1. Basic Information

Project number: BG0008.01.01
Title: Approach Road to Makaza Border Crossing
Sector: Transport
Geographical Location: Bulgaria’s Southern Border Region

2. Objectives:

Wider Objectives

- To develop the economy of the border regions by enhancing the trade and the economic co-operation
- To motivate the creation and development of corresponding transport links on both sides of the Bulgaria/Greece Border.

Immediate Objective

- To provide with a cross border road link of approx. 17.67 km. between Bulgaria/Greece. In particular to provide access road to a new border crossing station,

Cross Border Impact

- To support road infrastructure works in order to foster cross border co-operation at a local and national level
- Through these improved links and infrastructure to promote cultural exchanges and the integration of the two border regions.
- To encourage economic development on both sides of the border in an economically depressed region;

3. Description:

3.1 Background and justification

The PHARE Cross Border Co-operation Programme will support the construction of an access road of 17.67 Km. (Podgova -Makaza) to the new Cross Border Crossing between Kardjali and Komotini. According to Bilateral Agreement between the governments of Bulgaria and Greece which was signed on 22.12.1995 both countries agreed to open three new border crossings (Gotse Delchev-Drama, Rudozem- Xanthi, Kardjali-Komotini).

This project is in compliance with the Accession Partnership and the National Programme for the Adoption of the Acquis in the transport sector, notably extension of Trans-European Corridor No IX. According to the draft vademecum on co-ordination of the three financial pre-accession instruments and due to the strong cross-border impact and the existence of a joint development strategy of the two border regions, this project is propose for Phare CBC funding rather than ISPA funding. The construction of the mirror road on Greek side has started with the construction of the Komotini- Nimfeia link and it is financed by INTERREG Programme.
Two operational border crossing points exist at Kulata and Novo Selo, the access to which is to be upgraded by the rehabilitation works to the existing E79 road under the PHARE funded Southern Border Regions Road Project. In addition a new border crossing point is to be constructed at Ilinden with a new access road constructed to serve it. This is also mirrored by similar new construction on the Greek side.

3.2. Linked activities

The construction of the mirror road on Greek side has started with the construction of the Komotini- Nimfea link (23 km) and it is financed by INTERREG Programme with an overall cost of around 36 Meuro. Additionally, the construction of a new approach road from Podkova to the new border crossing point was originally introduced in the WS Atkins Report of August 1997 entitled Road Network Review Southern Border Region and Identification of High Priority Border Crossing Improvement Projects.

Previous PHARE funded projects undertaken in this area include a Transport Sector Framework Contract for the Review of Existing Feasibility Studies and Design, and Provision of Recommendations to ensure compliance with International Standards. This contract was undertaken during the first quarter of 1999.

3.3 Results

The main benefits of the project are:

- To improve the existing infrastructure in the field of transport, aimed at complementing the development of Trans-European networks, by upgrading of Pan-European corridor IX, in the framework of the joint development strategy of both regions;
- To strengthen the cooperation between the two border regions at a local level. The main municipalities from the Bulgarian side concerned to the construction of the specific Crossing Border are in the Region of Kardjali and Haskovo and consists of the followings: Zlatograd, Nedelino, Ardino, Djebel, Dimitrovgrad, Ivailovgrad, Kirkovo, Krumovgrad, Kardjali, Madjarovo, Mineralni bani, Momchilovgrad, Haskovo, Chernochoene. The overall population concerned is 419,179 inhabitants, the average income per person 469.17 EURO (65% of the national average income per person) and the average rate of unemployment is approx. 14%.
- The distance between Kardjali/Bulgaria Komotini/Greece will be considerably shortened as an alternative to the crossing points Svilengrand/Ormenio and Kulata/Promachonas. More precisely, for the cities of Kardjali and Haskovo the distance to Komotini will be decreased by 228 km. and 112 km. respectively. More information concerning the decreasing of the distance for several Bulgarian cities is included in the attached table.
- The activities undertaken, the construction of the access road according to European standards will enable heavy traffic and the opening of the border crossing to international traffic. Information about the traffic flows generated by the construction of the link road to Makaza is included in the attached tables.
- Together with the Greek "mirror" project - "Construction of Komotini Nimfea road, leading to the border crossing point Makaza/Nimfea, the distance between Komotini and Kardjali will be reduced, increasing low cost exchanges and circulation between both countries.

In addition, the following benefits will also appear:
- Reduction of road user’s costs;
- Increase and modernisation of road transport companies;
- Savings on travel-time;
- Improvement of road safety;
- Reduce environmental risks due to the heavy traffic in the neighbouring cross-border points.

The major sectors for potential expansion resulting from the Makaza project would include, but not be limited to, the following:

- Construction and maintenance,
- Light industry,
• Forestry and agriculture,
• Tourism, including transit tourists,
• Transport and distribution.

The expansion in these sectors would lead to improvement in local economic factors and would assist in slowing the current demographic exodus from the area. Additionally, increased access to the Aegean ports would similarly stimulate local enterprises by allowing them to market their goods over a wider area both in Greece and internationally.

3.4 Activities

The project includes two main components:

• Civil works for construction of the road section Podkova - Makaza from km 367+170 to km 384+840 with estimated costs of 24 MEURO. The section Podkova - Makaza Border Crossing will consist of a single carriageway, approximately 17.67 km long. The cross section of the new road construction generally comprises a 7-m wide carriageway with 2x1.75 m wide shoulders stabilised with crushed stone. The design speed adopted for the road is generally 80 km/h. The road construction also includes surface water drainage works, road markings, new traffic signs, guard rails, kerbs and landscaping. A number of big structures and culverts will be constructed.

• Works Supervision services (including for operational expenses estimated at 15.000 EURO) with estimated costs of 2 MEURO

The PHARE contribution will finance up to 17 Meuro, the rest of the financing up to 26 Meuro will be financed by the Bulgarian State Budget. For the Bulgarian contribution an additional contract will be signed with the same awarding company by PHARE procedures.

4. Institutional Framework

According to Bilateral Agreement between the governments of Bulgaria and Greece which signed on 22.12.1995 both countries agreed to open three new border crossings (Gotse Delchev-Drama, Rudozem- Xanthi, Kardjali-Komotini). This project will therefore contribute to the implementation of this Bilateral Agreement.

The contracting authority will be the Ministry of Regional Development and Public Works. It will sign the contract with the company selected via competitive tender procedure, following Phare rules. A restricted tender following pre-qualification phase is foreseen.

After completion of the project, the future road will become a state property and will be managed by the General Road Administration, like the rest of the national road networks.

5. Detailed Budget (in MEURO)

<table>
<thead>
<tr>
<th>Investment</th>
<th>Institution Building</th>
<th>Total Phare (=I+IB)</th>
<th>Recipient</th>
<th>IFI*</th>
<th>TOTAL*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Works</td>
<td>15</td>
<td>15</td>
<td>9</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>Supervision (including operational expenses estimated at 15 000 Euro)</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>17</td>
<td>17</td>
<td>9</td>
<td></td>
<td>26</td>
</tr>
</tbody>
</table>
6. Implementation arrangements:

The Project shall be managed under the Decentralised Implementation System (DIS). The Implementing Agency is the Ministry of Regional Development and Public Works (MRDPW). A Programme Authorising Officer (PAO) will be nominated for the Programme by the National Authorising Officer (NAO) after consultation of the National Aid Co-ordinator (NAC).

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

The project beneficiary institution is the Foreign Investment and Concession Department of General Road Administration (GRA). The project beneficiary institution is responsible towards the CBC Implementing Agency for the operational management of the project: 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 GRA acts as the Employer and the invoices have to be certified by an independent Engineer contracted and financed by the Programme.

GRA reports 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.

GRA liaises directly with the EC Delegation for all issues related to the operational management of the project.

The existing project team within the Department is adequately staffed with 3 qualified full-time experts. Appropriate technical assistance to the project team is to be ensured, financed by the Programme.

Works will be tendered to prequalified contractors with relevant financial capacity, and technical and FIDIC experience.

7. Implementation schedule:

Start of tendering: July 2000;
Tendering Period: October 2000 – Jan 2001;
Start of project activity: April 2001
Project Completion: October 2003

8. Equal opportunity:

In the whole process of preparation and implementation of the projects no discrimination between men and women will be made.

9. Environment:

Date Initial Screening completed 1998

EIA prepared by GRA, and copies may be obtained therefrom. The EIA was reviewed in 1999 by international consultants who found that the report was generally substantive and satisfied EC EIA criteria. Major environmental effect is estimated to be during construction phase, but by definition therefore will be only of a temporary nature. Conservation measures will be included in TD.

10. Rates of Return

Financial rate of return: Optim. Scenario: 20%
                        Pessim. Scenario: 17.5%
11. Investment Criteria:

- Catalytic Effect: Bulgaria is currently in the process of conversion to a market led economy system. As an integral part of this process, Bulgaria is actively pursuing a policy of greater accessibility to trade and economic links with its neighbours Greece, FYROM, Romania and Turkey. Its geographical position inevitably means that international traffic will cross its borders. Therefore it is important that its road network, generally, and international trade routes in particular are of sufficient standard to safety and efficiently convey the anticipated traffic demand.

The new access to the region will be instrumental for facilitating the investment in the region. In order to facilitate and sustain regional and national economic development generated through the Bulgarian-Greece border links, the opening and construction of the approach road to Makaza Border Crossing is essential. It is important to provide this road with a view to accommodating future traffic demands for the next 15 years. To support Bulgaria in achieving its objective, Bulgaria, represented by the Ministry of Regional Development and Public Works (MRDPW), has applied for a grant from the Phare Programme of European Commission.

- Co-financing: it is anticipated that Bulgaria will contribute funding. The Phare Programme will finance the main part of the project according with the available budget for the CBC Programme for 2000, the rest approx. 35% of the investment will be financed by the Bulgaria State budget.

- Additionality: For the Approach road to Makaza Border Crossing Project only Phare funding is being sought or utilised. No other funding agencies are contributing to the Project.

- Project readiness and Size: A Feasibility study, economic appraisal, and EIA have been undertaken by GRA and reviewed by international consultants. The review consultant based his work on examining 3 basic criteria –i) do nothing scenario; ii) rehabilitation of existing gravel road; iii) construction of new road link. The consultant ensured that the prepared studies due cognisance of all technical, economic, and environmental aspects. The Detailed Design is complete and is intended to be reviewed by international consultants financed through the project.

- Sustainability: The Southern Border Region is acknowledged to be isolated by its geographical situation. This combined with a general lack of access has severely disadvantaged the Region. Therefor, it has been selected as an eligible region for the social cohesion component at Phare National Programme. Following studies by international consultants it is expected that an increase in communication and transport facilities will stimulate the economic activity of the Region. The area has had a certain degree of success in attracting foreign investment and with its acknowledged educated workforce and huge potential for tourism the development initiated by the improved road network will be self sustaining - particularly as the democratic and financial changes within the country as a whole continue.

- Compliance with state aids provisions: It is confirmed that all aspects of the Approach road to Makaza Border Crossing Project are open to competitive tender within the European Union and Phare recipient countries, and all Phare procedures regarding competition and transparency are fully complied with.
12. Conditionality and sequencing:

- Bulgaria undertakes the obligation to cover any additional cost, above the envisaged Meuro 24, necessary for the completion of the whole project during its implementation timeframe.
- Road Design complies with the provisions of EC Directive on weight and dimensions.
- Special consideration will be given to measures in favour of road safety (including sustainable road marking, road signs, guard rails, safety fencing) and environment (including measures to reduce impact both during construction and after construction).
- Land acquisition is financed by the Bulgarian authorities. The Bulgarian authorities undertake to notify to the European Commission before the signature of the works contracts that related land acquisitions have been completed.
- Security arrangements at the border, especially for construction through the restricted area will be specified in the tender documents.
- Every infrastructure project will be publicised according to a publicity action plan to be prepared by the GRA and endorsed by the Commission before tendering the works.
- The GRA will make all data and inspection equipment fully available to the constructor in charge in order to complete the detailed design.

*****

Annexes to project fiche

Annex 1: Logical framework matrix
Annex 2: Detailed implementation chart
Annex 3: Contracting and disbursement schedule by quarter for full duration of programme
Annex 4: Reference to feasibility/pre-feasibility studies
Annex 5: Distance and traffic data related to the project
Annex 6: Traffic evaluation study
### Annex 1: LOGFRAME PLANNING MATRIX FOR PROJECT

<table>
<thead>
<tr>
<th>Project Number</th>
<th>BG0008.01</th>
<th>Project Title</th>
<th>CONSTRUCTION OF MAKAZA BORDER CROSSING APPROACH ROAD</th>
<th>Total Budget of Project</th>
<th>26 MEURO</th>
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<th>Wider Objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumption and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- to promote economic and social cohesion in the CBC region</td>
<td>- increased GDP regional share</td>
<td>Governmental and international statistics</td>
<td></td>
</tr>
<tr>
<td>- to promote co-operation with the CEEC regions bordering the European Union, and thus to help these border regions to overcome specific development problems stemming from their relative isolation in the national economy</td>
<td>- increased Greek and foreign investment in the region</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Immediate Objective</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumption and Risks</th>
</tr>
</thead>
</table>
| - to improve major roads infrastructure in southern Bulgaria | - increased cross border traffic duration | GRA and independent reports users | - economic growth in other sectors
- Bulgarian Government continues its current commitment to reform and to accession to the European Union |

<table>
<thead>
<tr>
<th>Results/Outputs</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumption and Risks</th>
</tr>
</thead>
</table>
| - contributing to the opening of new border crossing link | - taking over certificate for the road | GRA, resident engineer, contractors | - cost of construction works does not exceed cost estimates and no major contingency during construction
- parallel progress in Greece and for border check point construction/staffing |

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumption and Risks</th>
</tr>
</thead>
</table>
| - Phare CBC financing | - road constructed | reports from MRDPW, GRA, Delegation, resident engineer and contractors | - land acquisition completed
- continuity of staff and policy in GRA enabling implementation of project without delay
- effective project Engineer |
| - project team in GRA acting as Employer | - team adequately staffed with at least 3 qualified full-time experts | MRDPW bank statements | |
| - project Engineer | - project Engineer contracted and financed under 2000 programme | |
| - contractors | - works contracts signed | |

- MRDPW bank statements
BG008.01 – Annex 2

Detailed implementation chart

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<td>2000</td>
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<tr>
<td>Publication of Tender Announcement</td>
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<td>Signature of Contract</td>
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### CUMULATIVE QUARTERLY CONTRACTING SCHEDULE

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<th>III</th>
<th>IV</th>
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<th>II</th>
<th>III</th>
<th>IV</th>
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<td></td>
<td>2001</td>
<td>2002</td>
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<td>15 000 000</td>
<td>15 000 000</td>
<td>15 000 000</td>
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</tr>
<tr>
<td>01-02 Supervision</td>
<td>2 000 000</td>
<td>2 000 000</td>
<td>2 000 000</td>
<td>2 000 000</td>
<td>2 000 000</td>
<td>2 000 000</td>
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<th>IV</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>Budget Allocation</th>
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<td>2002</td>
<td>2003</td>
<td></td>
<td></td>
<td></td>
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<td>(Euro)</td>
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<tr>
<td>01-01 Civil Works, of which</td>
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<td></td>
<td></td>
<td>900 000</td>
<td>1 350 000</td>
<td>2 250 000</td>
<td>3 150 000</td>
<td>4 500 000</td>
</tr>
<tr>
<td>from PHARE Funds</td>
<td>4 000 000</td>
<td>5 500 000</td>
<td>7 000 000</td>
<td>1 000 000</td>
<td>1 000 000</td>
<td>1 400 000</td>
<td>1 500 000</td>
<td>1 700 000</td>
<td>1 900 000</td>
</tr>
<tr>
<td>Recipient funds</td>
<td>1 500 000</td>
<td>2 250 000</td>
<td>3 750 000</td>
<td>5 250 000</td>
<td>6 000 000</td>
<td>7 500 000</td>
<td>8 250 000</td>
<td>10 500 000</td>
<td>11 250 000</td>
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<td>800 000</td>
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<td>1 100 000</td>
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<td>1 500 000</td>
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<td>6 500 000</td>
<td>9 100 000</td>
<td>10 400 000</td>
<td>13 000 000</td>
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<tr>
<td>Recipient funds</td>
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</tbody>
</table>

BG0008.01 - Annex 3
REFERENCE TO FEASIBILITY / PRE FEASIBILITY STUDIES

A Feasibility study, economic appraisal, and EIA have been undertaken by GRA and reviewed by international consultants. This review was financed under Phare, undertaken during the first quarter of 1999, and the report is entitled ‘Review of Existing Feasibility Studies and Design, and Provision of Recommendations to ensure compliance with International Standards’.

The consultant based his work on examining 3 basic criteria –i) do nothing scenario; ii) rehabilitation of existing gravel road; iii) construction of new road link. The consultant ensured that the prepared studies due cognisance of all technical, economic, and environmental aspects.

The Detailed Design is complete and is intended to be reviewed by international consultants financed through the project.

Into the Greek territory the mirror project, the access road from Komotini to Nimfea (23 Km.) is financed by the EC Programme INTERREG with an overall cost approx. 36 Meuro. Detailed design and EIA are accomplished and a first part of 4.5 km from Komotini has already been constructed.

A traffic analysis ‘MAKAZA BORDER CROSSING APPROACH ROAD TRAFFIC EVALUATION STUDY’ is also available (see in annex 6)
DISTANCE AND TRAFFIC DATA RELATED TO THE PROJECT
(MAKAZA BORDER CROSSING APPROACH ROAD TRAFFIC EVALUATION STUDY, 1999)

The construction of the proposed access road is estimated to effect considerable reductions in the travel distances between major towns in Bulgaria and the town of Komitini on the Greek side. The following table illustrates this aspect:

Routes from major towns along the corridor IX, road E85, to Komotini

<table>
<thead>
<tr>
<th>Towns</th>
<th>BCCP</th>
<th>Kulata</th>
<th>Novo Selo</th>
<th>Makaza</th>
<th>Elidje</th>
<th>Ilinden</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kardjali</td>
<td>665</td>
<td>369</td>
<td>78</td>
<td>306</td>
<td>563</td>
<td>228</td>
<td>392</td>
</tr>
<tr>
<td>Haskovo</td>
<td>612</td>
<td>316</td>
<td>131</td>
<td>253</td>
<td>510</td>
<td>122</td>
<td>93</td>
</tr>
<tr>
<td>Stara Zagora</td>
<td>609</td>
<td>351</td>
<td>192</td>
<td>334</td>
<td>525</td>
<td>142</td>
<td>74</td>
</tr>
<tr>
<td>Gabrovo</td>
<td>679</td>
<td>435</td>
<td>276</td>
<td>388</td>
<td>579</td>
<td>112</td>
<td>41</td>
</tr>
<tr>
<td>Veliko Tarnovo</td>
<td>672</td>
<td>457</td>
<td>316</td>
<td>434</td>
<td>625</td>
<td>118</td>
<td>37</td>
</tr>
<tr>
<td>Rousse</td>
<td>764</td>
<td>550</td>
<td>434</td>
<td>539</td>
<td>730</td>
<td>105</td>
<td>24</td>
</tr>
</tbody>
</table>

Similarly, the following table illustrates the ‘competitiveness’ of the proposed link road to Makaza against other Border crossing access roads in the Southern Border Regions, and shows the saving in travel distance over using the nearest alternative crossing point:

<table>
<thead>
<tr>
<th>Routes</th>
<th>Kulata</th>
<th>Novo s elo</th>
<th>Makaza</th>
<th>Elidje</th>
<th>Ilinden</th>
<th>Difference, km</th>
<th>%</th>
<th>Competitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vidin</td>
<td>667</td>
<td>750</td>
<td>561</td>
<td>607</td>
<td>644</td>
<td>46</td>
<td>8</td>
<td>Elidje</td>
</tr>
<tr>
<td>Orjachovo</td>
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<td>439</td>
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</tbody>
</table>
Traffic redistributed from other existing access roads at Kulata and Novo Selo
Traffic generated by Bulgarians seeking employment in Greece
Traffic generated by tourism
Traffic generated by bilateral trade
Transit traffic

The total estimated traffic flows generated by the construction of the link road to Makaza are given in the following table:

**Number of vehicles per day**

<table>
<thead>
<tr>
<th>Type of flows</th>
<th>Cars</th>
<th>Buses</th>
<th>Trucks</th>
<th>Road trains</th>
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<td></td>
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<tr>
<td>Diverted</td>
<td>503</td>
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<td>25</td>
<td>202</td>
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<td>Generated</td>
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<tr>
<td>Transit</td>
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<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>503</td>
<td>5.66</td>
<td>25</td>
<td>202</td>
<td>1277</td>
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<tr>
<td>HIGH Scenario</td>
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<td></td>
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<tr>
<td>Diverted</td>
<td>646</td>
<td>7.66</td>
<td>58</td>
<td>471</td>
<td>1178</td>
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<tr>
<td>Generated</td>
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<tr>
<td>Transit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>51</td>
</tr>
<tr>
<td>Total</td>
<td>646</td>
<td>7.66</td>
<td>58</td>
<td>471</td>
<td>2429</td>
</tr>
</tbody>
</table>

Summing of the low and high scenario figures will give: 1277 + 2429 = 3706 and the average is 3706 : 2 = 1853 vehicles.

Under this assumption the low scenario is 1853 – 150 = 1703 vehicles per day (1700 used for calculation of economic indicators) and the high scenario is 1853 + 150 = 2003 vehicles per day and (2000 used for calculation of economic indicators).

Forecast of number of vehicles in period 2005 – 2025 is given in table hereunder

<table>
<thead>
<tr>
<th>Scenario</th>
<th>2005</th>
<th>2015</th>
<th>2025</th>
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<tbody>
<tr>
<td>Low</td>
<td>1700</td>
<td>4800</td>
<td>6900</td>
</tr>
<tr>
<td>High</td>
<td>2000</td>
<td>6400</td>
<td>8800</td>
</tr>
</tbody>
</table>
MAKAZA BORDER CROSSING APPROACH ROAD TRAFFIC EVALUATION STUDY
FINAL REPORT, 1999

EXECUTIVE SUMMARY

The Study has the objective to assist GRA and PHARE CBC Programme Bulgaria-Greece in prioritising the allocation of resources in road infrastructure in order to support new cross-border checkpoints opening for the maximum benefit of both neighbouring countries, and promotion of international transit traffic. The Study has faced substantial problems in collecting reliable statistics on present traffic volumes per Origin/Destination, especially for Greece. Therefore different sources have been used in order to simulate the prevailing traffic relations using at present the existing cross-border points.

1. Local and international traffic generation.

The opening of Makaza Border Crossing Checkpoint will result in generating new transport flows across the border between Bulgaria and Greece. The diverted flows in the beginning of the construction of the Makaza BCCP will be small however within very short period and upon completion of the construction works it will vastly increase. There will be an increase of transit flows owing to notable diversion of transit traffic from west (BCCP Kulata) to east (BCCP Novo selo). The Makaza BCCP appears as a BCCP with local importance (about 42% in 2005 up to 51% in 2015) however in the future it will become a BCCP with local and international transport significance. It was forecast that almost 8% of the traffic in the period 2015-2020 would comprise of international transit traffic.

2. Improvement of road connections between Bulgaria and Greece

The new Makaza BCCP will improve the road connections between Bulgaria and Greece. For the South Central and some of Eastern regions of Bulgaria it will be much more convenient because of the shorter travelling distances compared with those via Kulata and Novo selo BCCPs. The Makaza BCCP will bring most benefits to the road users from the regions of Southern Bulgaria and Northern Greece: Haskovo, Kardjali, Komotini, Xanthi and Alexandroupolis.

3. Substantial improvement of road network parameters in South Bulgaria

The new approach road from Momchilgrad to Makaza will substantially improve the road network in the region throughout the Bulgarian and Greece border. It is the natural extension of the E – 85 international main road, which now ends-up at Haskovo. The new road has parameters for first class road according to TEN standards and will have a considerable impact on the second and third class road network that prevail in the region.

4. Operational – shortening of distances and increase of speed of transportation

The shorter distances and better horizontal and vertical alignment of the new road via Makaza will increase the actual average speed of the vehicles by 2 to 3 times and will decrease the vehicle operation costs by 20 to 30%. That will allow for an increase of the transport flows as well. While passenger transport demand can be considered as a volume of demand with high elasticity in relation to road transport improvements, long distance freight transport is the natural market of combined transport technologies, able to capture the economically competitive advantages of road transport access routes and door-to-door services with railways’ organised regular shuttle services. The major long distance transport demand along the North-West to South-East Europe direction is represented by the connections West Europe – Greece, being the most relevant to the Study objectives and Project area. The most direct inland connection through Serbia is to be considered the preferred route between Western Europe and Greece, though at present, given the
- politically unstable situation with corridor X,
- the absence of a second bridge between Bulgaria and Romania across the Danube river in the western part of the common border, and
- absence of alternative border-crossing points between Greece and Bulgaria
traffic is compelled to divert through Arad – Bucharest – Russe – Svilengrad/Kulata routes. In fact these are penalised alternatives and traffic normally would prefer instead to use maritime connections Patras – Brindisi/Ancona and remain inside EU customs rules. Different is the case with the North Europe/Baltic Area/ CIS European territories – Greece direction of transport demand. It is quite scattered and at present uses the existing points at Kulata and Svilengrad, but a new Cross Border Checkpoint at Makaza could be a economically viable and cost efficient alternative, resulting in collecting scattered traffic and helping to “canalise” it along corridor IX.
The parameters of the new approach road will diminish the level of the transport accidents resulting in a decrease of the social losses and material damages.

6. Facilitating population mobility improvement

The new approach road will improve the mobility of the population in both South border region of Bulgaria and neighbouring Northern Greece region in each of Bulgaria to Greece and Greece to Bulgaria destinations.

7. Large scale influence on regional economic development

The new approach road will have a large-scale influence on the regional socio-economic development in the south regions of Bulgaria. It will have a positive impact on the industry, agriculture, CB co-operation, trade and tourism in the border regions of Bulgaria and Greece.

8. Reduction of unemployment

The new approach road will bring to creation of thousands of temporary new jobs during construction works in a region, characterised with a very high unemployment rate. This will ease the social tension and will induce labour training and qualification. Consequently, road maintenance and ancillary services will create hundreds of permanent jobs.

9. Restructuring of sectors of economy

As a result of the new road and improved transport network the regional economy will make a dramatic turn from a small-scale obsolete rural sector to a modern flexible foodstuff manufacturing and high-tech SME. Provision of a new road with higher parameters standard will increase investment attractiveness of the region. This, together with improved transport links will encourage and develop short-term village tourism, hunting and leisure opportunities.

10. Services level improvement

New and modern technology that will be implemented in the regional economy will require higher level of administrative, technical and social services.

11. Favourable Financial Indicators of the Project Implementation

Last but not the least, the new road via Makaza proved to be financially viable with an IRR exceeding 16% even at the Low Scenario. Based on the financial and economic analyses carried out in the study, the Consultants recommend the Red Option to be implemented. The suggested option shows a Net Present Value of TEUR 171596 (Discounted at 12%), FYRR of above 32% (at 15% Discount Rate) and Benefit/Cost Ratio of 2.70 (at 12 % Discount/ Compound Rate) and will be highly bankable through national budget and it should be supported by IFIs. The Project will have a Payback Period of not more than 8 years, which is a very good investment project outcome.

The Project’s negative Environmental Impact is extremely limited – not directly interfering with populated areas, agricultural territories and preserving the environment’s natural scenic features.

In addition to financial and economic analyses the Consultants offer to decision-makers a SWOT analysis which will enable a quick reference and will provide extra tools for final conclusions.

AN ANALYSIS OF CHALLENGES AND LIMITATIONS, STRENGTHS, AND WEAKNESSES - A SWOT ANALYSIS

The analysis of Project area strengths and weaknesses (relative benefits and shortcomings) highlights certain national and regional specifics. The purpose is to single out the most significant of them. Selection criteria include comparisons between South Border Bulgarian Region and its neighbours, which are seen as principal partners and rivals in a globalising free market world.

The analysis of opportunities and threats also includes the most significant features of the anticipated environment in which Bulgaria will develop. These include external political and economic scenarios which, even allowing for a
<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>a geostrategic location offering infrastructure opportunities on the interface between East and West, North and South</td>
<td>located in a traditionally sensitive geopolitical region</td>
</tr>
<tr>
<td>political will and consensus for democracy financial stability</td>
<td>low GDP and a shrunk local market</td>
</tr>
<tr>
<td>a skilled and relatively low cost workforce conditions for introducing high technologies promising agriculture and food sectors traditional hospitality augurs well for tourism development</td>
<td>Demographic problems and significant emigration Structural reform in progress Underdeveloped infrastructure</td>
</tr>
<tr>
<td>education is a traditional Bulgarian aspiration and value</td>
<td>low productivity</td>
</tr>
<tr>
<td></td>
<td>poor corporate culture, and human resources slowly adjustable to market requirements</td>
</tr>
<tr>
<td></td>
<td>Insufficiently effective public administration and incomplete institutional reform in justice and home affairs</td>
</tr>
</tbody>
</table>

### Opportunities
Bulgaria as a centre of Balkan stability active participation in the Stability Pact integration into European and Atlantic structures as a source of security and stability eased access to world capital markets contingent on continued stability expectations of growing direct foreign investment participation in significant infrastructure projects

### Threats
delayed emergence from the world economic crisis a potential new worsening of the Yugoslav crisis a potential crisis in the former USSR and attendant energy problems and reduced tourist exchanges delayed implementation of infrastructure projects

### STRENGTHS

1. **A geostrategic location offering infrastructure opportunities on the interface between East and West, North and South**
   - transport corridors linking Europe with the Middle East, North—South corridors, and projected petrol and gas pipelines criss-cross the Project Area
   - Bulgaria’s location is favourable for attracting transiting international telecommunications traffic
   - power transmission grids link several nations
   - a great variety of landscapes and a relatively clean environment.

2. **Political Will and Consensus for Democracy**
   - the maintenance of a stable political environment in Bulgaria creates a tangible climate of business stability and calm
   - the nation, and the region in particular, has proven ability to contain political and social tension peacefully
   - Bulgaria has demonstrated political goodwill and has strictly observed international community sanctions against her traditional partners, at the price of significant economic losses
   - there is broad political consensus on the essential thrust of transition and accession to European structures
   - internal political stability and international influence are growing.

3. **Financial Stability**
   - strictly curbed inflationary pressures and a stable lev exchange rate
   - stable fiscal policy fosters the emergence of a good economic climate
   - a gradual restoration of confidence in the banking system, and the development of a capital market

4. **A Skilled and Relatively Low Cost Workforce**
   - Bulgarian engineers and technicians are highly skilled in many areas
   - Bulgarian medical professionals are sought after and build successful careers abroad
   - Bulgarian youth is renowned for successful showings in a variety of international competitions and tests
   - skilled labour is available for a variety of manufactures and services in *inter alia* light industry, foods, electronics, construction and the chemical and process industry
   - Bulgarian pay is lower than EU averages.

5. **Conditions For Introducing High Technologies**
   - Bulgaria has traditions of high technology development and a relatively developed applied science base
   - new models for transferring R&D into marketable products are being introduced
   - Bulgaria has most of the basic components of the science, technology transfer, manufacture, and marketing cycle
   - Bulgarian computer specialists are sought after internationally
   - successful duty free zones, free industrial areas and technology parks augur well for more in the future.

6. **Promising Agriculture and Food Sectors**
   - average crops of most farming staples are on a par with EU levels
   - amid structural reform and growing unemployment, agriculture offers outplacement opportunities
   - Bulgarian farm produce is ecologically excellent
   - the food sector accounted for 19.2 *per cent* of GDP, and for 15.1 *per cent* of exports in 1996
Tourism has a growing share of GDP. It increases forex revenues, and maximises economic multiplier. Bulgaria offers a variety of recreation options. The region in particular has significant tourist potential, including mountain and spa resorts, woods and artificial lakes for hunting and fishing, ethnographically attractive village areas with preserved traditions and architecture.

Tourism guarantees sustainable development and plays an important part in preserving cultural features, traditions, and host community lifestyle. It stimulates the revival of traditional crafts and farming produce.

Bulgaria has a significant cultural and historical heritage: 40,000 monuments of different periods (seven listed by UNESCO), 160 monasteries, and 229 museums and galleries. They attract over 5.5 million visitors annually. Bulgaria has Europe’s greatest biodiversity and a well developed network of nature reserves.

8 Education is a Traditional Bulgarian Aspiration and Value
- Bulgarian student numbers grew by 45.7 per cent between 1990 and 1998
- Bulgarians’ propensity to study is a condition for developing a major market in education services.

WEAKNESSES
9 Located in a Traditionally Sensitive Geopolitical Region
- the Balkans have witnessed centuries of instability
- small, the region has a plethora of ethnic groups motivated by often conflicting aspirations
- switches of world political and economic interests frequently sway the region.

10 Low GDP and Shrunk Local Market
- Bulgaria lags well behind EU members and CEECs
- over the 1992 to ’8 period, monitored households’ incomes dropped by 39.1 per cent
- low incomes limit the local market
- in 1998, 47.9 per cent of household spending went on food.

11 Demographic problems and significant emigration
- a sustained drop in birth-rates and an aging population
- against 112,289 live births in 1989, successive annual falls brought live births in 1998 to just 65361; some 65000 are expected in 2000
- worsened economic circumstances fuel emigration, mainly among young educated people.

12 Incomplete Structural Reform
- 50 per cent of the workforce are employed in medium and large enterprises
- the current restructuring of heavy industry will inevitably lead to a drop in employment
- demonopolisation of some major economic sectors is still to come
- internal and external sectoral and intra sectoral links are disturbed
- SMEs have limited financial resources and restricted access to markets.

13 Underdeveloped Infrastructure
- antiquated and badly maintained roads
- old and restrictive rail transport infrastructure
- underdeveloped combined and intermodal transport infrastructure
- additional investment needed to replace and update the telephone network
- underdeveloped telecommunications in border areas and sparsely populated localities.

14 Low Productivity
- considerable amortisation of manufacturing equipment, and dating scientific/technical élite skills, cause many to leave their vocations or flee Bulgaria; prospects for youth are unattractive
- lack of investment capital and straitened company finances preclude timely renewal of manufacturing plant.

15 Poor Corporate Culture and Human Resources Slowly Adjustable to Market Requirements
- managers are insufficiently prepared for new market conditions
- business culture is rudimentary
- information and consultancy services are of a poor quality
- the business environment is opaque, offering little availability of commercial, marketing, and financial and other data
- key skills (communication, teamwork, computer literacy, language fluency, and the work ethic) are underdeveloped.

16 An Insufficiently Effective Public Administration and Incomplete Institutional Reform in Justice and Home Affairs
- the tax administration is weak; until recently it offered plentiful opportunities for corporate tax evasion and unethical commercial advantage; on the other hand, the narrow tax base tempts taxing what normal private business exists to death
- frequent reshuffles of government administration heads have led to significant staff turnover and low service quality
- there is a dearth of modern information systems
- different forms of corruption still exist in the public administration
- effective countermeasures are needed for fraud, tax evasion, customs offences, organised crime, money laundering, corruption, gambling and the shadow economy
The Stability Pact and prospects for regional reconstruction will be of exceptional importance for Bulgaria in coming years. Measures to stabilise South Eastern Europe, stimulate growth, and integrate the region with the EU offer Bulgaria opportunities for active participation. Among other regional projects in transport, power and telecommunications and ecological balance restoration, the “Makaza” Border-crossing Checkpoint New Approach Road would act as powerful national and regional economic stimulus.
1. Basic Information

<table>
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<th>Project number:</th>
<th>BG0008.02.01</th>
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<tbody>
<tr>
<td>Title:</td>
<td>Construction of Cut &amp; Cover Road Tunnel at Goce Delcev Border Crossing for Bears protection</td>
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<td>Sector:</td>
<td>Environment</td>
</tr>
<tr>
<td>Geographical Location:</td>
<td>Bulgaria’s Southern Border Region</td>
</tr>
</tbody>
</table>

2. Objectives:

**Wider Objectives**

- To develop the economy of the border regions by enhancing the trade and the economic co-operation with special environmental consideration.

**Immediate Objective**

- To protect populations of Brown Bears by reducing the environmental impact of an approach road under construction;
- Construction of an underground link between Bulgaria and Greece in order to comply with special environmental requirements viz a viz the migratory routes of indigenous brown bears;
- To complete the cross border link between Bulgaria/Greece through the construction of a 550 m. long cut and cover tunnel.

**Cross Border Impact**

- To reduce the environmental impact of the approach road on the existing populations of Brown Bears
- By allowing the completion of the cross-border link between Bulgaria and Greece, this project will also:
  - Shorten the distance between Gotse Delchev/Drama as an alternative to the crossing point Kulata/Promachonas. It will facilitate the contact between the two borders and will strengthen the local co-operation.,
  - promote cultural exchanges and the integration of the two border regions, through these improved links and infrastructure,
  - encourage economic development on both sides of the border in an economically depressed region.

3. Description of activities:

**3.1 Background and justification**

According to Bilateral Agreement between the governments of Bulgaria and Greece which signed on 22.12.1995 both countries agreed to open three new border crossings (Gotse Delchev-Drama, Rudozem-Xanthi, Kardjali-Komotini). The construction of a new approach road to the new border crossing point was originally promulgated under the Bulgarian 1998 cross-border programme for road improvement and rehabilitation schemes in the Southern Border Region Roads Project- specifically as Lot 5 Goce Delcev Border Crossing Approach Road. The original scope of works for this project as tendered during November 1998 comprised the construction of a new road from the village of Goce Delcev to the border crossing on the Bulgaria/Greece border. The road, some 13 km in length, comprised new construction including road intersections, structures, and the construction of utilities. The design speed adopted for the road was
Subsequent to tendering special environmental considerations were introduced as the result of additional studies by environmental specialists appointed by the EC, and this has resulted in the need to amend a small part of the original scope of work. Due to the presence of Brown Bears, an additional underground structure is required. This tunnel is proposed for Phare CBC 2000 funding.

3.2 Linked activities

The PHARE Cross Border Co-operation Programme 2000 will support the construction of a 150m section of a 550 m long cut and cover tunnel to new Cross Border Crossing between Greece and Bulgaria (Gotse-Delchev - Drama). The 400 m remaining section in Greek territory might be financed under INTERREG III. This construction is for the completion of the access road (Gotse Delchev- Ilinden) which is financed by the Phare CBC Programme for 1998. Similar works are being undertaken on the Greek side financed by INTERREG Programme so as to provide adequate border crossing facilities between the 2 countries. The border crossing station at Exohi and the necessary approach roads both sides of the checkpoint are under varying stages of design/construction. Additionally, the Greek side will construct the 400 m. section of the cut and cover tunnel.

The construction of the tunnel and its supervision will cost around 4 Meuro, of which 3 Meuro are requested from the Phare Cross-Border Co-operation programme. The underground structure will sit partly in Bulgaria and partly in Greece, between the border crossing checkpoints of Ilinden in Bulgaria and Exohi in Greece. Consequently, the original length of new road construction will be reduced by approx. 1km to allow for the construction of both the tunnel and the Ilinden Border Crossing Check Point.

3.3 Results

The main benefit of the construction of the tunnel is:

- To reduce the environmental impact of the approach road under construction on the existing populations of Brown Bears.

Since this project is necessary to complete the construction of the approach road to Ilinden (project financed under Phare CBC 1998), the following benefits are also expected:

- The distance between Gotse Delchev/Bulgaria Drama/ Greece as an alternative to the crossing point Kulata/Promachonas will be considerably shorten. It will facilitate the contact between the two borders and will strengthen the local co-operation.
- Improvement of the existing infrastructure in the field of transport, aimed at complementing the development of Trans-European networks, by providing access to corridor No IV;
- Improvement of road safety; and reduce environmental risks due to the heavy traffic in the neighbouring cross-border points.
- The activities undertaken, the construction of the access road according to European standards, will enable heavy traffic and the opening of the border crossing to international traffic;

The major sectors for potential expansion resulting from the construction of the Ilinden cut and cover tunnel project would include, but not be limited to, the following:

- Tourism, including transit tourists,
- Construction and maintenance,
- Light industry,
- Forestry and agriculture,
- Transport and distribution.
3.4 Activities

The project includes three main components:

- Preparation of the Detailed Design and civil works for construction of the approach road between the cross border check point and the cut and cover tunnel and preparation of the Detailed Design for the cut and cover tunnel with special environmental consideration. The overall estimated cost is 1 MEURO, which consists of the Bulgarian contribution to the project.

- Civil works for construction of the Bulgarian section of the cut and cover tunnel, including supply of all equipment, necessary for the operation of the tunnel, with estimated costs of 2.5 MEURO.

- Works Supervision services for the Bulgarian part of the tunnel (including operational costs for the needs of the project: 10,000 EURO) with estimated costs of 0.5 MEURO

4. Institutional Framework

These special environmental considerations were introduced as the result of additional studies by environmental specialists appointed by the EC.

According to Bilateral Agreement between the governments of Bulgaria and Greece which signed on 22.12.1995 both countries agreed to open three new border crossings (Gotse Delchev-Drama, Rudozem-Xanthi, Kardjali-Komotini). This project will therefore contribute to the implementation of this Bilateral Agreement.

The contracting authority will be the Ministry of Regional Development and Public Works. It will sign the contract with the company selected via competitive tender procedure, following Phare rules. A restricted tender following pre-qualification phase is foreseen.

After completion of the project, the section of the tunnel in Bulgarian territory will become a state property and will be managed by the General Road Administration.

5. Detailed Budget (in MEURO)

<table>
<thead>
<tr>
<th>Investment</th>
<th>IB</th>
<th><strong>Total Phare (I+IB)</strong></th>
<th>Recipient</th>
<th>IFI*</th>
<th>TOTAL*</th>
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</thead>
<tbody>
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<td>Preparation and construction of the Access Road from the Check Point to the Tunnel</td>
<td></td>
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</table>
The Project shall be managed under the Decentralised Implementation System (DIS). The Implementing Agency is the Ministry of Regional Development and Public Works (MRDPW). A Programme Authorising Officer (PAO) will be nominated for the Programme by the National Authorising Officer (NAO) after consultation of the National Aid Co-ordinator (NAC).

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

The project beneficiary institution is the Foreign Investment and Concession Department of General Road Administration (GRA). The project beneficiary institution is responsible towards the CBC Implementing Agency for the operational management of the project: 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 GRA acts as the Employer and the invoices have to be certified by an independent Engineer contracted and financed by the Programme.

GRA will liaise with the Greek authorities to ensure a consistent design of the whole tunnel, and to ensure a good co-operation during the construction of the tunnel.

GRA reports 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.

GRA liaises directly with the EC Delegation for all issues related to the operational management of the project.

The existing project team within the Department is adequately staffed with 3 qualified full-time experts. Appropriate technical assistance to the project team is to be ensured, financed by the Programme.

Works will be tendered to prequalified contractors with relevant financial capacity, and technical and FIDIC experience.

Concerning the preparation of the Detailed Design for the Cut and cover Tunnel, it was agreed that each country will produce its own part and the whole procedure will be monitored by a common expert committee that has been already established for the needs of the project.

For the construction of the structure there will be two separate tender procedures for each part and for the best co-ordination between both countries in order to ensure efficient works the above mentioned committee will operate as a co-ordinating and monitoring instrument.

7. Implementation schedule

Start of Tendering: July 2000;
Tendering Period: August–December 2000;
Start of project activity: January 2001;

8. Equal opportunity

In the whole process of preparation and implementation of the projects no discrimination between men and women will be made. Additionally, the completed project will provide equal opportunities to both men and women.

9. Environment

Date Initial Screening completed: 1996

A first EIA has been prepared by GRA, and copies may be obtained therefrom. As an environmental protection to the brown bears tunnel was recommended by independent experts hired by the EC Commission.
11. Investment criteria

- **Catalytic Effect**: Bulgaria is currently in the process of conversion to a market-led economy system. As an integral part of this process, Bulgaria is actively pursuing a policy of greater accessibility to trade and economic links with its neighbours Greece, FYROM, Romania, and Turkey. Its geographical position inevitably means that international traffic will cross its borders. Therefore, it is important that its road network, generally, and international trade routes in particular, are of sufficient standard to safety and efficiently convey the anticipated traffic demand.

In order to facilitate and sustain regional and national economic development generated through the Bulgarian-Greece border links, it is essential the opening and construction of the approach road to Gotse Delchev Border Crossing. It is important to provide this road with a view to accommodating future traffic demands for the next 15 years. To support Bulgaria in achieving its objective, Bulgaria, represented by the Ministry of Regional Development and Public Works (MRDPW), has applied for a grant from the Phare Programme of the European Commission.

- **Co-financing**: It is anticipated that Bulgaria will contribute funding, which represents 25% of the overall budget.
- **Additionality**: For the Southern Border Regions Road Project, only Phare funding is being sought or utilised. No other funding agencies are contributing to the Project.
- **Project size and readiness**: An expert Committee has been established between Greek and Bulgarian relevant Institutions to agree on the parameters for the Detailed Design of the Cut and Cover Tunnel and several meetings of this Committee took place.

- **Sustainability**: The Southern Border Region is acknowledged to be isolated by its geographical situation. This combined with a general lack of access has severely disadvantaged the Region. It is estimated that approximately one third of all Phare funding to Bulgaria is allocated to the Region. Following studies by international consultants, it is expected that an increase in communication and transport facilities will stimulate the economic activity of the Region. The area has had a certain degree of success in attracting foreign investment and with its acknowledged educated workforce and huge potential for tourism, the development initiated by the improved road network will be self-sustaining - particularly as the democratic and financial changes within the country as a whole continue.

- **Competition**: It is confirmed that all aspects of the Southern Border Regions Road Project are open to competitive tender within the European Union and Phare recipient countries, and all Phare procedures regarding competition and transparency are fully complied with.

12. Conditionality and sequencing

- Bulgaria undertakes the obligation to cover any additional cost, above the envisaged Meuro 4, necessary for the completion of the whole project during its implementation timeframe.
- Road Design complies with the provisions of EC Directive on weight and dimensions;
- Special consideration will be given to measures in favour of road safety (including sustainable road marking, road signs, guard rails, safety fencing) and environment (including measures to reduce impact both during construction and after construction);
- Land acquisition is financed by the Bulgarian authorities. The Bulgarian authorities undertake to notify to the European Commission before the signature of the works contracts that related land acquisitions have been completed;
- Security arrangements at the border, especially for construction through the restricted area, will be specified in the tender documents;
- Every infrastructure project will be publicised according to a publicity action plan to be prepared by the GRA and endorsed by the Commission before tendering the works;
Annexes to project fiche

Annex 1: Logical framework matrix
Annex 2: Detailed implementation chart
Annex 3: Contracting and disbursement schedule by quarter for full duration of programme
Annex 4: Relation with previous Phare activities
Annex 5: References to feasibility/pre-feasibility studies
### Annex 1: LOGFRAME PLANNING MATRIX FOR PROJECT

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Title</th>
<th>Construction of Cut &amp; Cover Road Tunnel at Goce Delcev Border Crossing for Bears protection</th>
<th>Total Budget of Project</th>
<th>Date of Drafting</th>
<th>Commitment Expiry Date</th>
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<td>3 MEURO</td>
<td>Nov 1999</td>
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#### Wider Objectives

- To develop the economy of the border regions by enhancing the trade and the economic co-operation with special environmental consideration
  - increased GDP regional share
  - increased Greek and foreign investment in the region

#### Sources of Information
- Governmental and international statistics

#### Assumption and Risks
- difficulty to foresee precisely the comportment of Bears
- economic growth in other sectors
- Bulgarian Government continues its current commitment to reform and to accession to the European Union

#### Immediate Objective

- To protect populations of Brown Bears by reducing the environmental impact of an approach road under construction;
  - preservation of the populations of Brown Bears
  - increased cross border traffic
  - reduced cross border journey duration

- Construction of an underground link between Bulgaria and Greece in order to comply with special environmental requirements viz a viz the migratory routes of indigenous brown bears;

- To complete the cross border link between Bulgaria/Greece through the construction of a 550 m. long cut and cover tunnel.
  - preservation of the populations of Brown Bears
  - increased cross border traffic
  - reduced cross border journey duration

#### Sources of Information
- MoE and independent reports
- GRA and independent reports
- users

#### Assumption and Risks
- difficulty to foresee precisely the comportment of Bears
- economic growth in other sectors
- Bulgarian Government continues its current commitment to reform and to accession to the European Union

#### Results/Outputs

- construction of the tunnel
  - taking over certificate

- opening of new border crossing link

- cost of construction works does not exceed cost estimates and no major contingency during construction
  - parallel progress in Greece and for border check point construction/staffing

#### Sources of Information
- GRA, resident engineer, contractors

#### Assumption and Risks
- - cost of construction works does not exceed cost estimates and no major contingency during construction
  - parallel progress in Greece and for border check point construction/staffing

#### Inputs

- Phare CBC financing
  - 3 MEURO contracted and disbursed
  - team adequately staffed with at least 3 qualified full-time experts
  - project Engineer contracted and financed under 2000 programme
  - works contracts signed
  - tunnel approach road in place

- reports from MRDPW, GRA, Delegation, resident engineer and contractors
- MRDPW bank statements

- land acquisition completed
- continuity of staff and policy in GRA enabling implementation of project without delay
- effective project Engineer
- capable contractors
### Detailed implementation chart

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### CUMULATIVE QUARTERLY CONTRACTING SCHEDULE

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<td>333 332</td>
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RELATION OF THE PROJECT WITH PREVIOUS PHARE ACTIVITIES AND WITH ONGOING PROJECTS FINANCED FROM OTHER SOURCES

1. Framework Contract: Road Network Review for the Southern Border Region & Identification of High Priority Border Crossing and Link Road Improvement Project (August 1997);
2. BG 9402-01.02.07 Review of the Tender Dossier for Goce Delcev Border Crossing (January 1998);
3. International consultants to manage tendering procedures, evaluation, etc.

The following PHARE funded projects are relevant to this scheme:
1. BG 9803.01.02 Southern Border Region Roads Project – Lot 5 Goce Delcev Border Crossing Approach Road Works Contract
2. BG 9402-01.02.01 Supervision of Works Contract for the Roads Rehabilitation of E79, E85 and the new Crossing Border Access road to Gotse Delchev.
3. BG 9803.02.02 Ilinden Border Crossing Check Point – Works Contract;
4. BG 9803.02.01 Supervision Contract to Ilinden Border Crossing Check Point.
REFERENCE TO FEASIBILITY/ PRE-FEASIBILITY STUDIES

Since this project is a small component of a wider on-going investment project (for which feasibility study, technical design is available – project already tendered), a specific feasibility study is not relevant.

Preparation of the Detailed Design and civil works for construction of the approach road between the cross border check point and the cut and cover tunnel and preparation of the Detailed Design for the cut and cover tunnel with special environmental consideration. The overall estimated cost is 1 MEURO, which consists of the Bulgarian contribution to the project.