1. Basic Information

CRIS Number: 2004/019-783.01.01
Title: Rehabilitation of Road II-34 Pleven - Nikopol
Sector: Infrastructure - Transport (INV)
Location: Bulgaria, North region

2. Objectives

2.1. Overall Objective

- To reduce the isolation of the border regions and to encourage the investments and cross-border trade through this improved communication link.

2.2. Project purpose

- To facilitate the access to the Border Crossing Check Point Nikopol and ferry complex Nikopol – Turnu Magurele,
- To reduce the traffic flow and the travel time between Bulgaria and Romania

2.3. Accession Partnership and NPAA priority

- Development and implementation of complex regional structures, programmes and projects for the integrated development of problem areas in the country – underdeveloped, isolated, depressive and cross-border areas;
- Preparation of Bulgarian regions for the implementation of the structural policies applied by the EU Member States through the development of strategies and programmes for sustainable social and economic development.

NPAA (Medium-term priority):
- Promotion of cross-border co-operation.

2.4. Contribution to National Development Plan

2.5. Cross Border Impact

- Improvement of the road Pleven - Nikopol will facilitate the heavy traffic between town of Pleven and the ferryboat of the Bulgaria/Romania Border Crossing.
- Facilitate an increase in the trade and cultural links between the two border regions.
- Encourage of the economic development on both sides of the border in the region.

3. Description

3.1 Background and justification

BACKGROUND

In order to facilitate the free movement of passengers and goods between the two countries the Bulgarian and the Romanian governments have signed bilateral agreement to improve and modernise the existing border crossings. Within the framework of that agreement have been planned measures for rehabilitation of the approach roads to the Border Crossing Points.

The proposed project consists in rehabilitation of approximately 45 km of road II-34 from Pleven to Nikopol. Road II-34 Pleven - Nikopol diverts from road I-3 Biala-Pleven - Botevgrad at around 7 km after the town of Pleven in direction to Biala.

JUSTIFICATION

Construction of BCCP Nikopol and ferry complex Nikopol - Turnu Magurele is ongoing under 2002 Phare CBC Programme. After rehabilitation the road section II-34 Pleven – Nikopol (km 0 – crossing with road I-3 to km 44+710) will become a modern approach road to the ferry complex. Mainly two towns Nikopol and Pleven will benefit from of the implementation of the proposed Project.

The mirror project from Romanian side “Improve traffic fluency to cross-border check point Turnu Magurele – Nikopol by primary rehabilitation of county road DJ 546 between km 4+000 to km 40+000” is included in the 2004 Phare CBC Programme and will be implemented simultaneously.

The pavement of the road from Pleven to Nikopol is in poor condition and has low road operational characteristics. It carries the traffic originating from the town of Nikopol to the central and south parts of Bulgaria.

In accordance with the tests made by Central Laboratory for Roads and Bridges – Sofia for 10 years exploitation period, the necessary modules of elasticity should be minimum 250 MPa, at dimensioning axis loading 11.5 t/axis and with intensity Re = 277 OA/day.

The road section is designed for a speed of 60-80 km/h and has 7/10.5 m and 6/9 m road widths and passes through 6 villages (Koilovtsi, Mechka, Asenovo, Debovo, Muselievo, Jernov). In the design is included rehabilitation of 4 big structures.

The majority of road rehabilitation involves the strengthening of the existing pavement by means of asphalt overlays of varying thickness depending upon the condition of the pavement structure. The road rehabilitation also includes surface water drainage works,
shoulder surface upgrading, road markings, the replacement, refurbishment or provision of new traffic signs, guardrails and kerbs.

The detailed design will be ready till the end of September 2004. Land acquisition for the Project is not required. The whole duration of the Project is expected to be 41 months: 24 months – construction, 12 months - Defect Notification Period and 5 months – Final Payment.

This project is in line with the priorities indicated in the general framework for the co-operation between the two countries and was agreed between the Romanian and Bulgarian authorities. Under the priority 1 “Improvement of local trans-national infrastructure”, one of the proposed measures is “the rehabilitation of the communication infrastructures in the CBC region, including the rehabilitation of the roads network”.

This project complies with the Council Regulation 1266/1999 on co-ordination of pre-accession assistance. The concerned road section is neither part of the Pan European Transport Network, nor of the TINA Network, but it will encourage the creation and development of corresponding transport links between interior of the country and the Pan-European Transport Corridor 7 along Danube River.

3.2 Sectoral rationale
N/A

3.3 Results

• Rehabilitated road section II-34 from Pleven to Nikopol (road with approximately 45 km length);
• Facilitated cross-border co-operation by reduction of travel time;
• Improved road safety and reduced traffic accidents rate;

3.4 Activities

• Construction Supervision Services (0.400 MEUR)
  - Supervision of the construction works

• Construction Works (6.150 MEUR)
  - Rehabilitation of road section II-34 from Pleven to Nikopol with approximately 45 km length

• Publicity Action Plan
  The Contractor, the project will be awarded to, will be required to propose and carry out a Publicity Action Plan. The plan will promote the project and EU contribution in the local and national media.

3.5 Linked activities

• Construction of BCCP Nikopol and ferry complex Nikopol -Turnu Magurele, included in 2002 Phare CBC Programme Romania/Bulgaria (under implementation)
• Rehabilitation of the road II-29 General Toshevo – Cherna Voda, included in 2001 Phare CBC Programme Romania/Bulgaria (under implementation).
• Rehabilitation of road II-15 Mizia – Oriahovo, included in 2002 Phare CBC Programme Romania/Bulgaria (under implementation).
• Final Construction of Silistra Bypass Road, included in 2003 Phare CBC Programme Bulgaria/Romania (preparation of tender documents)

3.6 Lessons learned

Lessons have been learned from the previous projects under Phare CBC Programmes and the recommendations of the EMS reports have been considered and incorporated in the present project.

- Cost and time overruns. The problem was highlighted in recent Monitoring and Evaluation reports (EMS Interim Evaluation Reports R/BG/TRA/02.011 dated 2 August 2003 and R/BG/TRA/03.005 dated 14 July 2003). The following steps will be taken to avoid cost and time overruns:
  - expenditure will be controlled more closely, by ensuring that variation orders are issued as soon as the varied work has been identified and correctly measured or estimated. No varied work will be approved unless it has been properly substantiated;
  - the Engineer will not be allowed to certify payments exceeding the Contract amounts without prior written approval;
  - the Engineer will be required to notify the Employer, as soon as certain quantities of the works have reached 80 % of their contract quantity and advise if the quantities are expected to exceed their contract value;
  - the progress of works will be closely monitored using weekly summaries from the Contractor with the quantities of the more important works (earthworks, pavement, milling etc.) planned and executed during the period. This will help early identify potential problems and delays.

- Design problems. Omissions and errors in designs have been a serious problem during a number of previous Phare contracts (mainly due to over aged designs; identified in EMS Interim Evaluation Reports R/BG/TRA/02.011). To mitigate the consequent delays and cost implications the beneficiary will conclude a consultancy contract with the designer of the project to ensure his presence on site and the timely issue of additional designs and redesigns. If it proves necessary meetings between Employer/Engineer/Designer will be held to define design problems and respective solutions.

All of the above activities have been performed on other Phare projects and have proven to have positive effect.

- Insufficient administrative capacity. This has been a problem during the implementation of most similar projects. However the staff within the REA CBC PIU has been constantly increasing and additional training has been carried out. Apart from the higher management staff of REA PIU engaged with the project, at least one expert will be assigned full-time to its implementation and there will be one person, responsible for the design issues of this and no more than one other project.
4. Institutional Framework

Recipient country – Republic of Bulgaria

- **Beneficiary Institution** – Road Executive Agency.
  
  Road Executive Agency (REA)
  Bul. Macedonia 3
  Ms. Galina Vassileva
  Head of EU Phare Programme Department
  Tel: 00359-2-952-11-47; Tel: 00359-2-952-61-37

- **Engineer** – the Engineer will be appointed after restricted International Tender Procedure for the supervision contract according to “Practical guide to contract procedures by the general budget of the European Communities in the context of external actions”

- **Contracting Authority**
  
  Ministry of Regional Development and Public Works
  Phare CBC Implementing Agency
  St. St. Cyril and Methodius 17-19
  1202 Sofia
  Ms. Silvia Teneva
  Acting Head of Phare CBC IA Department
  Tel. 00359/2-9405-377; fax: 00359/2-987-07-37

- **Owner of the asset after project completion**: REA
  
  The Regional Department of the Agency will bear the responsibility to cover all operational, administrative and maintenance costs.

  The project is in full relevance with government regional policy to promote and support the population in the border regions and with relevant Legal Framework.

5. Detailed Budget (in MEUR)

<table>
<thead>
<tr>
<th>Components</th>
<th>PHARE Support</th>
<th>Total Phare (=I+IB)</th>
<th>National Co-financing(*)</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
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<td></td>
</tr>
<tr>
<td>Construction Supervision Services</td>
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<td>0</td>
<td>0.300</td>
<td>0.100</td>
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</tr>
<tr>
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<td>4.600</td>
<td>1.550</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
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<td><strong>0</strong></td>
<td><strong>4.900</strong></td>
<td><strong>1.650</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

(*) The co-financing of the project will be ensured by the National Fund Directorate within the MoF.
6. Implementation Arrangements

6.1. Implementing Agency

The CBC Implementing Agency is the Ministry of Regional Development and Public Works (MRDPW), which retain overall responsibility for the implementation of the project (signature of contracts, authorisation and payments of invoices).

The project beneficiary institution is Roads Executive Agency (REA). It 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 and approval of variations and invoices for payment.

For Work Contracts under FIDIC 1999 rules, an official of the REA acts as the Employer and the invoices have to be certified by an independent Engineer contracted and financed by Phare Programme. REA 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 for assessment of progress made and remaining work to be done. Works will be tendered to contractor with appropriate financial capacity, and technical and FIDIC experience.

6.2. Twinning

N/A

6.3. Non-standard aspects

- There are no “non-standards aspects”. The “Practical guide to contract procedures by the general budget of the European Communities in the context of external actions” will strictly be followed.

6.4. Contracts

Two contracts are anticipated:

Service Contract for Construction Supervision.
Estimated value of contract: 0.400 MEUR.

The duration of the Supervision Contract is expected to be **42 months**:
1 month - mobilization, 24 months – supervision during construction, 12 months - Defect Notification Period, 5 months – Final Payment

Works Contract for Construction Works.
Estimated value of contract: 6.150 MEUR.

The duration of the Works Contract is expected to be **41 months**:
24 months - construction, 12 months - Defect Notification Period, 5 months – Final Payment
7. Implementation Schedule

Construction Works

<table>
<thead>
<tr>
<th>Start of tendering</th>
<th>Start of project activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>JANUARY 2005</td>
<td>JULY 2005</td>
<td>NOVEMBER 2008</td>
</tr>
</tbody>
</table>

Supervision works

<table>
<thead>
<tr>
<th>Start of tendering</th>
<th>Start of project activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>JANUARY 2005</td>
<td>JULY 2005</td>
<td>DECEMBER 2008</td>
</tr>
</tbody>
</table>

8. Equal Opportunity

The project implementation procedures will ensure that the project brings benefits to men and women and to ethnic groups in equal measure. Special attention will be paid to guarantee that women and members of ethnic groups are included in the project activities.

9. Environment

There is no need from environmental screening as well as from Environmental Impact Assessment Report, because the project concerns road rehabilitation. Environmental screening is necessary only when a new road is constructed.

10. Rates of return

The socio-economic analysis shows project benefit from the sections to be rehabilitated about 18% IRR. This socio-economic analysis is based on the typical “Methodology for determination of the feasibility of repair works design for Bulgarian roads” from 1993 of the Central Laboratory of Roads and Bridges.

11. Investment criteria

11.1 Catalytic Effect

Without PHARE assistance the project will not be implemented in the near future, because of lack of funds. Thus EU Phare funds are appearing as the economic assistance to the country and will mobilise economy during Pre-Accession period achieving better socio-economic effect.

11.2 Co-financing

The project is to be co-financed by Bulgarian Government who will provide 25.2% of the total cost of the project, which is 1,650 MEUR. The PHARE contribution will finance up to 4,900 MEUR, the rest of the financing up to 6,550 MEUR will be financed by the Bulgarian State Budget through the National Fund of Ministry of Finance.
11.3 Additionality

No other financing sources from the private sector or from IFIs will be available for financing of the project.

11.4 Project readiness and Size

The Detailed Design will be completed until the end of September 2004 and implementation of the project can start according to the implementation chart (Annex 2). There is no need of Environmental Impact Assessment and land acquisition.

11.5 Sustainability

Road Executive Agency as a specialized institution will be responsible for the future maintenance and operational costs of the rehabilitated road.

11.6 Compliance with the state aids provisions

The project complies with the state aids provisions.

11.7 Contribution to National Development Plan

The proposed project will contribute to the achievement of the objectives declared in the National Development Plan.

12. Conditionality and sequencing

All measures for the traffic management during construction will be taken to allow maximum safety of all persons legally engaged in the works, the travelling public and third parties.

ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement
4. Reference to feasibility /pre-feasibility studies
5. Project map
### Annex 1 – Logical framework matrix in standard format

**Project: Rehabilitation of Road II-34 Pleven-Nikopol**

<table>
<thead>
<tr>
<th>Overall Objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Information</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • To reduce the isolation of the border regions and to encourage investments and cross-border trade through this improved communication link. | • Facilitated and increased traffic of goods and capitals from 20 up to 35% by 2010  
• Increased level of foreign investments with about 10% | ▪ National Traffic statistic  
▪ Governmental and international statistics  
▪ Custom Office’s Reports | |

<table>
<thead>
<tr>
<th>Project Purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Information</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • to facilitate the access to the Border Crossing Check Point Nikopol and ferry complex Nikopol – Turnu Magurele,  
• to reduce the traffic flow and the travel time between Bulgaria and Romania | • 30% increase of traffic crossing the border till 2010.  
• Traffic congestion rate reduced by 10% after project completion  
• Travel time reduced by 20% after project completion | ▪ Traffic surveys carried out by the Central Laboratory of Roads and Bridges.  
▪ Annual Statistical Guide | |

<table>
<thead>
<tr>
<th>Contracting period expires:</th>
<th>Disbursement period expires:</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.11.2006</td>
<td>30.11.2008</td>
</tr>
</tbody>
</table>

**Total Budget:** 6,550 MEUR  
**Phare Budget:** 4,900 MEUR
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Information</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • Rehabilitated road section II-34 from Pleven to Nikopol (km 0 – crossing with road I-3 to km 44+710)  
• Facilitated cross-border co-operation by reduction of travel time.  
• Improved road safety and reduced traffic accidents. | • Road with approximately 45 km length successfully rehabilitated by the year of 2008  
• Reduced traffic accident rate by 10 % after project  
• Increased travel speed from 60 up to 80 km/h  
• Reduced travel time till the BCCP Nikopol-Turnu Magurele | • Reports issued by MRDPW and REA  
• CRBL (Central Roads’ and Bridges’ Laboratory) Studies  
• Traffic police reports and statistics  
• Data of the regional labour offices  
• Data of the regional statistic offices | |

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Sources of Information</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • **Construction Supervision Services**  
  ▪ Supervision of the construction works | Tender documents available  
  Road section rehabilitated Progress Reports  
  Project Final Report  
  Publicity Action Plan | • Tender Evaluation Reports  
  • Project Progress Reports  
  • Project Final Report  
  • Technical Specification and As-built documents | • Continuity of staff and policy in the REA and MRDPW enabling implementation of the project without delays |
| • **Construction Works**  
  ▪ Rehabilitation of road section II-34 from Pleven to Nikopol with approximately 45 km length | | | |
## Annex 2 – Detailed implementation chart

**Rehabilitation of Road II-34 Pleven – Nikopol**

<table>
<thead>
<tr>
<th>Components</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>J F M A M J J A S O N D</td>
<td>J F M A M J J A S O N D</td>
<td>Q1 Q2 Q3 Q4</td>
<td>Q1 Q2 Q3 Q4</td>
<td>Q1 Q2 Q3 Q4</td>
</tr>
<tr>
<td>2. Construction Supervision</td>
<td>T T T T T T C I I I I I I I I I I I I I I</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Construction Works</td>
<td>T T T T T T C I I I I I I I I I I I I I</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

D/T = Design/Tender preparation  C = Contracting  I = Implementation/works  R = Review/evaluation  T = Tender procedure
Annex 3:

<table>
<thead>
<tr>
<th>Components</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>Total Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
</tr>
<tr>
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<td>0.300</td>
<td>0.300</td>
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<tr>
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<td>4.600</td>
<td>4.600</td>
<td>4.600</td>
<td>4.600</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Components</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>Total Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
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<td>0.95</td>
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<td>1.25</td>
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</tbody>
</table>
Annex 4 - Reference to feasibility /pre-feasibility studies

Rehabilitation of Road II-34 Pleven – Nikopol

Feasibility Study is required only when a new road is constructed. Therefore for this Project, which is a rehabilitation of an existing road, no Feasibility Study has been prepared. So far the preparation of the detailed design for the project is complete by 80% and till September 2004 it will be finalized.