, preserving and protecting local and traditional foods. ◆ The availability of a relatively young workforce and high unemployment level among young and women labour force, weakening by a large-scale emigration, displacement from the rural area, lack of measures to bring people back to the labour market. It is still considered a great asset to qualify, reskills and upskills and involve to the most economically promising sectors in the programme area. <p>With this TP, the cross-cutting focus will be on efficient digital tools, including e-commerce, facilitating adaptive marketing channels and links to product/services to consumers.</p>
<p>TP6- Environmental</p>	<p>The environment is facing degradation caused by many factors at all levels. The problems are common among the Western Balkans</p>

Selected (TPs)	Justification for selection
<p>protection, climate change adaptation and mitigation, risk prevention and management</p>	<p>and transboundary concerns associated with air pollution, environmentally unsound management of water resources, and unsustainable land management. This diversity of issues could not be addressed only by this programme, but the justification for selection is based on:</p> <ul style="list-style-type: none"> ◆ Governments are interested in implementing infrastructural projects and investment devoted to environmental protection that have been regarded as flagships on the Economic and Investment Plan and the Green Deal of WB. ◆ This programme needs to consider complementary actions to the planned investments on environment and climate action or issues that receive less attention by other programmes and are in line with cross-border needs and priorities. ◆ Environmental issues are generally solved at public level, but local governance plays an important role, considering environmental protection impact in a broader sense, which influences both sides sharing the same natural resources. ◆ The natural and human-made disasters caused especially by water erosion and floods entail the same risk at the cross-border level, and thus, there is a need to develop joint and harmonised management plans to foster environmental protection. ◆ Nature protection of the cross-border area through joint development plans for capacity building is needed. Nature valuable resources in forestry, agriculture, tourism linked to the protection of water, soil, natural landscape, proper use of agricultural land, protection of forest by degradation will be taken into consideration. ◆ The initiatives for economic interests that support effective green business models, using the waste and residues will be promoted for the sustainable use of natural and local resources. ◆ The horizontal intervention on raising awareness of the population on the importance of environmental protection will play an instrumental role on promoting the sustainable use of the natural resource and improving green skills. The programme will address the environmental issues linked to tourism and agriculture to guarantee an integrated intervention in the cross-border area. It will strive to include the gender equality and social dimensions to preserve natural resources, and support the equitable participation of the most vulnerable people.

Financial allocation of the programme funds is as follows:

- Approximately **45 %** shall be allocated to Thematic priority 8 - It is expected that this thematic priority contributes to encouraging entrepreneurship and creation of new business, and diversify the market with new products Approximately **45 %** shall be allocated to Thematic priority 2 - It is expected that this thematic priority creates an impact on the improvement of the environment and nature, protection against natural disasters and sustainable use of natural resources that cover a considerable part of the programme area.

- A maximum of **10 %** of the programme allocation shall be used for technical assistance.

3.2. Description of programme priorities

The IPA III Programming Framework contains the following obligatory indicators on the three strategic objectives of IPA III CBC, common for all IPA III CBC programmes:

Table 3.2: - The IPA III programming strategic/core indicators

IPA III strategic objectives for CBC	INDICATOR	Baseline value ³⁵ (2021)	Target 2030
Confidence building and good neighbourly relations	Number of organisations participating in cross-border networks/partnerships formed, disaggregated by type of organisation (especial mention of women's associations)	120	250
	Number of organisations directly involved in the implementation of the projects, disaggregated by type of organisation (especial mention of women's associations)	374	700
Economic, social and territorial development of border areas	Number of new jobs resulting from programme activities, disaggregated by the sex and age of the new employees	58	120
	Number of new businesses established, disaggregated by the sex and age of the owner	46	100
Capacity building of institutions at all levels	Number of organisations/institutions with increased capacities, disaggregated by the type of organisation (especial mention of women's associations)	0	5

Programme beneficiaries will also report about these indicators in every annual implementation report. The regional monitoring system will help them in this task with the necessary data.

In the framework of this programme, the following thematic priorities (TPs) and specific objectives/outcomes have been identified for the 2021-2027 period:

1: Thematic Priority 8 -Competitiveness, business environment and SME development, trade and investment

Specific Objective/outcomes 1.1: Increased levels of cross border trade and tourism services

Specific Objective/outcomes 1.2: Increased employment/ number of new businesses created

³⁵ The baselines have been extracted from the monitoring system by aggregating the relevant indicators from the projects implemented and under implementation, till 31st March 2021, under the IPA II CBC

2: Thematic Priority 2- Environmental protection, climate change adaptation and mitigation, risk prevention and management

Specific Objective/outcomes 2.1: The cross border territory is more environmentally sustainable

3: Thematic Priority 0: Technical Assistance

Specific Objective 0.1: to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme; and

Specific Objective 0.2: to raise awareness of the programme amongst public, regional and local communities and, in general, the population in the eligible programme area

1- Thematic Priority 8: Competitiveness, business environment and SME development, trade and investment

The SME sector in the programme area is highly dominant by one-person businesses and small-sized companies. They have low capacities to make investments that are needed for innovation and upgrading, creating value-added products and diversify the product portfolios. The situation is more difficult on market development due to the lack of professional marketing and digital skills among entrepreneurs.

The business sector of tourism can offer a wide variety of products and services when considering its natural resources, climate and landscape, travel, tourism facilities, hospitality, cultural and entertainment traditions, but still, there are un-explored opportunities which can be seized with the help of cross-border cooperation.

The municipalities in the border area have the agro-industrial profile, although several obstacles related to the fact that while the majority of individuals working in agriculture are women, the small size of farms and a small trading market that hinders company growth and local products often do not find their way to the market, therefore there is a need to support local products to expand the market within the programme area and beyond and to cater the tourism sector with local products.

There is a high unemployment rate in the programme area, even higher among the young people and women and there is a gap between labour demand and supply skills. Many factors are influencing this phenomenon, but in all cases, less required skills available can hinder SME development and job creation.

At last, tourism and agriculture are defined as the main sectors with high potential and unused capacities to explore and further develop with higher possibilities to provide results for economic growth, social cohesion and welfare in a CBC dimension.

The programme is focused on the development of the cross-border market by fostering product and service internationalisation, development of new businesses and skills creation, targeting the most key sectors in the regions: tourism and agriculture, considering that both are part of the same supply chain. To achieve its specific objectives/outcomes, the programme follows a proven methodology by which economic sectors should equally enhance products and markets. Logically linked, the programme will support product/service development, upgrading the existing product/service, digitalisation and commercialising them in the market. On the other side, the programme supports market creation by encouraging new entrepreneurs and new businesses to find the necessary skills in the labour market.

Therefore, the interventions will focus on the achievement of two specific objectives/outcomes, closely linked to each other:

Specific objective/outcome 1.1: Increased levels of cross-border trade and tourism service

Firstly, the programme will intervene in creating new or upgrading existing **Products and Services**. The programme encourages the development of the tourism sector through the creation of new joint tourist products/services, tourist offers and new itineraries. Thus, the intervention will include additional unused or underexplored resources in the tourism products/ offer. The tourist products will feature all the components of the tourism industry (hotels, catering, tourism services, entertainment activities and craft souvenirs) considering the whole value chain of the tourism sector. Interventions shall generate the creation of tourist products/services that include joint components from both sides of the programme area.

In agriculture, the focus will be on new and existing products, especially agro-food products, by encouraging local producers to new product development, preservation, conservation and packaging by introducing the best practices, knowledge transfers and methods to increase productivity.

Secondly, market penetration is the most difficult for the SMEs operating in tourism sectors and agriculture. Therefore, the programme will strive for **marketing** to support the new or upgraded products and services be commercialised in the local cross-market and beyond.

Regarding tourism, initiatives to encouraging joint branding of tourism products are encouraged. The new products from agriculture (farming, food and forestry) will be promoted to the supply tourism industry and cross-border market and beyond.

Promotion of tourism sectors and products of the whole programme area, as one tourism destination, will be supported by the Programme. Activities that increase awareness of market opportunities and capability to exploit these opportunities by encouraging collaboration and cooperation between producers and the tourism supply chain will be implemented. Through trade promotional activities, participation in trade fairs, business advisory services, usage of digital means, platforms, business to business meetings, etc., will boost the production and marketing capacities and increase access to the market.

For both sectors, the interventions in the construction or renovation of small-scale infrastructure that give support to the sector will be supported.

Specific objective/outcome 1.2: Increased employment/number of new business created

This specific objective/outcome is related to the sustainability development of the actions that are envisaged to be supported through the specific objective/outcome 1.

Firstly, the development of the products and services in tourism and agriculture and their marketing is associated with an increase of the rurality and tourism-based business development that generate employment opportunities.

Thus, the programme will encourage an **entrepreneurial culture and skills that create new businesses**. The programme will address the joint business cooperation activities, targeting mostly women-led entrepreneurs in the cross-border area to increase cooperation and business opportunities. In focus will be initiatives that encourage the new business creation by orientation towards opportunities for knowledge transfer and skills enhancement. Better access to business training, business planning preparations and coaching activities, digital skills, financial management and promoting the innovative business practices in tourism, including rural tourism, nature tourism, cultural tourism,

health and sports tourism are some of the types of businesses to be promoted as a family or community-based service, especially women-led businesses. Possibilities to support with business start-up packs will be provided.

The capacity of the population living in rural areas and devoted to agriculture will be developed through the introduction of methods that bring larger production, while taking care of the sustainable use of natural products, orienting the farmers to deal with agro-food products from farming, forestry and traditional food to supply tourism.

Secondly, the product and marketing development, as well as the creation of new businesses in tourism and rural activities, will require skills available in the labour market. The challenges of unemployment among the youth and women and emigration towards the large cities or abroad will be addressed by developing the human capital in the same targeted sectors. The interventions on formal, informal and non-formal education will support the students of VET schools/VCs of vocational profiles of the target sectors to improve curricula and practice internship within the private sector, aiming for future employment. Close cooperation between schools and the private sector will be promoted.

The provision of training, through non-formal learning methods will be considered through closer links to businesses. The encouragement of entrepreneurship and managerial skills in the tourism and agriculture sectors will be addressed through joint initiatives and exchanging experience in the programme area will especially focus on women. The programme will support the creation of those skills missing in the labour market and, at the same time, add value and increase the quality of services provided in agriculture and tourism. Creating and improving skills oriented towards employment in hospitality services and in the tourism area such as travel agents, tour guides, rescue team and the improvement of agriculture skills in agro-food production, on the preparation of traditional products and revitalisation of the traditional cultural heritage and other sub-sectors will be encouraged.

2- Thematic Priority 2: Environmental protection, climate change adaptation and mitigation, risk prevention and management

Specific objective/outcome 2.1: The cross border territory is more environmentally sustainable

Environmental degradation is one of the most pressing challenges in the region, which could hamper efforts to improve people's health and livelihood, and reduce poverty levels. Environmental protection is an important issue at EU level, reflected on the Economic and Investment Plan and the Green Agenda for the Western Balkans. It is especially challenging for the respective beneficiaries to reflect it in the programme area, as well.

Environmental protection by the population, organisations and businesses tend to use a combination of measures involving regulatory, economic, voluntary, and information instruments.

The major opportunities for regional cooperation are in the **management of shared environmental resources, such as international rivers and the mountain ecosystems that straddle many of the international borders**. The programme will foster cooperation among local authorities, organisations and other actors for the sustainable use of natural resources through enforcement of environmental standards, promotion of joint initiatives, partnerships and networking actions, volunteering actions, involving individuals and communities, raising awareness activities to address the

protection of water, soil, proper use of agricultural land, protection of forest by degradation, etc.

For regional cooperation is in institutional to strengthen to mechanisms to share information and undertake joint environmental monitoring. This is essential to overcome the limitations imposed by the scarcity of environmental information and knowledge, which is a major constraint on sustainable development planning and decision making.

The programme tends to promote nature protection by protecting natural areas meaning protecting animals and plants, landscape and other opportunities for enjoying nature. The main means are awareness-raising and information campaigns, nature management and restoration, planning, etc. Also, joint capacity building plans for nature protection will be developed.

Natural disasters entail a common risk for the cross-border area, especially related to flood management. Therefore, the programme will encourage joint and harmonised risk management and prevention plans and preparation of maps of flood hazard risk to protect against the consequences of flooding, applying the UN Sendai Framework³⁶ as a guide to multi-hazard management of disaster risk.

The programme will tend to give its contribution to the identification of possible sources for use and re-use of the waste and residues of agriculture, tourism, forestry, wood processing industry and other crops, etc. It will likewise promote good examples of business models.

In general, the increasing importance of environmental protection should be accompanied by raising awareness campaigns for the population, capacity building activities for local authorities, organisations and businesses, to address the main intervention areas on the programme, natural disasters, nature protection, sustainable use of natural resources, use and re-use of waste and residues, as part of circular economy.

3: Thematic Priority 0: Technical Assistance

The specific objective/outcome of the technical assistance is twofold:

- (i) to ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme; and
- (ii) to raise awareness of the programme amongst regional and local communities and, in general, the population in the eligible programme area.

It also supports awareness-raising activities at beneficiary level in order to inform citizens in both IPA III beneficiaries. This priority will also reinforce the administrative capacity of the authorities and beneficiaries implementing the programme with a view to improve ownership and suitability of the programme and projects' results.

The technical assistance allocation will be used to support the work of the CBC Structures (OS) and of the Joint Monitoring Committee (JMC) in ensuring the efficient set-up, implementation, monitoring and evaluation of the programmes as well as an optimal use of resources. This will be achieved through the operation of a Joint Technical Secretariat (JTS) whose head office is based on the territory of Kosovo (Pristina) and its antenna office in North Macedonia (Kumanovo). The JTS will oversee the day-to-day management of the programme and will be reporting to the OS and JMC.

³⁶ UN Sendai Framework for Disaster Risk Reduction 2015-30 was adopted by UN Member States on 18 March 2015 at the Third UN World Conference on Disaster Risk Reduction in Sendai, Japan. The Sendai Framework is the first major agreement of the post-2015 development agenda, with seven targets and four priorities for action.

Expected results:

- 1.1. Enhanced administrative support to the CBC structures and the joint monitoring committee
- 1.2. Increased technical and administrative capacity for programme management and implementation
- 2.1. Guaranteed visibility and publicity of the CBC programmes and their outcomes

Target groups and final beneficiaries (non-exhaustive list)

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

Main beneficiaries:

- CBC Structures
- Joint Monitoring Committee
- Local Authorities

Table 2: Example- Overview of the programme strategy

Thematic cluster: BUSINESS ENVIRONMENT AND COMPETITIVENESS-TC4						
1 - Thematic priority 8: Competitiveness, business environment and SME development, trade and investment			Indicators	Baseline value (2021)	Target value (2030)	Data source
Specific objective (s)	Results	Types of activities				
			<p>Impact</p> <p>Number of businesses still active after two years of their establishment</p> <p>Number of new jobs resulting from programme activities disaggregated by the sex and age of the new employees</p>	<p>0</p> <p>49</p>	<p>90% stay active</p> <p>120</p>	<p>Regional Statistical Report</p> <p>AIR, project reports</p> <p>Monitoring system</p>
SO1.1: Increased levels of cross border trade and tourism services	New local products with cross-border tourism potential developed	Development agro-food products	Outcome			
		Development joint tourism products /services	Number of new brands recognised by the market	21	30	Project Reports
		Connecting tourism with sectors of agriculture, agro-processing and crafts	Number of cross-border partnerships between trade promotion institutions formalised	0	5	AIR, project reports
		Introduction of quality standards in product/service	Number of institutions and organisations with improved competence on international marketing	31	46	Monitoring system
		Renovation of tourism facilities, restoration and/or preservation of cultural and historical site	Output			
			Number of local products with cross-border tourism potential developed	0	5	AIR, project reports
			Number of tourism facilities/sites with improved infrastructure	15	18	Monitoring system
						Reports of municipalities

	1.1.2 Marketing and commercialisation of products and services locally and internationally improved	<ul style="list-style-type: none"> • Digitalisation for promotion of local products, tourism, culture heritage, crafts • joint marketing/branding activities to optimise product /service development • Joint initiatives and missions to promote business cooperation, targeting in particular women-led businesses • Visibility activities to promote new tourism products and services • Promotion of products/service in trade fairs locally and internationally • Capacity building for institutions and organisations on international marketing • Exchanges and study visits to experienced organisations promoting trade / tourism 	Output <ul style="list-style-type: none"> • Number of agro-food products commercialised • Number of tourism products commercialised • Number of local markets with improved infrastructure • Number of businesses/enterprises participating at trade fair, exhibitions for organised in cross border area and internationally 	0	5	
				21	25	
				0	2	
				0	20	
	1.1.3- Increased capacities of trade and tourism organisations and local authorities on promotion strategies	<ul style="list-style-type: none"> • Capacity building for institutions and organisations on international marketing • Exchanges and study visits to experienced organisations promoting trade / tourism 	Output <ul style="list-style-type: none"> • Number of organisations/institutions with increased capacities 	0	5	
SO 1.2: Increased employment/number of new businesses created	1.2.1 Interns gained practical experience to enter the workforce	<ul style="list-style-type: none"> • Cooperation with VET schools and VCs and private sector to internship programmes in agriculture/agro-processing • Cooperation with VET schools and VCs and private sector to internship programmes tourism and hospitality 	Outcome <ul style="list-style-type: none"> • Number of new businesses established, disaggregated by the sex • Number of participants with increased employability and employment competence, disaggregated by sex 	46	100	AIR, project reports
				0	150	Monitoring system

			Output <ul style="list-style-type: none"> Number of interns involved with private companies in agricultural sector Number of interns involved with private companies in tourism sector 	0	20	AIR, project reports
				0	20	Monitoring system
	1.2.2 Increased support to business start-ups	<ul style="list-style-type: none"> Joint initiative to provide business services and coaching on business planning Supporting business with start-up packs (business plans, equipment and supplies) in agriculture, bio-farm, rural tourism, agro-tourism, culture and cultural heritage and creative industries, encouraging employment with focus on youth and women 	Output <ul style="list-style-type: none"> Number of business plans/ strategies prepared Number of business start-up packs (equipment and supplies) provided 	0	20	AIR, project reports
				0	20	Monitoring system
SO 1.2: Increased employment/number of new businesses created	1.2.3 Increased supply of professional training courses	<ul style="list-style-type: none"> Professional training, transfer knowledge and other capacity building activities to business start-ups/entrepreneurship, targeting in particular women-led businesses Joint training activities for women to promote entrepreneurship Professional training in agriculture, bio-foods Professional training in services and in the hospitality services tourism area (tourist guides, adventure, sport guides, rescue team, etc) 	Output <ul style="list-style-type: none"> Number of professional training courses on business start-ups/entrepreneurship organised Number of people trained on entrepreneurship established their own business 	0	50	AIR, project reports
				40 (farmers, 32% youth, 13% women)	60	Monitoring system

Thematic cluster: **GREENER AND IMPROVED RESOURCE EFFICIENCY-TC2**

2 - Thematic priority 2: Environmental protection, climate change adaptation and mitigation, risk prevention and management			Indicators	Baseline value (2021)	Target value (2030)	Data source
Specific objective (s)	Results	Types of activities	<p>Impact</p> <ul style="list-style-type: none"> • Number of harmonised environmental education curricula and/or an extra-curricular programme introduced in elementary and secondary education on both sides of the border • Percentage of residues recycled in agriculture, forestry and wood industry • Percentage of the programme area covered by strategies and action plans • Number of agreements/MoUs signed and entered in force at local and/or regional level on protecting the nature in the eligible area 	0	3	Annual Environment Reports
				0	2%	AIR, project reports Monitoring system
				0	20%	Annual Report on State of Air
				0	5	
SO2.1 The cross border territory is more environmentally sustainable	2.1.1: Increased awareness of cross border in environment protection/climate change/nature protection to promote sustainability among target groups	<ul style="list-style-type: none"> • Joint environmental awareness campaign on cross border in environment protection/climate change/nature to promote sustainability 	<p>Outcome</p> <ul style="list-style-type: none"> • Percentage of the population of the geographic area has been reached by an information campaign • Percentage of area covered by joint management measures for environment protection • Number of strategies/plans adopted on prevention and mitigation of natural disasters and human-made hazards • Number of local communities being beneficiaries of capacity building activities on prevention and mitigation of human-made hazards and natural disasters 	3,54%	6%	AIR, project reports Monitoring system
				0	10%	AIR, project reports Monitoring system
				0	2	Report of Municipalities
				0	15	Report on Environmental Review

			<p>Output</p> <ul style="list-style-type: none"> Percentage of the population of the programme area has been target of environment awareness raising activities; 	5%	10%	
	<p>2.1.2: Joint management plans and capacities on environmental protection and disasters</p>	<ul style="list-style-type: none"> Development of joint management plans to foster environmental and nature protection Implementation of the joint management measures for environmental and nature protection Development of joint management plans, research and studies, maps of floods to prevent natural disasters Capacity building activities to public and public administration to manage emergency flooding situation Training, education or other capacity building activities (transfer of know-how, mapping of target area, exchange of good practices and networking activities to promote a sustainable cross-border area 	<p>Output</p> <p>Number of joint and harmonised management plans to foster environmental protection developed</p> <p>Number of joint and harmonised management plans to prevent natural disasters of flooding developed</p> <p>No of training events organized for those bodies of the public administration responsible to manage environment;</p> <p>No of training events organized for those bodies of the public administration responsible to manage emergency flooding situations;</p>	0	1	
	<p>2.1.3: Circular economy practices are fostered</p>	<ul style="list-style-type: none"> Joint planning and study approaches to address the opportunities for use and re-use of residues (agriculture, forestry, wood industry and tourism) Exchanging experience of good business models on circular economy (use of re-use of residues and waste) 	<p>Output</p> <ul style="list-style-type: none"> Number of studies developed on opportunities to use and re-use of by-products, residues and waste in target sectors (agriculture, forestry, wood industry and tourism) Number of CSOs and businesses of the programme area became aware of sustainable use of resources (residues and waste) 	0	2	
				0	20	

		<ul style="list-style-type: none"> New jointly planned CBC investment promoting a sustainable use of residues and waste in cross border region 	<ul style="list-style-type: none"> Number of new investments applied 	2	3	
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Thematic cluster: TECHNICAL ASSISTANCE						
3 - Thematic priority : Technical Assistance			Indicators	Baseline value (2021)	Target value (2030)	Data source
Specific objective (s)	Results	Types of activities	Impact Percentage of funds available under the programme that are contracted	71.84	100	AIR, Monitoring system
SO 0.1: ensure the efficient, effective, transparent and timely implementation of the cross-border cooperation programme	0.1.1 The administrative capacity for CBC reinforced	<ul style="list-style-type: none"> Establishment and functioning of the Joint Technical Secretariat and its Antenna Organisation of JMS and OS meetings Support to the work of the Joint Task Force in charge of preparing the programme cycle 2028-2034 Monitoring of project and programme implementation, including the establishment of a monitoring system and related reporting Organisation of evaluation activities, analyses, surveys and/or background studies 	Outcome			
			<ul style="list-style-type: none"> Percentage of JMC and OSs decisions implemented in a timely manner (as prescribed in the minutes of meetings) 	75	90	AIR, MoM, Monitoring system
			<ul style="list-style-type: none"> Percentage of projects implementing monitoring mission recommendations. 	80	90	AIR, project reports Monitoring system
			Output			
			Number of JTS/antenna offices newly equipped and functional	2	2	AIR, Monitoring system
			Number of events organized in relation to programme management	14	14	Project Reports
			Number of project monitoring missions implemented	17	40	
	0.1.2. Potential applicants and grant beneficiaries supported	<ul style="list-style-type: none"> Organisation of events, meetings, training sessions, study tours or exchange visits to learn from best practice of other territorial development initiatives 	Outcome			
			<ul style="list-style-type: none"> Average share of potential applicants, applicants, grant beneficiaries and other target groups satisfied with programme implementation support 	0	60%	

		<ul style="list-style-type: none"> Preparation of internal and/or external manuals/handbook Assistance to potential applicants in partnership and project development (partners search forums etc.) Advice to grant beneficiaries on project implementation issues 	<p>Output</p> <ul style="list-style-type: none"> Number of capacity building events for potential applicants, grant beneficiaries and programme structures' employees Number of internal/external manuals or handbooks prepared Number of queries of grant beneficiaries resolved 	34	50	AIR, project reports Monitoring system
				1	2	
				618	900	AIR and other reports
SO 0.2 raise awareness of the programme amongst regional and local communities and, in general, the population in the eligible programme area	0.1.3 The visibility of the programme and its outcomes is guaranteed	<ul style="list-style-type: none"> Information and publicity, including the preparation, adoption and regular revision of a visibility and communication plan, dissemination (info-days, lessons learnt, best case studies, press articles and releases), promotional events and printed items, development of communication tools, maintenance, updating and upgrading of the programme website, etc. 	<p>Outcome</p> <ul style="list-style-type: none"> Number (or %) of people aware of programme 	286 000	500 000	AIR and other reports
			<p>Output</p> <ul style="list-style-type: none"> Number of information/promotion campaigns implemented 	0	2	AIR and other reports
			<ul style="list-style-type: none"> Number of promotional and visibility events organized Number of publications produced and disseminated 	20	40	
				0	2	

3.3. Horizontal and cross-cutting issues

The programme emphasizes the importance that the EU gives to horizontal and cross-cutting issues. It will integrate and incorporate horizontal and cross-cutting issues in compliance with EU objectives and policies. Such issues are reflected in the priorities selected for the programme, such as sustainable development, environmental protection, promotion of equal opportunities, prevention of discrimination and promotion of equality between women and men.

Sustainable development

The programme strategy should be regarded as a contribution to the integrated sustainable development of the programme area.

The aim of selecting TP8 - “**Competitiveness, business environment and SME development, trade and investment**” underpins the sustainability of the programme area, where the development of tourism and agriculture are interconnected, as part of the same supply chain and closely related to the environment. Also, the contribution to employment and creation of new businesses has a positive impact on social and economic development of the local communities, municipalities and rural areas. The mutual harmonisation of the development of the business sectors on equilibrium with the environment is crucial for sustainable development.

Improving **the environment** and contributing to improving people's health is part of the programme strategy, mirrored directly through the TP2 – "**Environmental protection, climate change adaptation and mitigation, risk prevention and management**". It includes specific activities to promote environmental protection and a green economy through nature protection and sustainable use of natural resources. The stakeholders' consultations indicate a low awareness among the population and the business community across the borders on sustainable environmental development issues. Therefore, the strategy includes joint activities for increasing awareness of environmental standards and measures, which will lead towards increasing attractiveness of the cross-border areas and provide a long-term competitive advantage of the region.

Climate change

The programme reflects the importance of climate change linked to the TP2 - Environmental protection, climate change adaptation and mitigation, risk prevention and management, as it encourages initiatives related to the usage of the residues of the agriculture and wood processing on transforming valuable materials, which contribute to decreasing the CO₂. UN Sendai Framework will serve as a guide to multi-hazard management of disaster risk.

Gender mainstreaming and equal opportunities

Gender equality between women and men belongs to the fundamental values of the EU and as such, it is part of the programme strategy. The programme is in line with three, out of five pillars of the EU Gender Action Plan (GAP) III' 2021-2025 that calls for a gender-equal Europe.

In line with the approach outlined in the EU Gender Action Plan,³⁷ (GAP III) 2021-2025, IPA III will mainstream gender equality and also continue ensuring girls' and women's physical and psychological integrity, promoting the economic and social rights and strengthening girls' and women's voice and participation with targeted actions.

All CBC operations need to be made in an inclusive manner addressing those that are experiencing high poverty rates and low employment opportunities such as persons with disabilities. These investments shall respect the obligations under the UN Convention on the Rights of Persons with Disabilities. Improving **labour market participation, especially of young people and women, disadvantaged groups and minorities, in particular Roma**, will be a priority and can strongly contribute to economic growth.

Reforms of **social protection and inclusion** systems, including social care services, will be tackled considering the human development gap with the EU. Development of active inclusion strategies will be supported.

The design of the indicators **disaggregated by type of organisation (especially women's associations)** or by sex and age for monitoring and evaluation will be further reflected in the eligibility and project selection criteria through call for proposals.

Additionally, during the information and publicity events, and the project selection process, it will be ensured that people living in the border area have access to the opportunities offered by the programme, without any discrimination based on gender, race, ethnic origin, religion or belief, disability, age or sexual orientation.

The mainstreaming of capacity building for local and regional authorities

³⁷ https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2184

The thematic cluster 5 ‘improved capacity of regional and local authorities to tackle local challenges’ should be mainstreamed by the IPA III beneficiaries in this cross-border cooperation programme. For this purpose, the programme management structures could adopt the following measures (one or combination of them):

- Measures having a general character
- Measures under the technical assistance thematic priority, and
- Measures within the CBC operations following the different calls targeting the selected thematic priorities

Table 3.4 Overview of the proposed measures while developing the mainstream thematic cluster on local and regional authorities to tackle local challenges

<p>Mainstreaming will serve to improve the capacity of local authorities with a view of increasing and strengthening their participation in CBC and will be implemented at the level of both CBC operations and through activities under the technical assistance priority.</p>	
<p>Within CBC operations</p>	<p>Applications are encouraged to involve regional and local authorities in their development and implementation and to describe how it is aligned to and contributes to development plans.</p>
	<p>If so agreed, in some calls for proposals or within a specific lot of a call for proposals, local authorities will be included in every CBC partnership of applicants. For regions eligible to different CBC programmes, attention should be paid to avoid saturation. Such calls for proposals or lots within a call could receive, for example applications that have several local authorities as implementing partners (inter municipal cooperation), and most importantly, it should encourage partnerships with smaller, weaker, rural local authorities, by which, for instance, the main applicant (a larger municipality) will assist a smaller one, seconding staff to it, or receiving staffers for training purposes from those less developed municipalities (share of resources)</p> <p style="text-align: center;">NB: If so decided, Actions fully relying on staff of local authorities should be privileged, while reducing to a minimum³⁸³⁹ the presence of external managers among the human resources of the projects.</p>
<p>Under the thematic priority ‘technical assistance’</p>	<p>The specific needs and interests of local authorities to increase their participation in CBC operations will be reviewed, and based on the findings of this review, the JTS work plans will be amended as appropriate, including but not limited to the following activity: to launch targeted awareness raising campaigns, especially prior to the publication of calls of proposals; these campaigns will go in parallel with, and be reinforced by usual OSs/JTS activities such as partner search forums, help desk assistance, as well as the provision of training on preparation of CBC applications organized for potential applicants, in which all types of potential applicants will be included.</p>

³⁸ https://ec.europa.eu/international-partnerships/system/files/join-2020-17-final_en.pdf

³⁹ This could be regulated with the enforcement of a maximum percentage for this purpose out of the total eligible costs of the action.

3.4. Coherence with other programmes and macro regional strategies

Bilateral and regional programmes

As stated in the **IPA III Programming Framework**⁴⁰, IPA III CBC support will be granted in full complementarity with the previous financial assistance under IPA and IPA II CBC as well as with the EU policies in the respective sectors. The framework has identified five thematic windows, the fifth one dealing with territorial and cross-border cooperation. IPA III CBC will ensure synergy and complementarity with **bilateral and regional programmes**. The latter will primarily be mobilised to address issues of regional nature, or when a regional approach will allow for greater efficiency.

The interventions under the thematic priorities will consider the fact that Kosovo and North Macedonia have eligible regions that are part of other IPA/IPA CBC programmes. Hence, if the same priorities are selected within the same eligible area, but in different IPA CBC programmes, then they will be carefully treated, to create synergies to make the best use of the joint programme and avoid overlapping.

Specifically, the **South Economic Region** (Kosovo) is also part of IPA III CBC Albania-Kosovo and there is overlapping in thematic priorities. In this case, close coordination between the programmes which selected the same TPs will be ensured in order to avoid having the same TPs within the CfPs at the same time. The **Polog Region** (North Macedonia) is part of the IPA III CBC North Macedonia-Albania and both programmes share the same TP. Attention will be paid when opening the calls for proposals to avoid overlapping of funding. The **Skopje Region** (North Macedonia, part of it) is participating in the IPA III CBC Serbia-North Macedonia and the **North East Region** (North Macedonia) is involved in both IPA III CBC Serbia-North Macedonia and INTERREG IPA CBC Bulgaria-North Macedonia, but there is no overlapping on the thematic priorities between programmes.

The priorities of IPA III CBC Kosovo-North Macedonia are complementary to IPA Programmes. It will complement and create synergies with the Kosovo IPA III 2021-2022 with projects on trade and internal market, on agriculture and rural development, and on environment and green energy. It will be complementary to the grant schemes implemented by the Ministry of Agriculture, Forestry and Rural Development and complementary with the IPARD scheme support in Agriculture.

The programme will be complementary to the actions funded under the IPA multi-country programmes to EU support for climate action in IPA II beneficiaries, competitive and sustainable regional tourism in the Western Balkans, the Western Balkans Regional Energy Efficiency Programme (REEP) and the Green for Growth Fund.

The programme priorities will take into account the relevance and alignment to internal strategies, action plans and projects implemented by the local authorities. The IPA III CBC programme will complement and create synergies with the measures planned by the Central Governments of Kosovo 2020-2023 and North Macedonia 2020-2024 and the Economic Reform Programmes for Kosovo and North Macedonia 2020-2022, mentioning here the investment in tourism infrastructure (winter, mountain and rural tourism), increasing the capacities based on international standards, together with measures on environment, climate action and measures in agriculture.

⁴⁰ Commission Implementing Decision C(2021) 8914 of 10.12.2021

Regarding environmental protection, the programme is in line and complementary with the new drafted political documents prepared by beneficiaries, such as National Strategy on Nature protection, Water, Long-term Strategy on Climate Action, National Emission Reduction Plan, Strategy on Air Quality, etc.

The programme will be complementary to the EBRD programmes on Advisory services and Women in Business, and programmes of USAID, SIDA, Swiss Development Cooperation, Nordic Support on local infrastructure, GIZ support and other donors that fall under the same priorities.

The governments and CBC structures of both beneficiaries will cooperate closely to avoid duplication between assistance provided under other IPA III CBC programmes, other EU programmes, interventions funded by international donors and financial institutions and to guarantee their coherence, complementarity and synergy.

At the global level, IPA III CBC is also part of the **2030 Agenda for Sustainable Development** which plays the role of umbrella strategy to achieve a more sustainable future for the planet and to eradicate poverty. As such, the Sustainable Development Goals (SDGs) represent for the IPA III beneficiaries both a direct commitment taken at multilateral level and an additional requirement to converge on the EU policy framework in the accession process. In this context, IPA III CBC activities will be consistent with and supportive of the beneficiaries' undertakings for their achievements.

Macro-regional strategies

This programme is strongly linked with the **EU Strategy for the Adriatic-Ionian Region (EUSAIR)**, their embedding processes and flagship projects. This strategy is an integrated framework endorsed by the European Council, which may be supported by different funds, to address common challenges faced by Member States and third countries located in the same geographical area. The recent (April 2020) inclusion of North Macedonia into this strategy strengthens the EU role in helping the region further into its EU accession path.

The EUSAIR aspires to mobilise and align many existing EU funding instruments around the topics of the four pillars. Although Kosovo is not a participant in the EUSAIR, it will indirectly contribute to furthering the macro-regional strategy via the CBC programme with North Macedonia. The selected thematic priorities and thus the entire programme document are coherent with two of **the EUSAIR's pillars** (tourism and environment).

Macro-regional strategies set a new model of governance based on effective cooperation and coordination of policies and actions over borders. Macro-regional strategies are supported by the highest political levels of the EU, the Member States and the regions concerned and have become an integral part of EU regional policy. IPA III beneficiaries must be aware of their priorities and **alignment to one of them will be one of the criteria for assessing an action for its further selection under IPA III calls for proposals.**

Economic and Investment Plan for the Western Balkans

Special focus will be put on the recommendations of the main EU documents "An Economic and Investment Plan for the Western Balkans (EIP)", the Green Agenda for the Western Balkans and the "Common Regional Market".

The Economic and Investment Plan aims to spur the long-term recovery - backed by a green and digital transition - leading to sustained competitiveness and economic growth, implementation of reforms required to move forward on the EU path, and bringing the Western Balkans closer to the EU. It aims to unleash the untapped economic potential of the region and the significant scope for increased intra-regional economic cooperation and trade.

The Plan regards the development of a **robust private sector** is essential for regional socio-economic integration, and to improve the region's competitiveness and job creation. In this context, this IPA III CBC programme puts forward the focus on supporting start-ups and SMEs in **strategic sectors**, such as **tourism** and digital, where they have potential or a comparative advantage to pave the way to economic growth through innovation.

The combination of grants under the IPA III CBC programme and guarantees under other instruments should reinforce open, innovative, business friendly ecosystems in the region. This will facilitate the identification, development and promotion of innovative entrepreneurial ideas and provide support to **SMEs** in order to improve their adjustment capacity to the changing socioeconomic and policy circumstances in facing broad challenges.

The Green Agenda

The programme will ensure coherence with the Green Agenda for the Western Balkans according to its Guidelines for Implementation⁴¹. Three out of the five pillars of the Agenda are relevant to possible CBC operations.

The Western Balkans is one of the **regions in Europe most heavily affected by the impact of climate change**. Except for Kosovo, all other beneficiaries are signatories of the **Paris Agreement on Climate Change**, which builds upon the Convention on Climate Change and brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects. It aspires to cut greenhouse gas emissions 55 % by 2030.

Climate change will continue to create significant stress in the Western Balkans despite mitigation efforts. Strengthening the efforts on **climate proofing, resilience building, prevention and preparedness** in the region is therefore crucial. It should include engaging the private sector in resilience investments and developing natural disaster risk transfer mechanisms.

Furthermore, other programme initiatives, combating **land degradation and restoring degraded land** for sustainable food production, improving sustainable forest management, soil organic carbon management, ecosystem conservation and land restoration, would match to the purposes of the Green Agenda, on reducing biodiversity loss (deforestation and degradation).

One of the common challenges the Agenda seeks to address is bringing **food processing establishments** into conformity with EU standards. The demand for food in the region is increasing – both in terms of quantity and quality and a growing middle-class chooses to follow healthier diets, coupled with the growing tourism market and export potential, represents a major opportunity for the region.

The rural areas of the region will also require assistance in adapting to the consequences of climate change, which may result in water scarcity and extreme climate events, such as floods. In the long run, to transition to a sustainable food system, the Western Balkans will need to transform the food processing sector and promote sustainable food consumption. Initiatives concerned with alignment of the agro-food and primary production sectors with EU standards for food safety, plant and animal health and welfare, and with promotion of **environmentally friendly and organic farming** would likewise be harmonised with the Agenda.

Besides providing food, fresh water and clean air, protection from floods and storms, nature mitigates natural disasters, pest and diseases, contributes to regulating the climate, combating land degradation and enhance food security. As a region with a wealth of habitats and species, including several important endemic species, the Western Balkans should spare no effort to

⁴¹ Brussels, 6.10.2020 SWD(2020) 223 final Commission Staff Working Document: Guidelines for the Implementation of the Green Agenda for the Western Balkans/

protect the **biodiversity** and the **ecosystem services** including through alignment with EU legislation.

Deforestation and illegal logging are an important related challenge. The increase of dramatic forest fires in the Western Balkans and pest and disease outbreaks require better risk prevention in sustainable forest management and land use. The Western Balkans need to build close inter-institutional relations and private sector networks between each other to develop good governance in the forest sector and reduce the risk of illegal timber exports.

CBC provides the opportunity for tackling common problems and for sharing good practice on biodiversity benefits of nature-based solutions, mechanisms for regional cooperation on biodiversity conservation and on support to knowledge exchange with research centres. Moreover, education is key to positively affect behaviours regarding the environment. Curricula need to include key competences and skills necessary to perform in the green economy. Also, the Green Agenda for the Western Balkans needs to be reflected in the **reforms of the education systems and the provision of capacity building**.

As enshrined in the Guidelines for the Implementation of the Green Agenda in the WB and the Economic and Investment Plan for the WB, this programme will ensure full consistency with the green transition as an EU internal and external aid priority. The programme will thus mainstream in its operations an efficient use of resources by moving to a clean, circular economy, the restoration of biodiversity and the reduction of pollution.

The **Regional Cooperation Council** could play an important role in building the regional dimension of the Green Agenda. The **RCC** is a regionally owned and led cooperation framework aiming at advancing the European and Euro-Atlantic integration of the region. In terms of environment and climate change, RCC supports regional cooperation towards achieving Paris Climate commitments and 2030 energy and climate targets.

3.5. Conditions and assumptions

An effective coordination and a strong ownership should be combined with the good will of the authorities of the IPA III beneficiaries to friendly dispel and solve any dispute and/or misunderstanding affecting the smooth implementation of the programme. Governmental changes should have no impact in this respect.

As a necessary condition for the effective management of the programme, the participating beneficiaries shall establish a Joint Monitoring Committee and provide proper and functioning premises and staff for the head and antenna⁴² offices of the Joint Technical Secretariat. Particular attention should be paid to create the necessary working conditions to ensure the continuity and professional development of staff in key functions within all management structures of the programme. The latter should strive to present the programme as a beneficial instrument for strengthening collaboration and exchanges among citizens of the eligible area.

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.

⁴² In case this office is deemed necessary to be set up.

4. INDICATIVE BUDGET

A single seven-year Commission financing decision will be adopted, subject to the availability of budget appropriations for the respective financial years after the adoption of the budget or as provided for in the system of provisional twelfths.

Table 3: Indicative financial allocations per year for the period 2021-2027

	IPA III CBC PROGRAMME KOSOVO- NORTH MACEDONIA															
	Amounts in EUR															
	2021		2022		2023		2024		2025		2026		2027		Total (EUR)	
	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing	EU contribution	Co-financing
Per type of activity																
Operations	-	-	-	-	3 240 000	571 764.70	-	-	2 040 000	360 000	-	-	2 280 000	402 352.94	7 560 000	1 334 117.64
Technical Assistance (Direct Grant)	-	-	-	-	360 000	-	-	-	360 000	-	-	-	120 000	-	840 000	-
Per method of implementation																
Direct Management: Total Envelope for Grants**	N/A														8 400 000	1 334 117.64
Direct Management: Total Envelope for Procurements**	N/A														-	-
Indirect Management with the IPA III beneficiary: Total Envelope	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL⁴³	-	-	-	-	3 600 000	571 764.70	-	-	2 400 000	360 000	-	-	2 400 000	402 352.94	8 400 000	1 334 117.64

** Total Envelope for Grants; Total Envelope for Procurements - only the total budget for 2021-2027 needs to be filled in.

⁴³ GRAND TOTAL from Tables 3 and 4 should be equal

Table 4 : Indicative financial allocation per priority and rate of Union contribution (for the period 2021-2027)

CLUSTERS	PRIORITIES	IPA II CBC PROGRAMME KOSOVO- NORTH MACEDONIA				
		European funding (EUR)	Union	Co-financing (EUR)	Total (EUR)	Rate per Thematic Priority and technical assistance (%)
		(a)		(b)	(c) = (a)+(b)	(d) = (c)/(e)
Thematic Cluster 4	1) Thematic Priority 8	3 780 000		667 058.82	4 447 058.82	45.68%
Thematic Cluster 2	2) Thematic Priority 2	3 780 000		667 058.82	4 447 058.82	45.68%
	3) Technical Assistance	840 000		0.00	840 000	8.6%
	GRAND TOTAL	8 400 000		1 334 117.64	9 734 117.64 (e)	100%

The European Union contribution at the level of thematic priority shall not exceed the ceiling of 85% of the eligible expenditure. The co-financing will be provided by the final grant beneficiaries. The amount dedicated to technical assistance shall be limited to 10% of the total amount allocated to the programme. For technical assistance, the Union co-financing rate shall be 100%.

5. IMPLEMENTATION ARRANGEMENTS

5.1. Financing agreement

In order to implement this programme, it is envisaged to conclude a financing agreement between the European Commission, Kosovo and North Macedonia.

5.2. Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is six years from the date of entry into force of the financing agreement, or from the date in which the exchange of letters is agreed upon for all subsequent yearly allocations.

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

5.3. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁴⁴.

5.3.1 Operations

Direct management

The operations part of this action will be implemented under direct management.

Calls for Proposal- Grants

a) Purpose of the grants:

The grants selected through calls for proposals during the seven-year period will contribute to the specific objectives and results under each thematic priority in section 3.2.

b) Type of applicants targeted:

The beneficiaries shall be legal entities, local authorities, public bodies and public sector operators, NGOs, economic actors such as SMEs, profit, or non-profit organisations.

The applicants shall be established in an IPA III beneficiary participating in the CBC programme

The beneficiaries as specified in section 3.2 could be local authorities (municipalities); centres for disaster management, parks and monitoring and other public organisations for nature protection; Formal education and training institutions (e.g. primary schools, VET schools, Universities, etc.) including research, development and innovation centres; Central and local cultural institutions such as museums, libraries, institutions for protection of cultural heritage,

⁴⁴ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

etc.; Public enterprises as well as emergency services, such as fire/emergency services; associations of municipalities; regional development agencies; local business support organisations, agriculture and other relevant economic public sectors; civil society organisations; agencies and institutions involved in the relevant policy area.

5.3.2 Technical Assistance (Direct Grants)

The technical Assistance priority will be implemented in Direct Management through Direct grants during the duration of the programme.

The grants will be awarded for the implementation of the thematic priority technical assistance under this programme. Under the responsibility of the Commission's authorising officer responsible, the grants may be awarded without a call for proposals to the public institution hosting the CBC structure of Kosovo (e.g., currently the Ministry for Local Government Administration-MLGA) and the public institution hosting the CBC structure in North Macedonia (e.g., currently the Ministry of Local Self-Government), as co-beneficiary.

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

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Ministry of Local Government Administration in Kosovo.

5.4. Programme Management Structure

The description of the programme management structures with the list of their main responsibilities and tasks in programme preparation, implementation and management (i.e. NIPAC, CBC Structures, JMC, JTS) is presented under the Framework and/or Financing Agreements.

5.5. Project development and selection and implementation

Calls for proposals:

The two thematic priorities of the programme will be implemented through three calls for proposals. The JMC will be responsible for identifying the thematic priorities, specific objectives/outcomes, results/outputs, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the European Commission.

The JMC, as the body monitoring the performance of the programme, will review, before the publication of the calls for proposals (and the definition of the tendering documents, e.g., the guidelines for applicants), the progress of programme indicators to the date. The selection of TPs, specific objectives/outcomes and results/outputs of all calls for proposals other than the first one under the programme will be based on that progress of performance. The publication and strategic orientation of every call for proposals will be coordinated with the plans of other programmes in order to increase synergies and avoid double funding.

The JMC decision may also consider the recommendations stemming from consultations held with stakeholders at all level, including representatives of the donor community.

Strategic Projects:

During the preparation of the programme, no strategic project has been identified. However, during the programme implementation period, the operating structures may consider allocating part of the programme financial allocation (up to 35 % of the total EU funding) to finance one or two strategic projects in particular related to one or two of the thematic priorities of the programme.

The CBC structures together with the Office of the European Union in Kosovo could organize a wider consultation with the purpose of gathering potential strategic projects under the programme.

Strategic projects can be selected through calls for strategic projects. They can also be selected outside calls for proposals. The selection must be endorsed by the Joint Monitoring Committee and by the European Commission. If the strategic project is selected outside call for proposals, the CBC programme must be amended to incorporate such a strategic project.

The approval of such strategic projects by the Commission will be conditional upon showing: a clear cross-border dimension and support to one of the thematic priorities and achievement of one of the specific objectives/outcomes of the programme; readiness/maturity to be implemented; impact on the programme area; link with regional or other strategies for development of the bordering areas; level of contribution and co-financing from regional authorities; number of population benefiting from the intervention; cost effectiveness of the intervention; complementarity with parallel actions; sustainability of the intervention; and certainty of being carried out within the period of implementation of the programme. Furthermore, these projects must have a complete tender documentation and, in case of infrastructure investments, apart from the necessary environmental impact assessments, all the necessary permits for location and construction, according to the legislation of the Beneficiaries.

5.6. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

6. REPORTING, MONITORING AND EVALUATION

The description of the programme reporting, monitoring and evaluation requirements and modalities is presented under the Financial Framework Partnership Agreement and/or Financing Agreements.

7. INFORMATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the

funds, including on an official website and social media accounts, where these exist; and

- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the public administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegation and EU Office. The European Commission, the EU Delegation and EU Office should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

The design and implementation of the communication and visibility measures shall be the responsibility of the CBC Structures. The latter, assisted by the JTS, will present the communication strategy with a detailed information and visibility plan to the JMC.

8. SUSTAINABILITY

The sustainability of outcomes and outputs delivered under the action requires a commitment from the authorities involved in the management of the programme. Respecting the provisions of the legal framework applicable to CBC between IPA III beneficiaries, the authorities commit to ensure, as far as possible, the necessary financial and institutional resources, including the relevant seasoned staff, for making the implementation of the programme a success story. As a fundamental sign of responsibility, they will pay especial attention to create the necessary conditions for securing the continuity of staff in essential functions and institutions to guarantee the smooth performance of the programme.

Sustainability at operation level equally plays a crucial role. Every operation should have a tangible impact on its target groups at cross-border level. Sustainability should be embedded in every application, showing how the expected outcomes will benefit the region even after the operation might have ended. In every call for proposals, one of the award criteria is sustainability as shown in Section 5 of the evaluation grid for full applications. Operations that cannot demonstrate that they will intensify neighbourly relations, create cross-border partnerships for social, territorial or economic development and/or remove cross-border obstacles to sustainable development, are very unlikely to have tangible outcomes, multiplier effects or long-term impact in a cross-border perspective, and hence should be excluded from funding, irrespective of any other merits.

