FINANCING MEMORANDUM

The European Commission, hereinafter referred to as "THE COMMISSION", acting for and on behalf of the European Community, hereinafter referred to as "THE COMMUNITY" on the one part, and

The Government of the Republic of Bulgaria, hereinafter referred to as "THE RECIPIENT" on the other part,

HAVE AGREED AS FOLLOWS:

The measure referred to in Article 1 below shall be executed and financed out of the budget resources of THE COMMUNITY in accordance with the provisions set out in this Memorandum. The technical, legal, and administrative framework within which the measure referred to in Article 1 below shall be implemented is set out in the General Conditions annexed to the Framework Agreement between THE COMMISSION and THE RECIPIENT, and supplemented by the terms of this Memorandum and the Special Provisions annexed hereto.

ARTICLE 1 - NATURE AND SUBJECT

As part of its aid programme, THE COMMUNITY shall contribute, by way of grant, towards the financing of the following MEASURE:

Programme number: BG 0007
Title: 2000 Cross-Border Co-operation Programme between Bulgaria and Romania
Duration: Until 31 December 2002

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of € 8 million hereinafter referred to as "THE EC GRANT".

ARTICLE 3 - DURATION AND EXPIRY

For the present MEASURE, THE EC GRANT is hereby available for contracting until 31 December 2002 subject to the provisions of this Memorandum. All contracts must be signed by this date. Any balance of funds of the EC GRANT which have not been contracted by this date shall be cancelled. The deadline for disbursement of THE EC GRANT is 31 December 2003. All disbursements must be completed by the deadline for disbursement. THE COMMISSION may however, in exceptional circumstances, agree to an appropriate extension of the contracting period or of the disbursement period, should this be requested in due time and properly justified by THE RECIPIENT. This Memorandum shall expire at the expiry of the disbursement period of the EC GRANT. All the funds which have not been disbursed shall be returned to the Commission.
ARTICLE 4 - ADDRESSES

Correspondence relating to the execution of THE MEASURE, stating THE MEASURE’S number and title, shall be addressed to the following:

for the COMMUNITY:

Delegation of the European Commission to Bulgaria
Interpred
World Trade Center
36, Blvd. Dragan Tsankov
1040 Sofia
Bulgaria

Tel.: (+359) 2-97 33 240
Fax: (+359) 2-97 33 872

for THE RECIPIENT:

Ministry of Foreign Affairs
Department of European Integration
2 Al. Jendov Str.
1113 Sofia
Bulgaria

Tel.: (+359) 2-73 74 12
Fax: (+359) 2-70 75 89

ARTICLE 5 - NUMBER OF ORIGINALS

This Memorandum is drawn up in duplicate in the English language.

ARTICLE 6 - ENTRY INTO FORCE

This Memorandum shall enter into force on the date on which it has been signed by both parties. No expenditure incurred before this date is eligible for the EC GRANT.

The Annexes shall be deemed an integral part of this Memorandum.

Done at Sofia
Date 14.12.2000

for THE RECIPIENT

Mrs. N Mikhailova
Minister of Foreign Affairs
National Phare Coordinator

for THE COMMUNITY

Mr. J. Wunenburger
Head of European Commission
Delegation to the Republic of Bulgaria

Annex 1 Framework Agreement
Annex 2 Special Provisions
Annex 3 Visibility and Publicity

PHARE
ENLARGEMENT DG
1. OBJECTIVES, DESCRIPTION AND CONDITIONALITY

1.1. The wider objectives of the programme are:

- To promote good neighbourliness and stability in the CEEC border regions (and the Bulgarian-Romanian one in particular) by funding projects which will yield tangible benefits to the regions and communities on both sides of the border;
- To promote co-operation between border regions in both countries, helping these regions to overcome the specific development problems which may arise, inter alia, from their position within the national economies, in the interest of the local communities and in a manner compatible with the environment protection;
- To promote the creation and further development of co-operation networks on either side of the border and establishment of links between these links and wider Community networks.
- To promote economic and social cohesion in the CBC regions.

1.2. The specific objectives and results are reflected in the following priority areas:

- To improve the local and Trans-national infrastructure, in particular in the fields of energy and transport
- To promote the environmental protection (Sub-programme 2)
- To alleviate of the administrative and institutional obstacles to the free flow of persons, products or services across the border (Sub-programme 3)
- To promote the Socio Economic Regional Development in the CBC Region (Sub-programme 4)

An environmental impact assessment in line with the requirements of Directive 85/337/EEC as amended by Directive 97/11/EC, where applicable, will be carried out for all projects under the programme.

1.3. Programme Description

1.3.1 Sub-programme 1: Projects to improve local and Trans-national infrastructures, in particular communication facilities and the provision of local water, gas and electricity supplies, providing benefits across border areas.

Projects BG0007.01.01 and RO0002.01.01: Development of telecommunication infrastructure of the Bulgarian and Romanian electricity companies for improvement of data exchanges between their Dispatching Centers and UCTE (mirror project)

1. This mirror project aims to support the integration of both countries in the European Union by complying with the EC Directive for the open electricity market by:
• improving the Power Systems Interconnection on both sides of the border up to the UCTE standards;
• ensuring the necessary telecommunication infrastructure for the integration with the UCTE grid systems;
• assessing the hardware, software and telecommunication equipment required for information exchanges between the National Dispatching Centers from Romania and Bulgaria and of these ones with the UCTE Accounting Center;
• increasing the reliability of both Power Systems.

2. The project includes the following activities:
• Technical Study
• Procurement and equipment assembling, supervision, commissioning and training.

The following investments are foreseen under this project:

- Optical fibre telecommunications mounted on transmission ground wires either on the 400 kV transmission line from Tantareni to Kozludui, or on the 220 kV transmission line from Isalnita to Kozludui.
- Terminal equipment for fibre optic telecommunications
- Interface equipment for data acquisition and transmission to the Bulgarian national dispatch centre, and also to the UCTE accounting centre.
- Hardware and software at the national dispatch centre in Sofia (and Bucharest under the mirror investment).

3. Cross Border Impact

The project has a substantial cross border impact through the improvement of electricity interconnection on both sides of the Romanian and Bulgarian border. The project will assist in improving the reliability of the electricity networks in both countries, and has implications for wider electricity trade through membership in the synchronised European UCTE network.

4. The Results of the project are:

• to assist in the compliance of Bulgaria and Romania towards the catalogue of measures required for the improved interconnection between Romania and Bulgaria in the context of preparing these two countries electricity systems for full interconnection with the synchronised UCTE network.

• to improve the reliability of the system through the parallel operation of the Romanian and Bulgarian power systems, through the on-line data exchange which will allow more economical and reliable operation of both power systems.

5. As the project consists of two “mirror” parts in Romania and Bulgaria, if possible, common tender procedures will be performed with separate costs and each country will sign its own contract.

Project BG0007.01.02: - Erection of a winter camp for winter pass on the Danube river (2nd Stage)
This project is a follow up of project BG9916.01.02 – “Erection of a winter camp for winter pass on the Danube river (1st Stage)” by the previous Phare CBC Programme (the Phare allocation was 1.6 Meuro).

1. After the completion of the second stage of the erection of the site, 26 river vessels with measures 12/71 meters and tonnage up to 900 tons will have the possibility to spend the winter there. Presently, room for only 10 ships is available.

2. The project includes:
   - Works contract which consists of extension of the partial building of the vertical and sloped quay gravitational wall (558 m) with the relevant infrastructure to it: water supply and drainage system, local site lighting system, telephony and vertical planning.
   - Supervision Contract for the a.m. works contract.

3. The erection of the winter camp will bring following benefits for Bulgaria and Romania:
   - ensure the safe entrance of vessels to the entrance of the Rousse-port and to the entrance of the RO-RO terminal during winter
   - decrease the number of emergencies with river vessels for both countries;
   - expend the transport infrastructure of the region as there is no similar winter camp in the CBC Region;
   - improve the provided services for the vessels
   - improve of the water quality and of the micro environment of the region;

4. Main Cross Border Impact:
   - Improvement of the navigation safety on the Danube river
   - Positive impact to the environment
   - Decrease of the unemployment into the CBC region by the construction and the maintenance of the Winter Camp

5. Due to the additional technical preparation needed before launching the tender for project BG9916.01.02 – “Erection of a winter camp for winter pass on the Danube river (1st Stage)”, a single tender with two lots might be launched for the completion of stage 1 and stage 2. Then two separate work contracts will be signed with the selected company(ies) (one under the 1999 Financing Memorandum, and one under the 2000 Financing Memorandum).

1.3.2. Sub-Programme 02: Environmental Protection Projects

RO0002.02.01: - Ecologization of Danube and transportation facility

1. The project aims to increase the management capacity of the environment within Romania-Bulgaria boundary area
2. Activities

The project will:
- improve the capacity of local EPAs to monitor the environmental indicators in due time to allow effective limitation of the pollution
- increase the potential of cleaning the effects of pollution through a DEPOL boat with related shore facilities, taking into account that the more rapid and comprehensive the action is, the less impact is recorded upon the environment; rapid measure costs are less in comparison with expensive environmental rehabilitation projects.
- develop communication system to provide rapidly the relevant data to Bulgarian counterparts in order to conjoin the cleaning activities.

The beneficiary cities are located along the Danube River within the following counties: Mehedinti, Dolj, Teleorman, Giurgiu, Calarasi.

3. Cross-Border Impact

The project aims to provide for both countries relevant data in order to improve the surveying of water quality in border area of the Danube River and promote ecological harvesting of the Black Sea resources by Romania and Bulgaria.
Both countries will benefit from the DEPOL boat, which will remove some of Danube pollutants.

4. The main result of the project is the increase of the monitoring capacity of the local Environment Protection Agencies (EPAs) in order to develop self-assessment capabilities in case of pollution and to decrease the responding time to react efficiently.

5. Five contracts are to be concluded:

1. One Technical Assistance contract for needs assessment and for the preparation of four tender dossiers for: the DEPOL boat, shore facilities for the DEPOL boat, monitoring equipment and bio-monitoring equipment;
2. One procurement contract to purchase the DEPOL boat;
3. One procurement contract to purchase the shore facilities for the DEPOL boat;
4. One contract to purchase monitoring equipment for local APAs;
5. One procurement contract to purchase the bio-monitoring equipment and software.

1.3.3. Sub-Programme 03: Alleviation of the administrative and institutional obstacles to the free flow of persons, products or services across the border

Projects BG0007.03.01 and RO000203.01: - Facilitation of Danube Border Crossing

1. This project aims at the facilitation of crossing the border between Romania and Bulgaria (in particular, reduction of waiting time at the borders), through the
harmonisation of procedures between the two countries, the improvement of co-operation and exchange of information between the relevant services of the two countries.

2. Activities of the project:

Assessment of current situation

- short-term assistance to assess the current situation
- transfer of skills and knowledge to staff involved in the development of documentation for the project components below;

Harmonisation of procedure and working practices

- appropriate systems to allow implementation of harmonised procedures and working practices, in accordance with the agreed recommendations/solutions;
- development programme for staff involved in border posts operations (joint training courses, seminars, workshops, exchange of experience with EU Member States etc.);
- co-ordination meetings at national and bilateral level;
- if necessary, limited resources for the publicity of the project.

Information exchange and Technical facilities

- procurement of appropriate software and associated equipment to allow information exchange between the Bulgarian agencies at the border and with the Romanian counterparts, e.g.
- development of training programme for staff involved in the use of these systems, i.e. joint training courses, seminars, workshops, exchange of experience etc.

3. As the project consists of two “mirror” parts in Romania and Bulgaria, if possible, common tender procedures will be performed (maybe with several different lots) with separate costs and each country will sign its own contract.

1.3.4. Sub-Programme 04: Socio-economic Regional Development

Projects BG0007.04.01 and RO0002.04.01: - Joint Small Project Fund

1. The Joint Small Projects Fund (JSPF) will support the key objectives of the Bulgarian- Romanian CBC Programme, namely to help the border regions to overcome specific development problems resulting from their relative isolation in the framework of national economics; the JSPF also will support the establishment and development of co-operative networks on both sides of the border and the creation of linkages between these networks and wider European Union networks.

2. The Fund will support small-scale people-to-people actions across the following priority areas.
   - Economic Development
   - Local Employment Measures
   - Health
   - Cultural Exchanges
3. The JSPF will operate under the General Guidelines for SPF and under detailed guidelines that will be developed jointly by Romania and Bulgaria.

4. Concerning administrative support for operating the fund, the Phare contribution may finance indirect (overhead) costs up to 7% of total amount eligible costs (maximum 35 000 Euro for each country).

5. A Regional Steering Committee will be composed of representatives of the relevant Bulgaria and Romania border regions including:

   • County Presidents
   • Romanian CBC PCU and Bulgarian CBC PMU directors
   • Border RDAs directors
   • Representatives of regional associations of municipalities on both sides of the border
   • Social partners, representatives of the chambers of commerce, Industrial chambers, media centres, information centres etc.
   • Experts nominated within Joint Working Group
   • Representative of the European Commission

**Project RO0002.04.02: - Assistance for the implementation of the multi-annual strategy agreed between Romania and Bulgaria**

Through the completion of this project, the Romanian CBC PCU staff within National Agency for regional Development (NARD) will be strengthened, and will be able to coordinate all the related activities concerning the on-going programme, and to establish the necessary links between all the interested actors in CBC projects preparation and implementation, on central and local level. A network of trained officials in relevant regional development agencies, line ministries and local authorities capable of project preparation and implementation, will be established.
### 2. BUDGET

<table>
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<tr>
<th>Priority / Project Title</th>
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### 3. IMPLEMENTATION ARRANGEMENTS

A Joint Co-operation Committee (JCC) has been established on the basis of the requirements of Commission Regulation No. 2760/98, Art. 7 (1).

The co-chairmen of the Joint Co-operation Committee are on the level of:
- President/Romanian National Agency for Regional Development;
- Deputy Minister/Bulgarian Ministry of Regional Development and Public Works.

The co-chairmen define the composition of their respective delegations to the JCC, on central and local public administration level, and may set up field working groups consisting of representatives of local authorities and experts from the ministries and other institutions concerned. These working groups will review in detail the progress of each project, putting forward recommendations on aspects of management and evaluation, reporting to the JCC.

The European Commission representatives take part to the meetings of JCC as members. They examine the conformity with EU rules, requirements of proposed measures and
projects, and of implementation arrangements, taking a view on the complementary of project proposals with respect to Phare CBC counterpart component.

The ordinary meetings of JCC would be held every six months to review the programme, in either of the countries concerned, in order to assess its progress towards meeting the objectives set out. Extraordinary meetings may be required during the period of preparation of programmes and annual financing proposals or in case of any special implementation issue. Such events may be called at any time, by agreement of co-chairmen or the Commission. Extraordinary meetings called at the request of the Commission may be held in Brussels.

The preparation of reports, agendas and minutes of the meetings of the JCC are organised by the co-chairmen and their services.

The JCC, deciding by consensus, should in particular to:

- Give its opinion on the priorities, objectives and CBC proposed measures to be included in the Joint Programming Document;
- Approve the final annual selection of project proposals;
- Receive progress reports, reviews and assessments of the already approved programmes and their component parts;
- Initiate and support activities that could promote CBC measures and make more effective current and future CBC programmes.

3.1. Romania :

The programme will be managed according to the Phare Decentralised Implementation System (DIS) procedures. The National Aid Co-ordinator (NAC) will have overall responsibility for programming, monitoring and implementation of Phare programmes.

The Implementing Agency (IA) of the Programme on the Romanian side is the Central Finance and Contracts Unit (CFCU) of the Ministry of Finance. The Implementing Authority acting as co-ordinator for the programme is the National Agency for Regional Development (NARD).

The National Fund (NF) in the Ministry of Finance, headed by the National Authorising Officer (NAO) will supervise the financial management of the Programme, and will be responsible for all aspects of financial control and reporting to the European Commission. The competent National Financial Control Authority with respect to the Programme implementation shall carry out the appropriate financial control.

The Commission will transfer funds to the NF according to the Memorandum of Understanding signed between the Commission and the Romanian Government. Funds will be transferred following requests from the NAO. A payment of up to 20% of the funds to be managed locally will be transferred to the NF following signature of the Financing Memorandum and the Financing Arrangements (FAs) between the NF and the Implementing Agency (IA/CFCU). The provisions foreseen in articles 2 and 13 of the MOU on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the Programme Authorising Officer (PAO) and a
description of the system related to the flow of transactions between the NF and IA/CFCU. Four replenishments will be made up to 20% of funds to be managed locally or the full balance of the budget whichever is the lesser amount. The first replenishment will be triggered when the IA/CFCU has disbursed 10% of the budget. The second replenishment may be requested when 30% of the total budget in force has been disbursed. The trigger point for the third replenishment is 50%, and for the final fourth instalment when 70% is disbursed. Save for express prior authorisation from the Commission HQ, no replenishment request may be made if the aggregate of the funds deposited in the NF and the CFCU exceeds 10% of the total budget in force of the commitment. Exceptionally the NAO may request an advance payment of more than 20% according to the procedures laid down in the above-mentioned Memorandum of Understanding.

The National Fund will transfer funds to the Implementing Agency according to the Financing Agreement (FA) signed between the NF and the IA. The FA will be endorsed in advance by the European Commission. In case where the NF is itself the paying agent for the IA there will be no transfer of funds from the NF to the IA. A Programme Authorising Officer appointed by the NAO after consultation with the NAC will head the Implementing Agency. The PAO will be responsible for all the operations carried out by the Implementing Agency.

A separate interest bearing bank account denominated in EURO will be opened and managed by the NF in a separate accounting system in the Central Bank or in a bank agreed in advance with the Commission. Interest will be reported to the European Commission. If the Commission so decides, on the basis of a proposal from NAO, interest may be reinvested in the Programme. The same procedures will apply to any funds transferred from the National Fund to the Implementing Agency.

The NAO and the PAO will ensure that all contracts are prepared according to the DIS Manual procedures.

All contracts must be concluded by December 31, 2002. All disbursements must be made by December 31, 2003. The Commission will recover any funds not used before the dates above-mentioned.

For those contracts with funds retained for a warranty period extending beyond the end of the disbursement period, the overall total of funds related to those contracts, as calculated by the PAO and established by the Commission, will be paid to the Implementing Agency before the official closure of the programme. The Implementing Agency assumes full responsibility of depositing the funds until final payment is due and for ensuring that said funds will only be used to make payments related to the retention clauses. The Implementing Agency further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Interests accrued on the funds deposited will be paid to the Commission after final payment to the contractors. Funds not paid out to the contractors after final payments have been settled shall be reimbursed to the Commission. An overview of the use of funds deposited on warranty accounts, and notably of the payments made out of them, and of the interests accrued will annually be provided by the NAO to the Commission.
The Implementing Agency (CFCU) retains overall responsibility for the implementation of the programme, including: approval of terms of reference, tender documents, evaluation criteria, evaluation of offers, signature of contracts, authorisation and payments of invoices.

They will work closely together with the National Agency for Regional Development (NARD), newly nominated by the Romanian Government as National Co-ordinator for CBC programmes, and the beneficiary institutions identified below, in order to prepare Terms of Reference, tender documents, evaluation criteria, evaluation of offers, negotiation of contracts, invoices for payment etc. For the works contracts under FIDIC rules, an official on behalf of project beneficiary acts as the Employer and invoices have to be certified by the independent Engineer contracted and financed by the Programme.

In order to ensure the day-by-day management (except financial aspects) of all the related activities to the programme, the NARD has set up a Programme Co-ordination Unit. This unit shall carry on its specific tasks according to the provisions of the Governmental Emergency Ordinance no. 52/99 regarding the creation of a unitary framework for the management out of foreign loans contracted or state guaranteed, reimbursable or non-reimbursable.

The overall responsibility for these activities has been taken over by the NARD Secretary General, nominated as Senior Programme Officer (SPO).

Project beneficiary institutions report monthly to the CBC Implementing Agency, including direct copies to the EC Delegation, with commitment and disbursement schedules and sufficient details to allow assessment of progress made and remaining work to be accomplished.

The project beneficiary institutions are as follows:
- the Ministry of Industry and Trade;
- the Ministry of Waters, Forests and Environmental Protection;
- the Ministry of Transport;
- the National Company of Electricity CONEL;
- the Ministry of Interior/Customs General Administration within Ministry of Finance;
- the local and regional authorities;
- the Phare CBC Programme Coordination Unit within the National Agency for Regional Development.

3.2. Bulgaria:

The programme will be managed in accordance with the Phare Decentralised Implementation System (DIS) procedures. The National Aid Co-ordinator (NAC) will have overall responsibility for programming, monitoring and implementation of Phare programmes.
The Implementing Agency (IA) of the programme is the Ministry of Regional Development and Public Works.

The National Fund (NF) in the Ministry of Finance, headed by the National Authorising Officer (NAO) will supervise the financial management of the Programme, and will be responsible for all aspects of financial control and financial reporting to the European Commission. The competent National Financial Control Authority with respect to the implementation of the Programme shall carry out appropriate financial control.

The Commission will transfer funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Bulgarian Government. Funds will be transferred following requests from the NAO. A payment of up to 20% of the funds to be managed locally will be transferred to the NF following signature of the Financing Memorandum and the Financing Arrangements (FAs) between the NF and the Implementing Agencies. The provisions are foreseen in articles 2 and 13 of the NF. Furthermore, the NAO must submit to the Commission the designation of the PAO and a description of the system related to the flow of transactions between the NF and IA. Four replenishments will be made up to 20% of the funds to be managed locally or the full balance of the budget whichever is the lesser amount. The first replenishment will be triggered when the Implementation Agency has disbursed 10% of the budget. The second replenishment may be requested when 30% of the total budget in force has been disbursed. The trigger point for the third replenishment is 50%, and for the final fourth instalment when 70% is disbursed. Save for express prior authorisation from the Commission HQ, no replenishment request may be made if the aggregate of the funds deposited in the NF and the Implementation Agency exceeds 10% of the total budget in force of the commitment. Exceptionally the NAO may request an advance payment of more than 20% in accordance with the procedures laid down in the aforesaid Memorandum of Understanding.

The National Fund will transfer funds to the Implementing Agency in accordance with the Financing Agreement (FA) signed between the NF and the Implementing Agency. The FA will be endorsed in advance by the European Commission. In case where the NF is itself the paying agent for the IA there will be no transfer of funds from the NF to the IA. The Implementing Agency will be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the Implementing Agency.

A separate interest bearing bank account, denominated in € will be opened and managed by the NF in a separate accounting system in the Central Bank or in a Bank agreed in advance with the Commission. Interest will be reported to the European Commission; if the Commission so decides, on the basis of a proposal from the NAO, interest may be reinvested in the Programme. The same procedures will apply to any funds transferred from the National Fund to the Implementing Agency.

The NAO and the PAO will ensure that all contracts are be prepared in accordance with the procedures set out in the DIS Manual.

All contracts must be concluded before 31 December 2002.
All disbursements must be made before 31 December 2003.

The Commission will recover any funds not used by the dates noted above of the programme.

For those contracts with funds retained for a warranty period extending beyond the end of the disbursement period of the programme, the overall total of funds related to those contracts, as calculated by the PAO and established by the Commission, will be paid to the Implementing Agency before the official closure of the programme. The Implementing Agency assumes full responsibility of depositing the funds until final payment is due and for ensuring that said funds will only be used to make payments related to the retention clauses. The Implementing Agency further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Interests accrued on the funds deposited will be paid to the Commission after final payment to the contractors. Funds not paid out to the contractors after final payments have been settled shall be reimbursed to the Commission. An overview of the use of funds deposited on warranty accounts - and notably of the payments made out of them - and of interests accrued will annually be provided by the NAO to the Commission.

The CBC Implementing Agency retains overall responsibility for the implementation of the whole programme. This includes: approval of terms of reference, of tender documents, of evaluation criteria, of evaluation of offers, signature of contracts, authorisation and payments of invoices.

Relevant project beneficiary institutions are responsible towards the CBC Implementing Agency for the operational management of the projects: preparation of terms of reference, of tender documents, of evaluation criteria, of evaluation of offers, of contracts, of invoices for payment. For works contracts under FIDIC rules, an official of the project beneficiary institution acts as the Employer and invoices have to be certified by the independent Engineer contracted and financed by the Programme.

Project beneficiary institutions report monthly to the CBC Implementing Agency (with direct copies to the EC Delegation) with monthly disbursement and commitment schedules and with sufficient detail to allow assessment of progress made and remaining work to be accomplished.

Project Beneficiary Institutions liase directly with the EC Delegation for all issues related to the operational management of the projects.

They are as follows:

- the National Electric Company (NEK EAD) within the State Energy and Energy Resources Agency for project BG0007.01.01. The project team within NEK is adequately staffed with 2 qualified full-time experts. Appropriate technical assistance to the project team is to be ensured, financed by the Programme.

- the Department Transport Policy the Ministry of Transport for project BG0007.01.02. The existing project team within the Department is adequately staffed with 2 qualified
full-time experts. Appropriate technical assistance to the project team is to be ensured, financed by the Programme.

- the Border Police within the Ministry of Internal Affairs and the General Customs Directorate within the Ministry of Finance for project BG0007.03.01. The project team within the beneficiary institutions will be adequately staffed with qualified full-time experts. Appropriate technical assistance to the project team is to be ensured, financed by the Programme.

4. MONITORING AND ASSESSMENT

A Joint Monitoring Committee (JMC) will be established. It will include the NAOs and the NACs of the two countries, and the Commission. The JMC will meet at least once a year to review all Phare funded programmes in order to assess their progress towards meeting the objectives set out in Financing Memoranda and the Accession Partnership relating to each beneficiary country. The JMC may recommend a change of priorities and/or re-allocation of Phare funds.

The JMC will be assisted by Monitoring Sub-Committees (MSC) which will include the NACs, the PAOs of the CBC Programmes and the Commission Services. The above-mentioned Joint Co-operation Committee will act as Monitoring Sub-Committee (MSC) for the CBC Programme. The JCC will review in detail the progress of the programme, including its components and contracts, on the basis of regular Monitoring and Assessment reports produced with the assistance of external consultant (in accordance with the provisions of the DIS Manual), and will put forward recommendations on aspects of management and design, ensuring these are effected. The JCC will report to the JMC, to which it will submit overall detailed reports on all Phare funded CBC programmes.

5. AUDIT AND EVALUATION

The accounts and operations of the National Funds in Bulgaria and Romania, and, where applicable, the CFCU and all relevant Implementing Agencies may be checked at the Commission’s discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the Court of Auditors as referred to in the General Conditions relating to the Financing Memorandum attached to the Framework Agreement signed with the government of each beneficiary country.

The Commission services shall ensure that an ex-post evaluation is carried out after completion of the Programme.

6. VISIBILITY / PUBLICITY

The appropriate Programme Authorising Officers of both countries (PAO) will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the Programme. This will be done in close
liaison with the Commission Delegation in the relevant beneficiary country. Further
details are at the annex III “Visibility/Publicity”.

7. SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons, which are within the
control of the respective Government of Bulgaria and Government of Romania, the
Commission may review the Programme with a view, at the Commission’s discretion, to
cancelling all or part of it and/or to re-allocate unused funds for other purposes consistent
with the objectives of the Phare Programme.

Almost all the appropriate structures for implementation and management have already
been set up in both countries during the previous CBC programme, proving that parties
involved are able to co-operate to fulfil the proposed objectives. A letter of commitment
will accompany every project approved by JCC, stating the fact that local co-financing
will be made available by the beneficiaries.

Each construction project will include adequate independent supervision of projects.
Works will be tendered to pre-qualified contractors with relevant financial capacity, and
technical and FIDIC experience.

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ANNEX 3

Visibility/Publicity Annex

INFORMATION AND PUBLICITY FOR THE PHARE PROGRAMME OF THE EUROPEAN COMMUNITIES

1. Objective and scope

Information and publicity measures concerning assistance from the European Community Phare Programme are intended to increase public awareness and transparency of EU action and to create a consistent image of the measures concerned in all applicant countries. Information and publicity shall concern measures receiving a contribution from the Phare Programme.

2. General principles

The appropriate Programme Authorising Officer in charge of the implementation of Financing Memoranda, and other forms of assistance shall be responsible for publicity on the spot. Publicity shall be carried out in co-operation with the EC Delegations, which shall be informed of measures taken for this purpose.

The competent national and regional authorities shall take all the appropriate administrative steps to ensure the effective application of these arrangements and to collaborate with the EC Delegations on the spot.

The information and publicity measures described below are based on the provisions of the regulations and decisions applicable to the Structural Funds. They are:


Information and publicity measures must comply with the provisions of the above mentioned regulation and decision. A manual on compliance is available to national, regional and local authorities from the EC Delegation in the country concerned.

3. Information and publicity concerning Phare programmes

Information and publicity shall be the subject of a coherent set of measures defined by the competent national, regional and local authorities in collaboration with the EC Delegations for the duration of the Financing Memorandum and shall concern both programmes and other forms of assistance.
The costs of information and publicity relating to individual projects shall be met from the budget for those projects.

When Phare programmes are implemented, the measures set out at (a) and (b) below shall apply:

(a) The competent authorities of the applicant countries shall publish the content of programmes and other forms of assistance in the most appropriate form. They shall ensure that such documents are appropriately disseminated and shall hold them available for interested parties. They shall ensure the consistent presentation throughout the territory of the applicant country of information and publicity material produced.

(b) Information and publicity measures on the spot shall include the following:

(i) In the case of infrastructure investments with a cost exceeding EUR 1 million:

- billboards erected on the sites, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

- permanent commemorative plaques for infrastructures accessible to the general public, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

(ii) In the case of productive investments, measures to develop local potential and all other measures receiving financial assistance from Phare:

- measures to make potential beneficiaries and the general public aware of Phare assistance, in accordance with the provisions cited at paragraph 3(b)(i) above.

- measures targeting applicants for public aids part-financed by Phare, ISPA or SAPARD in the form of an indication on the forms to be filled out by such applications, that part of the aid comes from the EU, and specifically, the Phare Programmes in accordance with the provisions outlined above.
4. Visibility of EU assistance in business circles and among potential beneficiaries and the general public

4.1 Business circles

Business circles must be involved as closely as possible with the assistance which concerns them most directly.

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to potential beneficiaries, particularly SMEs. These should include an indication of the administrative procedures to be followed.

4.2 Other potential beneficiaries

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to all persons who benefit or could benefit from measures concerning training, employment or the development of human resources. To this end, they shall secure the co-operation of vocational training bodies involved in employment, business and groups of business, training centres and non-governmental organisations.

Forms

Forms issued by national, regional or local authorities concerning the announcement of, application for and grant of assistance intended for final beneficiaries or any other person eligible for such assistance shall indicate that the EU, and specifically the Phare Programme, is providing financial support. The notification of aid sent to beneficiaries shall mention the amount or percentage of the assistance financed by the Phare Programme. If such documents bear the national or regional emblem, they shall also bear the EU logo of the same size.

4.3 The general public

The media

The competent authorities shall inform the media in the most appropriate manner about actions co-financed by the EU, and Phare in particular. Such participation shall be fairly reflected in this information.

To this end, the launch of operations (once they have been adopted by the Commission) and important phases in their implementation shall be the subject of information measures, particularly in respect of regional media (press, radio and television). Appropriate collaboration must be ensured with the EC Delegation in the applicant country.

The principles laid down in the two preceding paragraphs shall apply to advertisements such as press releases or publicity communiqués.
Information events

The organisers of information events such as conferences, seminars, fairs and exhibitions in connection with the implementation of operations part-financed by the Phare Programme shall undertake to make explicit the participation of the EU. The opportunity could be taken of displaying the European flags in meeting rooms and the EU logo upon documents depending on the circumstances. The EC Delegation in the applicant country shall assist, as necessary, in the preparation and implementation of such events.

Information material

Publications (such as brochures and pamphlets) about programmes or similar measures financed or co-financed by Phare should, on the title page, contain a clear indication of the EU participation as well as the EU logo where the national or regional emblem is used.

Where such publications include a preface, it should be signed by both the person responsible in the applicant country and, for the Commission, the Delegate of the Commission to ensure that EU participation is made clear.

Such publications shall refer to the national and regional bodies responsible for informing interested parties.

The above-mentioned principles shall also apply to audio-visual material.

5. Special arrangements concerning billboards, commemorative plaques and posters

In order to ensure the visibility of measures part-financed by the Phare Programme, applicant countries shall ensure that the following information and publicity measures are complied with:

Billboards

Billboards providing information on EU participation in the financing of the investment should be erected on the sites of all projects in which EU participation amounts to EUR 1 million or more. Even where the competent national or regional authorities do not erect a billboard announcing their own involvement in financing the EU assistance must nevertheless be announced on a special billboard. Billboards must be of a size which is appreciable to the scale of operation (taking into account the amount of co-financing from the EU) and should be prepared according to the instructions contained in the technical manual obtainable from EC Delegations, referred to above.

Billboards shall be removed not earlier than six months after completion of the work and replaced, wherever possible, by a commemorative plaque in accordance with the specifications outlined in the technical manual referred to above.
Commemorative plaques

Permanent commemorative plaques should be placed at sites accessible to the general public (congress centres, airports, stations, etc.). In addition to the EU logo, such plaques must mention the EU part-financing together with a mention of the Phare Programme.

Where a national, regional or local authority or another final beneficiary decides to erect a billboard, place a commemorative plaque, display a poster or take any other step to provide information about projects with a cost of less than EUR 1 million, the EU participation must also be indicated.

6. Final provisions

The national, regional or local authorities concerned may, in any event, carry out additional measures if they deem this appropriate. They shall consult the EC Delegation and inform it of the initiatives they take so that the Delegation may participate appropriately in their realisation.

In order to facilitate the implementation of these provisions, the Commission, through its Delegations on the spot, shall provide technical assistance in the form of guidance on design requirements, where necessary. A manual will be prepared in the relevant national language, which will contain detailed design guidelines in electronic form and this will be available upon request.