

# LACE-Phare CBC

## Assessment Report (F.Y.R.O.M./GR)

*(To be completed after each needs assessment mission.*

*Indicative contents below. Additional information can be in annexes)*

### 1. Profile of the cross-border region:

#### 1.1 Definition of the border or cross-border region and Map

*specify administrative units; “cross-border region” if CEC/CEC border or Euroregion*

The Former Yugoslav Republic of Macedonia (F.Y.R.O.M.) shares 262 km of its southern border with Greece (taking into consideration land, fluvial and lakes). This is the longest stretch of the external frontier of the country, accounting for some 31% of the total. It should be noted that the border corridor between F.Y.R.O.M. and Greece is a key link in the north-south corridor connecting Greece to the other Member States of the European Union.

**Definition of F.Y.R.O.M.’s border region:** F.Y.R.O.M.’s border region comprises 23 municipalities (or “opstine”) namely: Resen, Bistrica, Bac, Staravina, Vitliste, Konopiste, Gevgelija, Bogdanci, Star Dojran, Valandova, Murtino, Novo Selo, Capari, Bitola, Novaci, Dobrusevo, Topolcani, Prilep, Kavadarci, Demir Kapija, Miravci, Kuklis, Bosilovo (see attached map). There is a large variation in the average size of the municipalities in both surface area and population density. The border region is the North-South corridor region of the country: Gevgelija being the main corridor (E-75) and Bitola the secondary (M5). The E-75 North-South road in F.Y.R.O.M. forms part of the Trans-European Road Network (TERN) i.e. Corridor X connecting the Federal Republic of Yugoslavia to the north and Greece to the south.

**Definition of the Greek border region:** The neighbouring prefectures on the Greek side of the border are Florina (in the Region of Western Macedonia) and Kilkis, Serres and Pela (in the Region of Kentriki Macedonia). The prefecture of Thessaloniki was also included in the INTERREG II-A eligible area. This border region is also the corridor region of Greece both South-North (Athens-Thessaloniki-Skopje-Vienna-Prague-Berlin) and East-West (Instabul-Thessaloniki-Igoumentitsa-Brindisi). The Greek border has an international port and an airport.

## **1.2 Political / administrative structures**

*regional/local authorities, etc*

**F.Y.R.O.M.:** The sub-national administrative structure is comprised of a single tier of local administration called “opstine” (municipalities). According to the recent Law on territorial division, the number of municipalities increased from 35 to 123 (124 including the City of Skopje).

The Ministry for Local Self-Government was formed in December 1998 and a new strategy for the development of local government has recently been approved. There is a Sectoral Operational Programme focusing on local government within the framework of the National Phare Programme of assistance to F.Y.R.O.M. and this Programme seeks to strengthen capacity and know-how, with a number of municipalities eligible for additional support and will benefit from upgrading of municipal offices, new equipment, etc. It is expected that a new law on local self-government in F.Y.R.O.M. will be passed in 2000 (local elections are expected in Autumn 2000) enveloping a new territorial division. Decentralisation is a key facet of the new policy (vis-à-vis both decision-making and finances) in addition to the complementary need to develop capacity at the local level.

**Greece:** The political structure of Greece is described as followed: Greece has a Government type Parliamentary Republic.

The Head of State is the President of the Democracy, who is elected by the Greek Parliament for a five-year term. The Head of the Government is the Prime Minister, who is appointed by the President. The Prime Minister is the Head of the political party which has the majority of the members of the Greek Parliament.

The members of the Greek Parliament are elected by direct popular vote for a four - year term. Three hundred members sit on the Greek Parliament (300 seats).

The administrative structure of Greece is based on decentralisation and following recent changes in the administrative structure (under specified laws) the structure of regional/local government is as follows:

- Thirteen (13) Regions – appointed by central government
- Fifty-four (54) Prefectures - elected
- One thousand (1000) Municipalities – elected .

## **1.3 Main socio-economic characteristics**

*main sectors of economy, unemployment, cross-border commuting, etc*

**F.Y.R.O.M.:** Approximately 17% of the total population of the country live in the border region – some 320,000 inhabitants (1994 Census). Almost half of the inhabitants of the border region live in the municipalities of Bitola and Prilep. Bitola the second city of F.Y.R.O.M. and is the largest city of the border region with 90,000 inhabitants. The municipality of Prilep has 72,000 inhabitants. The

municipality of Gevgelija has a population of 20,000 inhabitants. Many of the other border municipalities are small, with less than 5,000 inhabitants.

The region has three border crossings. **Gevgelija** is located in the mostly southerly location of the border region and is the most important “gateway” for passengers and goods, located very close (3 km) to the nearby border crossing at **Bogorodica**, which was rehabilitated with Phare CBC Programme assistance. The up-grading of the E-75 corridor is under progress in the framework of the same programme. Bogorodica is the principal border crossing as it connects with the North-South E-75 Corridor (linking Skopje). The border crossing at **Medzitlija** is close (12 km) to Bitola and has also been upgraded through Phare CBC Programme assistance. This border crossing gives the most direct access from F.Y.R.O.M. to the Greek Port of Igoumenitsa. This border crossing also gives access to the important tourist areas around Lake Ohrid and Lake Prespa. The third border crossing (**Mrdaja**) at Star Dojran also enables alternative access to the neighbouring border regions in Greece and to the port of Thessaloniki .

Commercial border traffic was severely affected as a result of the imposition of trade embargos (January 1993-November 1995) between Greece and F.Y.R.O.M. and observations from the border crossings confirm this. In terms of passenger traffic, the visa requirement on F.Y.R.O.M.’s nationals serves to reduce numbers also, as visas are only obtainable in Skopje.

F.Y.R.O.M.’s border region has fertile agricultural plains with good agricultural produce and developed food processing, dairy, wine and soft drinks industries. Other important economic activities in the border region include electricity generation, brewing, tobacco, textiles, marbles, mineral processing, metal processing, leather, plastics, tourism and fishing and plastics industries. The service sector, although developing, is in need of expansion to support the needs of local businesses and organisations.

The distribution of employment between industry, services and the primary sector for F.Y.R.O.M.for 1999 is provided in the table below.

Sector	Numbers Employed
Primary	18,180
Secondary	143, 186
Tertiary	152, 521
<b>Total in Employment</b>	<b>313,887</b>

Overall, the basis for the sustained recovery of the border municipalities depends largely on the expansion of trade flows with Western Europe and former markets in the ex-Yugoslavia. Greece is a natural partner in such an opening up of the local economy and there are encouraging signs that Greek businesses are willing to invest in the country. In this context, the border municipalities with their comparative advantage in a number of agricultural products and processed goods, allied to a relatively strong infrastructure could benefit from their location. There is also scope for the transfer of know-how from Greek development agencies or associations of industry in order to create similar

structures to support local development in F.Y.R.O.M.'s border municipalities and encourage more business co-operation and joint ventures for example.

A high percentage of those unemployed are from the highest and lowest skill brackets of the population. Unemployment is a significant problem for F.Y.R.O.M. as a whole (34.6% Oct 1998) and thus economic development and small business creation is an overriding priority for all Phare support.

In this context the Phare CBC Programme for this border region includes support for a Small Projects Fund which prioritises the strengthening of the capability of local authorities and decentralised non-profit organisations in order to identify, develop and implement cross border and development projects, the promotion of cross border economic co-operation, alternative tourism and cultural projects and the preparation of strategic studies. The second round of the SPF (SPF I 2<sup>nd</sup> call) also includes another priority: environmental management and conservation.

There is also a fund for socio-economic development projects (included in the 1998 Phare CBC Programme). These socio-economic development projects are defined as local initiatives that have as a major objective the upgrading of local economic infrastructure and the improvement of the business environment in the border region. These projects are considered to be an effective way of combating the disadvantages experienced by both SMEs and local authorities in border regions, stemming from their peripheral location in the national economy. These projects should also help strengthen the economic base in the border region, enhance prospects for growth, improve competitiveness and enable businesses access and develop in wider markets. In addition the SME Programme in the framework of National Phare assistance provides support to SMEs as well as for the formation of decentralised Regional Enterprise Support Centres to assist SMEs in the preparation of business plans and loan applications.

In terms of structures focusing on socio-economic development in the cross-border zone the only structures in existence are the local authorities and of these, only those established prior to the revision of municipal boundaries in 1996, have some (limited) capacity in terms of development issues. Although the Chamber of Commerce has a network of regional chambers, it employs no staff at the regional level. These regional chambers are actually boards of enterprise directors or entrepreneurs. Also few NGOs exist in the border region and those in existence focus mainly on ecological or women's issues. This weak or absent institutional capacity has been taken into account, in terms of the institutions eligible to apply for Phare CBC Small Project Fund support – national organisations based elsewhere in the country were allowed to participate as partners in SPF projects in the first Round of calls for proposals (SPF I 1<sup>st</sup> round).

The border region has one main university in Bitola – the University of “St. Climent” and in addition, there is a Faculty of Social Sciences in Prilep. However there is a need for further provision, particularly in the vocational training sphere.

**Greece:** The neighbouring prefectures (NUTS III level) on the Greek side of the border are Kilkis, Florina, Serres and Pela with a total population of 466,446 inhabitants and together with the population of the Prefecture of Thessaloniki the population rises to in excess of 1,400,000 inhabitants or circa 14% of the national population.

The Greek border region has a well-developed agricultural sector, which is export-oriented. Moreover this region has an export-oriented consumer products industry plus petrochemicals, construction material, metal processing and (fast developing) I.T. sectors. The service sector is highly developed, including headquarters of banks, stock market branch, consulting services, tourism, trade and transport.

This region also benefits from well-developed provision in education with several universities and technical colleges located in the area, in addition to several vocational training organisations including the European Institution of VET CEDEFOP (in Thessaloniki). There are also several technology parks and business innovation ventures, research institutes and technology transfer organisations.

Unemployment in the Greek border region, with the exception of Florina is not significantly higher than the national average. Large vocational training programmes have been implemented in the Greek border region between 1998-99 in addition to numerous small-scale business projects to assist the populations of the rural areas.

Overall, the **cross-border region** has a strong comparative advantage in the production of key agricultural crops (fruit, wine, tobacco, vegetables) and there is scope in exploiting this complementarity in the economic structure through the promotion of common products. Moreover there is scope for subcontracting by Greek firms of components and production of textiles, mechanical parts, agro-food due to the lower production costs in F.Y.R.O.M. and the rather stable political and economic environment.

Together with the Federal Republic of Yugoslavia and Germany, Greece is one of the main economic partners of F.Y.R.O.M. both in terms of trade and foreign direct investment.

#### **1.4 Degree of cross-border co-operation**

*who cooperates? since when? with support from EU programmes?*

Relationships between F.Y.R.O.M.'s and Greece's border regions have always existed in the past but suffered during the two year commercial embargo (1993-1995) due to traffic restrictions though the former Yugoslavia which was the main overland route between Greece and the rest of Europe. This was compounded by a dispute concerning the name of F.Y.R.O.M. However since 1997 there is growing informal and also more formal co-operation especially between local municipal and business leaders from either side of the common frontier.

In terms of **formal co-operation** the Municipality of Bitola has signed a Co-operation Agreement with the Greek municipality of Kozani and the Albanian Municipality of Korce. This tri-lateral co-operation agreement provides a framework for the three municipalities to co-operate and early activities have focused mainly on the cultural and sports co-operation spheres. Central to this agreement is co-operation focusing on economic development, education and science.

On an **informal basis** there is evidence of growing co-operation between local/regional authorities and other organisations in the cross-border region. However it should also be noted that this co-operation was largely confined to the larger and more progressive municipalities and those

municipalities which had been in existence prior to the current administrative divisions. The principal forms which this co-operation takes are outlined below:

- **Project-based Co-operation:** On the basis of these good (although mainly) informal linkages, municipalities from F.Y.R.O.M.'s border region have developed inter-regional co-operation projects with neighbouring Greek prefectures (supported in the framework of the ECOS-Ouverture Programme) and also have proposed projects with a cross border interest and impact in the context of the Phare CBC Programme's Small Project Fund (SPF). The projects approved by the Small Project Fund Steering Committee were illustrative of significant inter-Municipal and inter-NGO co-operative actions in the cross-border region. Of the 39 project proposals submitted in the first call for proposals (1997 financial allocation) 17 were submitted by NGOs and 22 from municipalities. Only two of the 23 municipalities eligible for Phare CBC support did not make a project submission.
- **Ad-Hoc Co-operation based on Common Problems:** Local/regional authorities in the cross-border region were sufficiently familiar and in ongoing contact with their Greek counterparts to arrange working meetings on an "ad hoc" basis focusing on a common problem. The municipal authorities in Star Dojran, for example, have met with their Greek counterparts in order to discuss the diminution in the water level in Lake Dojran and explore the technical possibilities to resolve this problem. A feasibility study on this matter is being supported in the framework of SPF I (1<sup>st</sup> call).
- **Business Co-operation:** There is also evidence of economic co-operation both through Greek direct investment in the border region and the establishment of joint ventures between Greek and F.Y.R.O.M.'s firms. The organisation of fairs/exhibitions to attract Greek investors is the main activity conducted by municipalities in the context of this type of co-operation. Business and economic-related co-operation could be developed further and in this context there is a proposal to locate two Free Economic Zones in the border region – one in Bitola and one in Gevgelija (the country's third Free Economic Zone is proposed for Skopje).

Participation at LACE-TAP seminars/workshops organised through the LACE-TAP Office in Thessaloniki has been another mechanism contributing to the increasing levels of co-operation between actors in this region. The opening of the LACE-Phare Info Point in the Municipality of Gevgelija is regarded as a significant milestone in cross-border co-operation for this region as it provides a local resource centre for further developing cross border co-operation and networking.

### **1.5 Barriers to cross-border cooperation**

*physical and other barriers (eg mountains, border crossings), language/ethnic problems, centralisation, major socio-economic discrepancies on either side, etc.)*

The main barriers to cross-border co-operation are:

- The commercial embargo in place between 1993 and 1995 has had a significant impact on the subsequent development of trade and commercial ties between F.Y.R.O.M. and Greece. While economic co-operation has developed over time, the embargo although now lifted, has hampered the development of this type of co-operation over time.
- There is a need for more awareness and knowledge about the administrative and legislative framework in F.Y.R.O.M. by Greek business people in order to attract investment and further develop economic co-operation. The low numbers of NGOs and the absence of structures such as RDAs means that information provision for investors is limited and subject to the resources of

municipalities to provide it. A number of projects funded under SPF I seek to address this constraint by creating and operating business information centres in a number of municipalities.

- The visa requirement for citizens of F.Y.R.O.M. (imposed by the Schengen Convention) to enter Greece is another important barrier, which serves as a brake on the day-to-day contact between the communities on either side of the common frontier. Moreover visas are only available in Skopje. There is no reciprocal visa requirement for Greek nationals to enter F.Y.R.O.M.
- Limited financial resources available to municipalities makes it difficult for local authorities to engage in cross-border activities or projects if not supported by external donors or sources. The present policy of the Government of F.Y.R.O.M. is to decentralise and strengthen the capacity at the local level so that they can engage more effectively in activities such as cross-border co-operation and EU programme participation.

## **2. Structures :**

### **2.1 Cross-border structures**

*describe structure: eg, political assembly, secretariat, working groups, etc*  
*describe financial, personnel, etc resources*

The Phare Cross-Border Co-operation Programme is the principal Programme of assistance to the development of cross border activities and projects in this border region. The first Phare CBC Programme for the region was in 1996 when F.Y.R.O.M. became an official member of the Phare family. At that time a Multi-Annual Indicative Programme was prepared covering the period 1996-99 providing a blue-print or framework for the development of the border region over a four-year period. More recently the Joint Programming Document (JPD) for the border region of F.Y.R.O.M. with Greece was defined covering one-year – 1999 (not multi-annual but for one year as the INTERREG III Regulation had not been adopted).

The key co-ordination mechanism and the main forum for the planning, monitoring, co-ordination and implementation of this Programme is the **Joint Co-operation Committee** (previously the Joint Programming and Monitoring Committee). This JCC is composed of representatives of the relevant central authorities, sectoral ministries and local authorities from

F.Y.R.O.M. and Greece, with European Commission representatives as observers. This Committee has approved the Phare CBC MIP (1996-99) in addition to the JPD (1999) as well as the Annual Phare CBC Programmes 1996-1999.

This Committee has **three sectoral Working Groups** :

- Environment;
- Transport;
- Socio-economic development.

The first two Working Groups are fully operational and the third on Socio-Economic development will meet for the first time at the next JCC meeting, since the socio-economic development projects under the Phare CBC '98 Programme are underway.

It is also of interest to mention that the first Euroregion between F.Y.R.O.M and Bulgaria was established in December 1999. The Regional Association for Cross-Border Economic Co-operation (RACEC) was created as a result of the initiative of the Regional Development Agency Kustendil, Bulgaria and the Regional Development Agency Kriva Palanka (F.Y.R.O.M.) and the municipalities of the bordering towns, with the aim of implementation of joint projects supported by the Phare CREDO Programme. The short-term action plan of RACEC provides for the creation of two additional similar associations thus eventually expanding the cross-border co-operation initiative over the entire Bulgarian-F.Y.R.O.M. border.

### **2.2 Other structures / authorities / social partners engaged in cross-border co-operation**

*describe structure: eg, political assembly, secretariat, working groups, etc*

*describe financial, personnel, etc resources*

None

### **2.3 Activities / services:**

- promotion of cross-border cooperation

*eg, brochures/leaflets/newsletters, media relations, workshops/seminars; networking*

The European Integration Office, in collaboration with the Phare CBC PIU organised a series of information seminars in the border region concerning the Small Projects Fund Guidelines, explaining the eligible actions, the application process and selection procedures, etc. Greek partners (municipalities, development agencies, etc.) were invited to these SPF seminars in order to transfer their experiences concerning participation in INTERREG IIA, through presentations on the procedures, targets, results, their role in the process, etc.

Local authorities from this border region have attended LACE-TAP seminars and events organised by the LACE-TAP office in Thessaloniki. A LACE-Phare Info Point has recently opened in the Municipality of Gevgelija.

The first LACE-Phare Regional Workshop took place in Bitola on the 6<sup>th</sup> of July 2000, with representatives from the F.Y.R.O.M./Greece/Albania cross border region present. The workshop focused on economic co-operation – an important priority for this tri-lateral border region in view of the high levels of unemployment in the region. The willingness of local/regional actors in this border region to work together in further developing cross-border co-operation was highlighted, as a basis for addressing common goals and developing successful cross border projects, benefiting all three countries. A second LACE-Phare Regional Workshop is planned for Autumn 2000, to be held in Gevgelija, focusing on the F.Y.R.O.M./Greece/Bulgaria border region.

- other services / activities

The Phare CBC PIU within the Ministry of Urban Planning and Construction provides technical assistance and training to national and local authorities and NGOs involved in cross border co-operation programmes, assisting in the follow-up of projects under implementation, launch of strategic plans, local development studies, etc. The following materials have been translated into the Macedonian language with the aim of assisting local authorities and other actors:

- What is Phare?
- What is the EU?
- What is LACE TAP?
- Guide to Cross-Border Co-operation.

## **2.4 Awareness of cross-border cooperation issues / knowledge of CBC programmes**

*including: Interreg, Phare CBC, CREDO, pre-accession instruments, Str. Funds*

In the border municipalities of F.Y.R.O.M., there appears to be a good level of knowledge and overall awareness re cross-border co-operation particularly among the larger and more long-established municipalities (established before 1996 administrative changes). These municipalities are familiar with the Phare CBC Programme, and its objectives and the projects Phare CBC has supported in the past.

For all municipalities, including the smaller and more recently established municipalities, the Small Projects Fund is seen as a valuable mechanism in terms of increasing local level involvement in the Programme. It is evident from the wide geographical coverage of the project proposals to the first round of the SPF as well as the significant participation of Greek organisations and municipalities as partners that this border region offers significant potential in developing strong and active cross border links and scope for activities/projects with a strong cross-border impact in the future. However the delays relating to the initiation of implementation of SPF I (1<sup>st</sup> round) projects selected by the SPF Steering Committee in 1998<sup>1</sup>, appears not to have hampered greatly the positive drive towards local involvement in the Programme. On the 8<sup>th</sup> of May, at a meeting in Gevgelija SPF I (1<sup>st</sup> call) projects (16 approved projects) were launched and contracts signed soon afterwards. The call for proposals under SPF I (2<sup>nd</sup> call) has also taken place with the deadline for the submission of projects set at 31 July 2000.

Many of SPF I (1<sup>st</sup> Call) projects involve the creation or operation of agencies relating to business support. This is a positive development. Presently there is a need for a greater number of NGOs to be active in the border region, as their involvement in cross-border co-operation would be beneficial for the socio-economic development of the region and allow scope, for example, for the transfer of know-how from their neighbouring Greek counterparts.

## **3. Programme related Activities:**

### **3.1 Strategy development**

*data collection; surveys; studies; SWOT analysis; consultations; strategy/concept formulation, etc.*

In the period 1996-99, the Phare CBC and Interreg IIA Programmes for this cross-border region were required to comply with the **Multi-annual Indicative Programme (MIP)**. This document provided a strategic framework for the development of the border region, including a SWOT analysis and defined priority areas of intervention in the framework of the Phare CBC Programme. The annual allocation foreseen in the MIP was 10 MEURO for F.Y.R.O.M.'s border with Greece, although 37 MEURO was the actual allocation over this period (there was a reduction of 3 MEURO

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<sup>1</sup> Due to the need to put a structure in place to manage their implementation.

to the 1999 allocation from 10 to 7 MEURO<sup>2</sup>). The main priority areas for intervention specified in the MIP were:

- Transport infrastructure (70% of indicative funds ear-marked against this priority) including road and border crossing infrastructure;
- Environment (12.5% of indicative funds) including waste water management in both rivers and lakes in the border region, upgrading solid waste management capacities of border municipalities, reducing industrial pollution, etc.
- Socio-economic development (15% of indicative funds) including the development of the SME sector, co-operation between local authorities or NGOs on best-practice in business service delivery or local development practice, etc.
- Programme management (2.5% of funds).

In 1999 a **Joint Programming Document (JPD)** was prepared covering the cross-border region in keeping with the new Phare CBC Regulation of December 1998. This document specifies that the **common** development strategy for the region could be formulated along the following strategic axes:

- Improve and integrate the transport networks of the border regions and improve the cross border infrastructure in order to facilitate regional, national and international trade and economic co-operation;
- Cross border socio-economic development by exploitation of economic complementarities and the benefits of different production and market conditions for the businesses across the border. Promotion of the economic potential of the border region, aiming at a positive impact both to the social and economic sectors and the strengthening of peoples ties.
- Promoting sustainable development by preserving the rich natural and cultural environment.

The scope for developing common projects is seen as particularly promising in the sphere of socio-economic development co-operation.

### **3.2 Programming, especially Phare-CBC / Interreg related:**

*priority setting and definition of objectives; drafting of programme; financial programming; programme negotiation*

The programming dimension of the Phare CBC Programme for the F.Y.R.O.M./Greek border region is the responsibility of the European Integration Office within the Vice Prime Minister's Office of the Government of F.Y.R.O.M., assisted by the Phare CBC PIU.

As past Phare CBC Programmes for this border region have focused mainly on the rehabilitation of the E-75 corridor - a major infrastructural project of national significance as well as being important in terms of cross-border impact - programming for Phare CBC Programmes has generally been the domain of line ministries within the central administration in Skopje. However the inclusion of the SPF and the fund for socio-economic development projects has allowed local authorities and NGOs to make project proposals and thus play a role in the programming exercise. This is being supported

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<sup>2</sup> The Phare CBC allocations for all Phare countries were reduced by 30%. This reduction was applied in a uniform way in all Phare countries following the appropriations entered in the budget for the 1999 CBC Programmes, by the budgetary authority (the EU Parliament and the Council) – EC Regulation 2670/98.

by the Phare CBC PIU through the provision of support and technical assistance to local authorities and other bodies.

The different needs of F.Y.R.O.M.'s and Greek border regions has led to an inevitable variation in terms of the weight given to the common priorities for the development of the cross-border region specified in the JPD. The Greek Interreg II Programme and its sub-programmes places particular emphasis in terms of financial allocations on the sub-programmes for endogenous development, rural development, tourism and cultural-economic co-operation and human resources development. While the Phare CBC Programme does include a provision for socio-economic development hence allowing scope for common project identification, the majority of Phare CBC funds to date have been allocated to the rehabilitation of transport infrastructure – in particular the upgrading of E-75 North-South corridor.

### **3.3 Management of programme implementation**

- Small Project Funds:

*secretariat, project selection, monitoring, financial management*

The first SPF in the Balkans was included in the Phare CBC Programme for F.Y.R.O.M./Greece border region in 1997 with an allocation of 0.5 MEURO. Following the decision taken at the Joint F.Y.R.O.M./Greek Committee for Phare CBC in May 1999, the funds available for financing projects within SPF '97 programme were increased by a further 0.5 MEURO<sup>3</sup>. The Phare CBC PIU prepared the new Programme Guidelines and Application Form, for the second round of project proposals (SPF I 2<sup>nd</sup> call) within the 1997 SPF allocation. The second public call for proposals was launched in June 2000, with a deadline for submission set at 31 July 2000.

The SPF II (third round) was included in the 1998 Phare CBC Programme for this border region with an ear-marked allocation of 0.5 MEURO.

After a series of information and awareness raising events in the border region (explaining the SPF Guidelines, etc), the local authorities and NGOs submitted project proposals (39) in responses to the first call for proposals (SPF I 1<sup>st</sup> call). After the pre-selection process 34 project proposals were examined by national and Phare experts appointed by the Steering Committee. The SPF Steering Committee Executive Body held a meeting, re-evaluated the experts work and recommended a draft list of technically acceptable project proposals to the SPF Steering Committee. In November 1998 the list was approved by the SPF Steering Committee. The SPF Steering Committee includes representatives from F.Y.R.O.M.'s national and local authorities (including the Association of Local Self-Government), and observers from the Greek Central and local levels (the Greek co-ordinator for the INTERREG II Programme from the Ministry of National Economy and the LACE-TAP Officer of Northern Greece). The Committee is chaired by the National Aid Co-ordinator.

- other aspects of programme management

*eg, participation in Joint Co-ordination Committee, information provision to project proposers*

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<sup>3</sup> The funds were made available through the balance of funds from the tenders under the 1997 Phare CBC.

The management of the implementation of the '96, '97 and '98 Phare CBC Programmes is the responsibility of the European Commission in Brussels, while the '99 Phare CBC Programme will be implemented under the Decentralised Implementation System (D.I.S.).

A Phare CBC Programme Implementation Unit (PIU) has already been established within the Ministry of Urban Planning and Construction and its activities focus on the provision of technical support for the identification, selection and implementation of large-scale projects. Moreover the Phare CBC PIU also provides general advice and training to national and local authorities with a view to increasing their capacity to define and prepare project proposals for submission in the framework of future Phare CBC Programmes. A Central Finance and Contracting Unit has been established within the Ministry of Finance.

A CBC National Co-ordination Group (CBC NCG) was established under the presidency of the National Aid Co-ordinator and is comprised of members of: Ministry of Urban Planning, Construction and Environment, Ministry of Transport and Communications, Ministry of Development, Ministry of Foreign Affairs and the Aid Co-ordination Unit. The role of this group is to manage, and monitor the implementation process of Phare CBC projects.

### **3.4 Project development and implementation**

*project definition; proposal preparation; partnership agreement; financial aspects of project management; contracting/procurement issues; reporting issues*

There is weak capacity generally at the local level in terms of defining, preparing and submitting projects for funding under the Phare CBC Programme, particularly in the case of the newer municipalities (created in 1996). The Phare CBC PIU supports local level actors with information and technical assistance in making proposals in the framework of the SPF and the Socio-Economic Development Projects Fund.

The preparation of project fiches and the management of the implementation of the large-scale projects is the domain of line ministries at central level, with monitoring and support being provided by the Phare CBC PIU. The CFCU in Skopje is responsible for administration, contractual and payment matters.

## **4. Specific / Sectoral Actions:**

*(Describe briefly the main projects which have been implemented or are substantially developed; specify the promoter/manager/partners and source/amount of financial support; explain the cross-border nature of the project; if many projects available, annex full lists of projects with partners from both sides of the border)*

A comparison of the Phare CBC Programme 1996-99 and Interreg II A sub-programmes shows a strong degree of commonality in terms of priorities (although differences in terms of financial allocations to the different priorities). Although the transport infrastructure projects are not common, they serve the integration of the major transport networks i.e. E-75 in F.Y.R.O.M. with the

continuation of E-75 (European Corridor X) to Greece (to Thessaloniki-Athens highway), linking it also with the East-West Corridor (EGNATIA highway) and the port and airport of Thessaloniki.

It is also of interest to mention that common projects have been identified in the framework of SPF 1 (1<sup>st</sup> round) and the socio-economic development fund of 1998 while more such projects are expected to be identified in the framework of SPF 1 (2<sup>nd</sup> round) and SPF II (3rd round).

In the framework of the protection of the river Vardar, a project for operating monitoring station networks along the river in both countries is under development.

Thus the potential for the development of joint or common cross-border projects is seen as good, particularly in the areas of SME co-operation, training and human resources, tourism and economic co-operation and investment, in addition to environmental management and conservation.

#### **4.1 Economic Development (SMEs, rural development, etc.)**

The 1998 Phare CBC Programme includes an allocation for socio-economic development projects to support a small number of economic infrastructure projects which were selected and co-financed following receipt of proposals from local organisations. The overall objective of this allocation is to continue the promotion of organised cross border co-operation through the implementation of economic infrastructure projects that derive from the first and second rounds of the Small Project Fund.

An *indicative* list of types of projects eligible for support from this fund is cited below:

- SME business centres, product exhibition centres, regional agriculture promotion centres, etc.;
- Re-conversion of empty business premises for housing several SMEs;
- Development of vocational training facilities for young people, that could be placed in cross border enterprises, for improving computer skills, language, manufacturing, etc.;
- Integrated urban renewal programmes that promote the tourist attractiveness of cities (architectural heritage preservation, linked with city promotion programmes, etc.);
- Feasibility and technical studies for the development of big economic infrastructure projects, such as transport zones, business parks, free zones, etc.;
- Small, specific, tourism investments (mountain tourism, hunting tourism, religious tourism);
- Framework programmes for promoting effective cross border co-operation and investments.

The selection of the first projects to be supported in the framework of this specific allocation for socio-economic development was completed after the approval of the Steering Committee and submission of the final evaluation report on February 2000. Of the 21 projects proposals submitted, six projects were selected.

Economic development is also an important priority area of intervention in terms of the Small Project Fund [See Annex 3 for List of approved SPF 1 (1<sup>st</sup> round) projects].

The Interreg IIA Programme for the Greek border region supports the following measures relating to economic development:

- Co-operation of SME support organisations;
- Co-operation in Research and Technology;
- Co-operation of SMEs.

## **4.2 Tourism**

Tourism is identified as one of the areas for support in the framework of the Phare CBC SPF for this border region. It is similarly identified as important in the Greek Interreg II A Sub-Programme "Tourism – Cultural and Economic Co-operation".

## **4.3 Training, Education and Labour Market**

Again this sphere of action has been identified as a priority area for intervention in the Phare CBC SPF and has also a specific Sub-Programme in the Interreg IIA Programme for the Greek border region: "Human Resource Development".

## **4.4 Environment**

In relation to the environment, the overall objective of the Phare CBC Programme is to increase the level of environmental well-being and protection in the border regions. The construction of on-line monitoring stations on the Vardar river downstream from Skopje, as well as the purchasing of a large number of analytical equipment for environmental purposes have been supported by the Phare CBC Programme. The establishment of these automatic stations provides continuous monitoring and data on the status and level of pollution of the river Vardar/Axios. A financial allocation of 1.6 MEURO was ear-marked for this project in the 1997 Phare CBC Programme for this border region.

## **4.5 Socio-cultural**

This sphere of action has been identified as an area for intervention in the Phare CBC SPF.

## **4.6 Transport (infrastructure, public transport, etc)**

The upgrading of the E-75 North-South Corridor is a significant infrastructural project for the country as a whole and in terms of upgrading the transport infrastructure in the border region and improving road connections with Greece. In excess of two-thirds of the funds available in the framework of the Phare CBC Programme for this border region have been ear-marked for this project (1996-99).

The E-75 is part of the Trans-European Road Network (Corridor X) which defines the Salzburg-Thessaloniki-Athens road. The enhancement of the E-75 is recognised as a priority project in the Agreement between the European Community and F.Y.R.O.M. in the field of transport.

## **4.7 Other infrastructures**

Other infrastructure projects include the construction and reconstruction of facilities at Bogorodica and Medzitlija border crossings (CBC 96/97). In order to facilitate the upgrading of these border crossing stations, 4.5 MEURO ('96 Programme) and 1.5 MEURO (1997 Programme) were

allocated. The modernisation of veterinary and phyto-sanitary border inspection facilities control was funded under the 1997 Phare CBC Programme (1.7 MEURO).

**4.8 Other (specify, eg research, innovation, technology transfer)**

# Action Plan

*(To accompany the assessment report. 1-2 Pages. Indicative contents below.  
Important: attach annex with list of regional/local practitioners, with full addresses etc)*

## Actions Specific to the Region (2 Pages):

*(“cross-border region” if CEC/CEC border; “border region” otherwise, but coordinated with LACE-TAP activities if CEC/EU border)*

While there was evidence of growing co-operation between local and regional authorities in this border region, there is a real need to contribute towards the development of these cross-border linkages through the provision of training and assistance. The overall goal is contribute to the development of regional/local know-how re engaging in cross-border co-operation activities and the development of a common strategy or concept is suggested. This should provide a basis for the maturing of cross-border co-operation including the joint definition/preparation of projects, the development of the cross-border linkages particularly by the smaller newer municipalities (established in 1996) or the development of long-term cross-border regional structures.

A major gap in terms of developing cross-border co-operation is the low number of NGOs active in the border region – a greater number would allow scope for co-operation in a broader range of spheres – local economic development, for example.

### **1. Training workshop**

Arising from the experiences gained thus far and consultations with regional/local actors, the following themes for Regional Workshops are recommended:

- Theme 1: Economic Co-operation and Local Development. There was broad consensus that economic co-operation should be further developed, in view of the high level of unemployment in F.Y.R.O.M.’s border region and the scope for transfer of know-how from Greek development agencies or associations of industry to F.Y.R.O.M.’s border municipalities. Moreover the cross border region has a strong comparative advantage in the production of agricultural crops such as fruit, vegetables, etc. and there is scope for co-operation focused on these common products. The Workshop should also focus on examining possibilities for furthering co-operation between NGOs, Chambers and other organisations focusing on economic development.
- Theme II: Environmental Co-operation: This Regional Workshop should focus on exchange of information and examination of issues relating to three lakes in FYROM’s border regions – Lake Prespa (FYROM/Albania/Greece), Lake Ohrid (F.Y.R.O.M./Albania) and Dojran (FYROM/Greece). This meeting could include a presentation of the different environment projects which have been supported by donor organisations re these lakes and a round table discussion on cross-border co-operation relating to environmental issues. SPF I (1<sup>st</sup> round) provides support for a feasibility study for topping up the water level in Dojran lake.
- Theme III: Tri-lateral working meeting with representatives from the municipalities of Bitola (F.Y.R.O.M.), Kozani (Greece) and Korce (Albania) in order to further develop the Co-

operation Agreement which has been signed between the three municipalities – particularly relating to economic co-operation.

## **2. Counselling / advice**

*define priority topics by reference to sections 2, 3 and 4 of the Assessment Report, main recipients of support, etc.*

There appeared to a good level of awareness of the Phare CBC Programme on the part of the long-established municipalities, and most of the municipalities (only two did not) had submitted project proposals in the context of SPF 1 (1<sup>st</sup> call). The SPF and Socio-Economic Development Fund are seen as being very important in terms of involving a range of local actors in the Phare CBC Programme and increasing awareness about cross border co-operation at the local level.

The provision of training and support in relation to project definition and preparation was identified as an important intervention and input into the strengthening of the capacity of local-level actors in terms of engaging more actively in cross-border co-operation. This type of support could involve small working groups (“clusters” of municipalities) focusing on project fiche preparation for Phare and particularly Phare CBC support, the Small Project Fund project application form, as well as training on the project cycle. Training and support of this type has been provided within the framework of SPF I (1<sup>st</sup> and 2<sup>nd</sup> calls).

## **3. Study visits**

*where to visit / why*

Study visits were regarded as an important tool for the exchange of information and best practice, although no specific study visits were suggested. A study visit focusing on economic co-operation might be appropriate in view of the high level of interest and good potential for co-operation relating to this sphere.

## **4. Other support required**

*distinguish whether within the scope of LACE-Phare CBC or otherwise*

## **5. Annex - list of regional/local practitioners**

*for LACE-Phare CBC mailing list and as a basis for invitations to regional workshops,*

*counselling/advice sessions, international seminars, etc*

The following people were interviewed during the LACE-Phare Assessment mission and would be appropriate to include in LACE-Phare activities. A longer list of contacts is attached as an annex.

### ***Skopje:***

- Mr Dragan Tilev, Head of European Integration Office, Government of the Republic of F.Y.R.O.M.
- Mr Aleksander Mojsovski, Counsellor for European Integration and Aid Co-ordination, Aid Co-ordination Unit, Government of the Republic of F.Y.R.O.M.
- Mr Dragan Lesanski, Local Programme Manager, Phare CBC PIU;
- Mr Zoran Petrovski, Project Officer, Delegation of the European Commission;
- Mr Michael Kilcommons, Phare Programme Manager, Delegation of the European Commission.

### ***Gevgelija:***

- Mr Nikola Kurkciev, Mayor of Gevgelija;
- Mr George Popov, Head of LACE-Phare Information Point;
- Mrs Kata Ristova, Head of Mayor's Cabinet;
- Ljubica Karajanova, Public Relations, Mayor's Office;
- Mrs Mitko Tanev, Chief City Architect.

### ***Star Dojran:***

- Mr Risto Gusev, Chairman of the Municipal Council;
- Mr Branko Gorgiev, Member of the Municipality Council;
- Mr Darko Kacakov, Communal Affairs, Municipality employee.

### ***Bitola:***

- Mr Zlatko Tomski, Chief Architect, Bitola.
- Mr Nikola Naumovski, Chairman, Council of Municipality;
- Mrs Beti Stojanovska, Municipality of Bitola;
- Mr Boris Mijalcev, Public Enterprises;
- Mr Nikola Zurovsky, Public Enterprises.

## **Feedback for "horizontal" activities of LACE-Phare CBC:**

International seminars, Publications, Networking, etc

A LACE-Phare Info Point has recently been established within the Municipality of Gevgelija and this is viewed as offering good potential for strengthening local-level capacity re engaging in cross-border activities, through the organisation of meetings and events, publications and through its network of

contacts. On the 8<sup>th</sup> of May 2000 the Municipality of Gevgelija hosted the launch of the Phare CBC SPF for this border region and representatives of both sides of the border attended.

Local actors from this border region have attended events organised by the LACE-TAP office in Thessaloniki.

The municipalities of Bitola and Gevgelija both offered to host the Regional Workshop. The first Regional Workshop was held in Bitola on July 6, 2000 and was well attended with the participation of representatives from the F.Y.R.O.M./Greece/Albania border regions. This workshop focused on the theme of economic co-operation. A second Regional Workshop is planned for Autumn 2000 to take place in Gevgelija, focusing on the F.Y.R.O.M./Greece/Bulgaria border regions.

**ANNEX 1:**

**MAP OF F.Y.R.O.M.'s BORDER REGION WITH GREECE**

**[Hard Copy Only]**

## **ANNEX 2: POTENTIAL PARTICIPANTS AT LACE PHARE EVENTS**

**European Commission Delegation** : Mrs Maria Bechareli

Government of the Republic of Macedonia **European Integration Office** Head: Mr Dragan Tilev

Government of the Republic of Macedonia **European Integration Office** Counsellor for European Integration and Aid Coordination: Mr Aleksander Mojsovski

**LACE Phare Information Point**, Municipality of Gevgelija: Mr George Popov

**CBC Programme Implementation Unit** Director: Mrs Svetlana Gligorovska

**CBC Programme Implementation Unit** TA Team Leader: Mr Vasilis Vasilatos

**Ministry of Self-Government** Minister: Mr. Dzemali Saiti

### **Municipalities in Alphabetical Order**

- |                               |                             |
|-------------------------------|-----------------------------|
| 1) Municipality: Bac          | Mayor: Stefce Stefanovski   |
| 2) Municipality: Bistrica     | Mayor: Dusko Popovski       |
| 3) Municipality: Bitola       | Mayor: Mr Silja Micevski    |
| 4) Municipality: Bogdanci     | Mayor: Gorgi Petrusev       |
| 5) Municipality: Bosilivo     | Mayor: Risto Stamenov       |
| 6) Municipality: Capari       | Mayor: Blagojce Velovski    |
| 7) Municipality: Demir Kapija | Mayor: Trajce Dimitriev     |
| 8) Municipality: Dobrusevo    | Mayor: Vele Popovski        |
| 9) Municipality: Gevgelija    | Mayor: Mr Nikola Kurkciev   |
| 10) Municipality: Kavadarci   | Mayor: Manco Micajkov       |
| 11) Municipality: Konopista   | Mayor: Orce Nastov          |
| 12) Municipality: Kuklis      | Mayor: Gonco Atanasovski    |
| 13) Municipality: Miravci     | Mayor: Angel Angelovski     |
| 14) Municipality: Murtino     | Mayor: Aco Hristov          |
| 15) Municipality: Novaci      | Mayor: Metodija Stojanovski |
| 16) Municipality: Novo Selo   | Mayor: Gorgi Pccirov        |
| 17) Municipality: Prilep      | Mayor: Gligor Ivanovski     |
| 18) Municipality: Resen       | Mayor: Arse Gosarevski      |
| 19) Municipality: Staravina   | Mayor Todor Gulevki         |
| 20) Municipality: Star Dojran | Mayor: Nikola Ajcev         |
| 21) Municipality: Topolcani   | Mayor: Pandor Capunoski     |
| 22) Municipality: Valandovo   | Mayor: Nikola Uzunovi       |
| 23) Municipality: Vitliste    | Mayor: Jovko Kolce          |

**Association of the Units of Local Self-Government** in the Republic of Macedonia (ZELS)  
President: Mr Nikola Kurkciev.

## ANNEX 3: PHARE CBC PROJECTS (F.Y.R.O.M.)

### Phare CBC Programmes 1996-1999 - Summary

Programme	Projects	Financial Allocations (MEURO)
1996 ....Total	E-75 Corridor Upgrading Project Preparation & Management Cross-Border Stations Upgrading	<b>10</b> 5.0 0.5 4.5
1997 ....Total	E-75 design E-75 Upgrading Border Crossings Medzitlija & Bogordica Upgrading Veterinary and Phyto-Sanitary Control Monitoring Stations – Vardar River Small Projects Fund (1) TA to Phare CBC PIU	<b>10.0</b> 2.7 1.5 1.5 1.7 1.6 0.5 0.5
1998 ....Total	Up-grading E-75 Small Projects Fund (II) Socio-Economic Development Projects	<b>10.0</b> 8.1 0.5 1.4
1999....Total	Upgrading E-75 Continuation of TA to Phare CBC PIU	<b>7.0</b> 6.5 0.5

### Transport Projects

#### **Road Infrastructure**

At the Helsinki Ministerial Conference on Transport held in June 1997, the north-south road links through F.Y.R.O.M. to Greece (E-75 and M5) were designated as part of the Trans-European Transport Corridor No 10 justifying the support provided by Phare in the framework of the CBC Programme for upgrading the E-75 in F.Y.R.O.M. The technical upgrading of the two lane sections of the E-75 to European motorway standards is of particular importance, both to F.Y.R.O.M. and Greece as it provides the most direct road connection with the rest of the EU. All Phare CBC Programmes between 1996-99 have included substantial financial allocations for the upgrading of this corridor.

#### **Border Crossing Infrastructure**

One of the projects relating to border cross infrastructure was the modernisation of the Bogorodica border crossing including the construction of a new customs terminal, additional terminal and service buildings, together with ancillary parking. The Medzitlija project involved the reconstruction and enlargement of the border crossing including the provision of additional entry and exit lanes, a new Customs office, administrative and service facilities and car parking facilities.

## Environment

- Vardar River Automatic Monitoring Stations (Phare CBC 1997, 1.6 MEURO). This project involves the construction of river monitoring stations on the Vardar river downstream from Skopje. The Vardar is the main water course in F.Y.R.O.M. and flows as the Axios, into the Aegean Sea beside Thessaloniki. The monitoring stations will provide data on the status and level of pollution of the River Vardar/Axios. On the Greek side of the border similar stations have been established.

## Socio-Economic Development

Funds were allocated for a small number of economic infrastructure projects to be selected by an expert committee following receipt of detailed feasibility studies as a result of SPF projects or on the initiative of relevant local authorities or organisations. The selection of projects was completed after the approval by the Steering Committee and submission of the final evaluation report in February 2000. Six projects were selected for support.

- Socio-Economic Development Project Fund I (1998 Phare CBC 1.4 MEURO);

## Small Project Funds (SPF)

The SPF provides grants to local authorities, agencies, chambers, NGOs or professional associations for promoting projects and co-operation with Greek partners in the fields of business support, human resources, local development initiatives, alternative tourism, cultural and heritage and strategic, sectoral and local development studies for promoting the complementarity of the cross-border economies. The implementation of SPF I (1<sup>st</sup> round) projects began earlier this year. The SPF I 2<sup>nd</sup> call for proposals had a submission deadline of 31 July 2000. Many of the projects selected under SPF I (1<sup>st</sup> round) involved active co-operation with Greek partner authorities/organisations in terms both of their development and the actions proposed.

- 1997 Phare CBC Allocation: 0.5 MEURO – SPF I 1<sup>ST</sup> Call;
- 1997 Phare CBC Allocation: 0.5 MEURO – SPF I 2<sup>ND</sup> Call;
- 1998 Phare CBC Allocation: 0.5 MEURO – SPF II.

**Projects selected under SPF 1 (1<sup>st</sup> call)**

<b>Project Title</b>	<b>Lead Applicant</b>
Promoting primary sector potentials of the municipality of Konopiste, with the aim of strengthening the cross border economic co-operation with partners from the neighbouring country of Greece	Municipality of Konopiste
Lets learn the language of the neighbouring nation so we can better understand each other	Association of Science and Art, Bitola.
Business Information Centre - Kavadarci	Municipality of Kavadarci
Development of Internet information server of the Municipality of Bitola	Municipality of Bitola
Promotion of village eco-tourism in the Pelister region	Mountain Association "Gorgi Naumov", Bitola.
Information Centre for the Municipality of Star Dojran	Municipality of Star Dojran
Elaboration of a project (feasibility study) for toping water in Dojran lake	Municipality of Star Dojran
Development and improvement of agricultural production	Municipality of Kuklis
Preparing study for utilising the hydro and energetic potentials of the small waterflows in Mariovo-Project "Mariovo"	Municipality of Staravina
Research of the potential raw materials of the municipality Project "Pelagonija"	Municipality of Topolcani
An office for economic development and promotion, Project "Prespa"	Municipality of Resen
Creation of an Agency for Regional Development	Municipality of Gevgelija
Integrated tourist and cultural development of the Municipality of Gevgelija	Municipality of Gevgelija
Development of cross border co-operation	Stock breeding Association "ZOG" Bitola
Pre-feasibility study for medium-term development of public utilities in the Municipality of Bitola.	University St. "Kliment Ohridski" TF, Bitola
Educational seminar-alternatives in production of ecological food	Environmental Association "Zrak" - Bogdanci