1. Basic Information

1.1 CRIS Number: 2005/017-457.01
1.2 Title: JOINT GRANT SCHEME FOR SUSTAINABLE ECONOMIC DEVELOPMENT
1.3 Sector: Economic Development
1.4 Location: The border region between Bulgaria and Serbia & Montenegro
1.5 Duration: 18 months

2. Objectives

2.1 Overall Objective(s):

- To exploit and manage the border area’s territory in a co-ordinated and integrated way between the two sides of the border, thus creating the basis for a sustainable economic development.
- To maximise the social and economic cohesion between the border area by encouraging contacts and co-operations at various levels.

2.2 Project purpose:

Development and implementation of projects prepared under FM 2004 with accent on the investment component concerning sustainable economic development of the border region from one side and from the other side - further development capability of local and regional social, institutional and economic cohesion.

2.3 Accession Partnership (AP) and NPAA priority:

With reference to the Accession Partnership, this project aims to support an integrated approach for addressing regional disparities in the border region. By strengthening and development of joint initiatives across the border, the project stimulates real cross-border co-operation in the regions, seen as one single unit.

2.4 Contribution to National Development Plan (and/or Structural Funds Development Plan/SDP):

The proposed Grant Scheme is in line with the National Economic Development Plan of the Republic of Bulgaria over the 2000-2006 period, and namely with priority 4 “Developing Cross-border Cooperation” under the indicative programme for “Balanced and Sustainable Regional Development”. The Bulgarian Government has planned to actively support and complement the EU initiatives and programmes for cross-border cooperation, while seeking to incorporate the latter into the national framework for regional development planning and programming. The NEDP aims at achieving sustainable development of the entire border region rather than of some individual border areas. The main goal pursued under the above mentioned priority area refers to opening up new horizons, fostering the socio-economic development of the border areas and gradually overcoming the problems resulting from their isolated position at the country’s periphery.
2.5. Cross Border Impact

The project is consistent with the priorities defined within the Joint Programming Document (JPD) under the Neighbourhood Programme between Bulgarian and Serbia & Montenegro (2004-2006), which aims to increase cross-border contacts mainly through interventions addressed to the territory and its economy and through strengthening of institutional relations.

The project sets out the necessary background for effective cross-border cooperation and efficient absorption of the EU-funds allocated over a 3-year period (2004-2006). It integrates both Priority 1 and 2 of the JPD, by placing emphasis firstly on the JPD PRIORITY 1 “PROMOTING SUSTAINABLE ECONOMIC DEVELOPMENT” (with its predominantly investment character), aiming to enhance the exploitation of natural resources for environment friendly activities, by improving transport, communication and interlinked services and by creating a more favourable business environment to stimulate the creation and support of new business activities.

Therefore, the project addresses the implementation in synergies the following two measures laid down in the JPD:

- **MEASURE 1.1: IMPROVING BUSINESS-RELATED INFRASTRUCTURES**
- **MEASURE 1.2: SAFEGUARD AND MANAGEMENT OF THE NATURAL ENVIRONMENT**

As prescribed in the JPD the implementation of the measure will pass through two phases: (1) During the first year of the Phare CBC/CARDS Neighbourhood Programme implementation, namely 2004, support to actions for preparing small- and medium size business-related infrastructures have been ensured (such as cross-border development plans, feasibility studies, etc.), which positively impact on the cross-border economy. At this extent, joint strategies, studies and concepts for access infrastructure serving as the base for larger investments are under elaboration in order to create coherent cross-border infrastructure development. (2) Most of the prepared small- and medium sized infrastructures will be implemented in the two years of the Phare CBC/CARDS Neighbourhood Programme, namely 2005 and 2006, while some of them could search also for additional funding through other financial lines and programmes.

However, the project also supports to a certain extend the further implementation of projects under JPD PRIORITY 2 “SUPPORT TO SOCIAL, INSTITUTIONAL AND ECONOMIC COHESION”.

Therefore, the project addresses also the implementation of the following JPD measures:

- **MEASURE 2.1: regional and local co-operation between institution and communities**
- **MEASURE 2.2: enhancing cross border social and economic cohesion**

3. Description

3.1 Background and justification:

The border region between Bulgaria and Serbia is still to be considered a noticeably segmented space from the economic point of view, where the substantial development axes does not cross or connect, while it seems to have quite a potential in social and cultural similarities. The fragmented economy together with the depopulation trends represent the main challenges to be faced by the border area when, at the eve of Bulgarian accession in the EU, a major cross border dynamism is utmost required. Cross border cooperation will have to mitigate these phenomena by facilitating economic, social and institutional integration and by creating a desirable economic
and social environment in the border area. This will contribute to a general socio-economic stabilisation of the whole region and mostly contrast its peripheral characteristics.

The first challenge is referred to a key issue to invest in the effective valorisation and the efficient management of the territory. Without adequate trans-frontier links, trades and communications region-to-region and people-to-people is extremely difficult. Cross border co-operation could give a decisive impulse in this field of vital importance, promoting the collaboration between public and private sectors.

The second challenge is to increase cross border networks, interactions and connections both at the social and economic spheres. These represent decisive factors to make the area more attractive for investments, to stimulate internal demand and to enhance general development in the border area.

In 2004 a stress was put on Priority 2 “support to social, institutional and economic cohesion”, measure 2.1: Regional and local co-operation between institution and communities and measure 2.2: Enhancing cross-border social and economic cohesion, and in addition preparation of small and medium size projects in compliance with Priority 1 “promoting sustainable economic development”, measure 1.1 and 1.2 of the JPD. In the 2005 Grant Scheme an emphasis is put on the investment measures 1.1: “improving business-related infrastructures” and 1.2: “safeguard and management of the natural environment” in order to give the possibility of implementation of the already prepared projects.

The joint grant scheme for sustainable economic space aims at small-scale intervention supporting the joint regional development initiatives. It aims to establish and create favourable conditions for further effective cross border co-operation.

The grant scheme seeks to actively engaging local/regional actors and development organisation in establishing cross-border networks.

3.2 Sectoral rationale
N/A

3.3 Results
The overall result of the project will be a fully operational grant scheme aimed at establishment of sustainable co-operation networks between local and regional actors in the border region. The grant scheme will support joint projects in order to reach synergies in the cross-border cooperation development, thus providing for achieving the following specific results:

Window 1
- Development and implementation of projects directed to improvement of business-related infrastructures
  - Improved transport connection and especially among small settlements in the mountainous and semi-mountainous areas (such as transportation network, signposts and signals, parking lots and heavy traffic lanes, etc.)
  - Implemented cross-border innovative business strategies in the targeted region
  - Co-operation between institutions representing the business sector and increasing business partnerships and contacts.
- Safeguard and management of the natural environment
  - Increased safeguard and clearing of environmental resources as well as the re-cultivation and protection of lands.
  - Established cross-border monitoring systems for natural safeguard.
  - Pollution prevention in the border area.
  - Exploitation of synergies between environment and tourism.
**Window 2** - Further capacity building within the spheres of co-operation between institutions and communities and cross-border social and economic cohesion

- Strengthened local capacities in project generation, management and administration.
- Developed new, competitive products, services and technologies.
- Increased capacity of public authorities in the border region to elaborate realistic development strategies, which are based on the principle of *partnership* (i.e. produced in an inclusive and participatory manner);
- Staff of municipalities, RDAs, and socio-economic partners gain knowledge and experience in project cycle management;
- Increased awareness among citizens and businesses about the positive effects of the cross border co-operation;
- Increased regional capacity to absorb EU funds by the preparation of strategically important projects and the increased capacity of local development organisations to identify project opportunities as well as increased capacities at local level to use EU procurement procedures; and to manage supply and work contracts.

The foreseen results will be achieved through the implementation of joint projects (with participation of both Bulgarian and Serbian partners) as described below.

In order to receive support projects proposed by local authorities as well as such proposed by local development organisations must demonstrate that they will:

- Play a significant role in either assisting public authorities in the development and implementation of locally based strategies and actions.
- Have an important role in enhancing the image of the border areas;
- Facilitate the local dynamics, which strengthens the capacity to attract investment and to stimulate enterprises in the border area.

### 3.4 Activities

The project will be implemented in the form of a grant scheme, while the support granted will be focused on areas/spheres of co-operation in which regions, municipalities, local development organisations and other social-economic partners should have expertise and experience. In particular this will include the eligible spheres of co-operation as set out below:

**Window 1**

*Support for development and implementation of projects direct to improvement of business-related infrastructures*

This sphere of intervention is fully consistent with measure 1.1 of the JPD (2004-2006), which aims at improving existing infrastructures that are concretely impacting on cross-border economic development, business and trade, transports and logistics, services and tourism. In order to raise awareness and competencies on cross-border co-operation among the public actors the operational objective of the measure is to improve actual infrastructures, especially in qualitative terms.

The vision behind such investment initiatives should clearly demonstrate a cross-border impact as well as the potential to foster further economic activities in the area and create the conditions for the enhancement of the economic competitiveness.
- Support for safeguard and management of the natural environment projects

This sphere of intervention is fully consistent with measure 1.2 of the JPD (2004-2006), which aims at promoting specific cross-border interventions to increase the safeguard of environmental resources as well as the re-cultivation and protection of lands.

The eligible activities under this Window could cover:

- Cross-border investment plans and feasibility studies for cross-border infrastructures
- Improvement of local transport facilities: bus stops, parking lots and lanes for heavy traffic, signposts, road illuminations, checkpoint improvement
- Improvement of cross-border accessibility of business activities including enhancement of tourism attractions
- Improvement of enterprises and business units accessibility to actual cross-border infrastructures, facilities and connections, including logistics and inter-modality
- Small business non-financial facilities and actual services for cross-border activities (lots equipped for local marketplaces, premises and facilities for settling small business)
- Cross-border development plans, feasibility studies and environmental impacts assessments
- Establishment of cross-border monitoring systems for natural safeguard
- Joint database for controlling pollution and assessing environmental impact
- Pollution prevention plans for the border area
- Small scale water treatment facilities
- Actions for introducing or adopting environmental friendly agriculture

Window 2 - Support to further capacity building within the spheres of co-operation between institutions and communities and cross-border social and economic cohesion

This sphere of intervention is addressing both measures 2.1 and 2.2 of the JPD (2004-2006), thus creating the prerequisite for achieving the specific priority 2 objective, namely to maximize the social and economic cohesion between the border area by encouraging contacts and co-operations at various levels.

The eligible activities under this Window could cover:

- Creation of networks as the basis of regional partnerships by which information, experience and best practice can be exchanged
- Training courses and workshops on programme and project preparation
- Partnership building and promotion of project based partnerships
- Developing marketing strategies
- Training on eco-standards
- Support to implementation of joint research projects with direct relevance to the border region
- Organising training sessions, conferences and seminars to local entrepreneurs
- Counselling and advising in business start up, business planning, technology transfer, patents, legal affairs, finances and marketing
- Information services for/to the entrepreneurs active in the border region
- Support to the development of new, competitive products, services and technologies

The above given list of activities is not exclusive and will further be specified within the Guidelines for Applicants.
The grant scheme will be implemented though joint Call for Proposals and in compliance with the provisions laid down in the JPD.

**Eligibility criteria, eligibility of area, applicants and partners**

**Eligibility of area**

**In Bulgaria**
The Grant Scheme is applicable for the following cross-border districts: Kjustendil, Vidin, Pernik, Montana and a part of Sofia district (municipalities of Godech, Dragoman, Kostinbrod, Svoge and Slivnitsa).

**In Serbia and Montenegro**
The Grant Scheme is applicable for the following cross-border districts: Bor, Zajecar, Nisava, Pirot, Jablanica and Pcinja.

**Beneficiaries:**

**Organisations eligible** for support will be: public administrations; representative institutions of citizens; educational institutions; municipalities; regional development organisations, associations, Euro-regions, NGOs, chambers of commerce; business support agencies; local development funds; labour chambers and employment offices; business incubators, business sector representative bodies; rural communities; public utilities bodies; authorities responsible for nature protection or nature parks management and public administrations, etc.

The organizations eligible for support must be registered (or to have a branch office) in the following cross-border districts: Vidin, Montana, Kjustendil, Pernik and Sofia (for Bulgaria). Newly established entities will be eligible for funding.

**The maximum project duration** of a single project under this grant scheme will be **18 months**.

The joint Call for Proposals will use funds, which are allocated to the Neighbourhood Programme under the EU Phare and CARDS programmes, and which will cover the respective eligible activities from the both sides of the border. The eligible applicant should prepare a joint application form in accordance with the requirements set out in details within the Guidelines for Applicants.

The minimum grant for a single application to be contracted (under Phare) is **€ 50 000** while the maximum one is **€ 300 000**. Moreover, a grant may not exceed 75 % of the total investment project costs and 90 % of the total IB project costs. The balance must be financed respectively from the national public funds and from the applicant’s or partners’ own resources, or from sources other than the European Community budget.

**Basic eligibility criteria (considered as joint projects):**

- Simple projects with a cross-border effect taking place mostly or exclusively on one side of the border but for the benefit of both partners impact;
- Complementary projects where an activity on one side of the border is accompanied by a similar activity on the other side of the border;
- Integrated projects where partners on either side of the border contribute different elements to a single project.
Detailed eligibility criteria for participation in the grant scheme will be given within the Guidelines for Applicants. The applicant organisations must be registered (or to have a branch office) in the eligible border region.

3.5 **Linked Activities:**
At present the contacts between the two sides of the border region are predominantly in the fields of cultural and trade relations; further contacts could be pursued in the spheres of production, infrastructure, and protection of the environment, technological and educational exchange. Both Bulgaria and Serbia (although this last in a lesser ratio) have already recorded a number of previous experiences in dealing with EC aid, within the framework of different programmes and initiatives. In the framework of the Neighbourhood Programme Phare CBC/CARDS 2004, €M 2,280 for Bulgaria and €M 0,750 for Serbia and Montenegro were provided under the project 2004-016-785.01.01 “Local capacity building grant scheme”.

3.6 **Lessons learned:**
The project is the second of this type to be implemented between the two neighbouring countries with joint EU funding (Phare and CARDS). Moreover, the previous experience of both countries under various other programmes could provide enough evidence for the achieved up to now. The implementation of the Grant Scheme 2004 shows the strengths and weaknesses that might occur in the present and next year of the Phare CBC/CARDS Neighbourhood Programme’s implementation.
The conclusions and recommendations of the assessment of CBC programmes in Bulgaria (recently carried out by the ECOTEC) will be also taken into account.

4. **Institutional Framework**
The Grant Scheme institutional framework is based on the principle of both countries being equal partners and with both countries having an equal role in the management structures.

As described in the JPD, the management structures will include: (a) the national authorities responsible for Programme co-ordination (Implementing Agency in Bulgaria, and Project Coordination and Management Unit (PCMU) in Serbia & Montenegro; (b) the Joint Co-operation Committee and the Joint Steering Committee; (c) assisted by a Joint Technical Secretariat.

On the Bulgarian side, the responsibilities for Phare-CBC Programme are laid down with the Phare Programme Implementing Agency at the Ministry of Regional Development and Public Works. It will be acting as a Contracting Authority with the overall responsibility for the programme implementation, as well as administrative, technical and financial management of the grant scheme. MRDPW as a co-ordinator for CBC programme is obliged also to monitor the physical and financial implementation of this project including Phare and co-financing payments, and report to the EC in regularly reports.

The MRDPW will ensure necessary human resources for the technical management of the Grant Scheme.

On the Serbian side, the responsibilities for day-to-day co-ordination are with the PCMU at the Ministry of International Economic Relations (MIER), while the European Agency for Reconstruction (EAR) will act as Contracting Authority.

The Joint Technical Secretariat, to be established in the framework of the JPD, will assist the Bulgarian IA and the Serbian PMCU in the implementation of the Grant Scheme.
5. Detailed Budget

5.1 Phare Support

<table>
<thead>
<tr>
<th></th>
<th>Phare/Pre-Accession Instrument support</th>
<th>Co-financing</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>€M</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 2005 - Investment support</td>
<td>2,480</td>
<td>0.827</td>
<td>0.827</td>
</tr>
<tr>
<td>Investment support – sub-total</td>
<td>2,480</td>
<td>0.827</td>
<td></td>
</tr>
<tr>
<td>% of total public funds</td>
<td>75 %</td>
<td>25 %</td>
<td></td>
</tr>
<tr>
<td>Year 2005 Institution Building support</td>
<td>0,800</td>
<td></td>
<td>**</td>
</tr>
<tr>
<td>IB support</td>
<td>0,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total project 2005</strong></td>
<td>3,280</td>
<td>0.827*</td>
<td></td>
</tr>
</tbody>
</table>

*The necessary minimum 25 % co-financing for the projects regarding Investment support will be provided from the Bulgarian national budget. (according to Guidelines for Phare CBC/CARDS Neighbourhood Programme)

**The necessary minimum of 10 % co-financing for the projects regarding IB activities will be provided by the beneficiaries. (according to Guidelines for Phare CBC/CARDS Neighbourhood Programme)

5.2 CARDS Support

The joint projects will be financed through both Phare and CARDS for the respective activities of each side of the border. The CARDS allocation for this grant scheme will follow similar proportions per component as they are set out for the Phare ones.

The indicative CARDS allocations are as follows:

<table>
<thead>
<tr>
<th>Year 2005 in €M</th>
<th>CARDS SUPPORT</th>
<th>Co-financing**</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Scheme</td>
<td>Investment Support 0,550</td>
<td>IB 0,200</td>
<td>National CARDS 0,400</td>
<td>Total CARDS (I+IB) 1,150</td>
</tr>
<tr>
<td>TOTAL</td>
<td>0,550</td>
<td>0,200</td>
<td>0,400</td>
<td>1,150</td>
</tr>
</tbody>
</table>

** The minimum co-financing requirements for the grant applicant from SCG are as follows:
- 5% for less than € 50,000
- 10% co-financing for projects between € 50,000 – € 300,000
6. Implementation Arrangements

6.1. Implementing Agency

Bulgaria
The Implementing Agency will be the Ministry of Regional Development and Public Works:

**Implementing Agency:**
Ministry of Regional Development and Public Works
Address: 17-19 Cyril and Methodius St. 1202 Sofia
Director: Tzvetomira Lacheva – Deputy PAO
Contact Person: Hristo Medarov, Head of Phare CBC Department
Phone: +359 2 9405-237,
Fax: +359 2 987 0737
E-mail: hmedarov@mrrb.government.bg

It acts as Contracting Authority for the Phare funds.

Serbia & Montenegro

**Programme Co-ordination and Management Unit**
Government of the Republic of Serbia
Ministry of International Economic Relations
Assistant Minister: Gordana Lazarevic
Contact persons: Sanda Simic, Mirjana Jelic
Address: Gracanicka 8, 11000 Belgrade
Phone: +381-11-3346-112, +381-11-3346-591
Fax: +381-11-3346-844
E-mail: sanda@mier.sr.gov.yu, mimi@mier.sr.gov.yu

**Contracting Authority**
European Agency for Reconstruction
Local Government and Regional Development Programme
Programme manager: Wout Soer
Contact person: Danka Bogetic
Phone: +381-11-30-26-618
Fax: +381-11-30-23-455
E-mail: wout.soer@ear.eu.int

The Grant Scheme will operate on the basis of a single call for proposals and a single selection process covering both sides of the border. The Grant Scheme will be implemented according to the NP Implementing Guidelines issued by the Commission. Except when provided differently in the Implementing Guidelines, the award procedures provided in the PRAG will be implemented. The implementation provisions will follow the overall structure as provided within the JPD (2004-2006). Meanwhile both IA and PCMU will be responsible with elaboration of rules of procedure.

6.2. Twinning

N/A

6.3. Non-standard aspects
There are no non-standard contracts or tender procedures envisaged within this project.
6.4. Contracts
The grant scheme will be implemented via one single (joint) Call for Proposals simultaneously launched in Bulgaria and Serbia & Montenegro. The number of the individual grant-contracts to be signed will vary depending on the number of the proposals received and the respective grant amounts approved for funding. The total number of the contracts to be signed will be limited to the maximum indicative amount as given in the project indicative budget allocation (item 5 of the project fiche).

7. Implementation Schedule

7.1 Start of tendering/call for proposals
October 2005

7.2 Start of project activity
February 2006

7.3 Project completion
August 2007

8. Equal Opportunity
The project will stimulate the process building the partnership between the national, regional and local partners in terms of responsibilities taken, decision making and priorities setting and will be in no way discriminatory in terms of gender, life-style, religion or politics. It will contribute to the equal opportunities referring to gender.

9. Environment
All project identification and respective feasibility studies preparation of the grant scheme should comply with the environmental regulations of the EU The resultant business development should have no negative impact on the environment.

10. Rates of return
The individual project applications submitted for grants shall determine the rate of return of individual investments in the form of indicators.

11. Investment criteria

11.1 Catalytic effect
By contributing to the development of sustainable cross border networks, the Phare/CARDS funding provided by this grant scheme is expected to bring additional resources to border region between Bulgaria and Serbia & Montenegro.

11.2 Co-financing
The grant scheme will be jointly co-financed between EU Phare and CARDS, while additional co-financing resources will be provided both by the Bulgarian and Serbian partners. The rate of the generally available maximum support for Phare is 75% of the total cost of the investment projects and 90% of the total cost of the IB projects to be supported. Respectively, 25% has to be covered by national funds for investment projects, since 10% of the cost of IB projects has to be provided as own resources by the beneficiaries.

11.3 Additionality
Financial support to be provided by Phare will not displace any other funding.

11.4 Project readiness and size
A draft of the Co-operation Agreement, Call for Proposal, Application form, Guidelines for applicants and Grant Contracts will be elaborated by the JTS by the time of signing the Financing Memorandum. All documents shall be prepared according to the PRAG template and submitted to the ECD/EAR for endorsement prior to the launch of the Call for Proposals.

11.5 Sustainability
The beneficiaries will be responsible for the sustainability of the project and will provide the administrative staff and the necessary funds for the operational costs. The ability of the applicant to finance the long-term operation and maintenance of the projects’ outcomes shall be proved in the respective joint applications and checked at the project selection phase, and it will be one of the evaluation criteria for the projects (the Evaluation Grid will be part of the Guidelines for Applicants).

11.6 Compliance with state aids provisions
All actions financed by Phare will respect the state aid and competition provisions of the Europe Agreement.

12. Conditionality and sequencing
The project will start after signing of the Financial Memorandum between Bulgaria and the European Union for 2005. In certain circumstances, the Call for proposals might be launched with suspense clause, if the EU funding is not yet available (e.g. prior to Commission Decision approving the Financing Proposal). All documentation required for launching joint Call for Proposals (Application Pack) will be prepared by the JTS by September 2005 and will be submitted to the respective EC Delegation/EAR for approval.

Annexes to Project Fiche:

1. Logical Framework in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule
## Annex 1

**LOGFRAME PLANNING MATRIX FOR**

**Project Title:** JOINT GRANT SCHEME FOR SUSTAINABLE ECONOMIC SPACE

<table>
<thead>
<tr>
<th>Project number</th>
<th>Contracting period expires</th>
<th>Disbursement period expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/017-457.01</td>
<td>30.11.2007</td>
<td>30.11.2008</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total budget:</th>
<th>Phare budget:</th>
</tr>
</thead>
<tbody>
<tr>
<td>€M 4.107</td>
<td>€M 3,280</td>
</tr>
</tbody>
</table>

### Overall objectives
- To exploit and manage the border area’s territory in a co-ordinated and integrated way between the two sides of the border, thus creating the basis for a sustainable economic development
- To maximise the social and economic cohesion between the border area by encouraging contacts and co-operations at various levels.

### Objectively verifiable indicators
- Positive assessment that economic and social cohesion objectives in the frame of Phare CBC/CARDS Neighbourhood Programme JPD priorities are met
- Effectively working formal and informal networks for cross-border cooperation established and operating

### Sources of Verification
- Official statistics of the National Statistical Offices,
- Country Reports

### Project purpose

**Development and implementation of projects prepared under FM 2004 with accent on the investment component concerning sustainable economic development of the border region from one side and from the other side - further development capability of local and regional social, institutional and economic cohesion.**

### Objectively verifiable indicators
- At least 90 % absorption of the EU funds under the Phare CBC/CARDS Neighbourhood Programme between Bulgaria and Serbia & Montenegro;
- Improvement of the participatory approach among border institutions and LDO

### Sources of Verification
- EC Interim Evaluation Reports
- Monitoring Report

### Assumptions
- Continued Government commitment to developing cross-border cooperation
- Favourable economic and social environment
- Unpredictable local hindrance impeding economic activity in the target area does not exist or will not emerge
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Window 1 - Development and implementation of projects directed to improvement of business-related infrastructures  | - Improved transport connection and especially among small settlements in the mountainous and semi-mountainous areas (such as transportation network, signposts and signals, parking lots and heavy traffic lanes, etc.)  
- Implemented cross-border innovative business strategies in the targeted region  
- Co-operation between institutions representing the business sector and increasing business partnerships and contacts.  
- Safeguard and management of the natural environment  
  - Increased safeguard and clearing of environmental resources as well as the re-cultivation and protection of lands.  
  - Established cross-border monitoring systems for natural safeguard.  
  - Pollution prevention in the border area.  
  - Exploitation of synergies between environment and tourism.  
| - Strategies, studies and concepts developed – minimum 5  
- Number of promotional events organised – average 10  
- Sufficient number of local stakeholders participated in the training activities – average 100  
- Number of institutions involved in cross-border contacts – average 15-25  
- Increase of promotion, visibility and marketing level of the border area  
- At least minimum 18 individual project awarded and successfully completed  
- Number of small-scale investment projects – minimum 13  | - Project progress reports  
- Monitoring and evaluation reports  | - Public organizations and economic actors realize the importance of cross-border cooperation  
- The beneficiaries complete the envisaged cross-border partnership-building programmes successfully  
- Continued interest of local and regional authorities in the development of CBC  
- Continued interest of the target group in region for joint cooperation across the border |
| Window 2 - Further capacity building within the spheres of co-operation between institutions and communities and cross-border social and economic cohesion  | - Strengthened local capacities in project generation, management and |
administration.
- Developed new, competitive products, services and technologies.
- Increased capacity of public authorities in the border region to elaborate realistic development strategies, which are based on the principle of *partnership* (i.e. produced in an inclusive and participatory manner);
- Staff of municipalities, RDAs, and socio-economic partners gain knowledge and experience in project cycle management;
- Increased awareness among citizens and businesses about the positive effects of the cross border co-operation;
- Increased regional capacity to absorb EU funds by the preparation of strategically important projects and the increased capacity of local development organisations to identify project opportunities as well as increased capacities at local level to use EU procurement procedures; and to manage supply and work contracts

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| The project will be implemented in the form of a grant scheme, while the support granted will be focused on areas/spheres of co-operation in which regions, municipalities, local development organisations and other social-economic partners should have expertise and experience. In particular this will include the | Grant Scheme for min. €M 4,107 including €M 3,280 Phare contribution and €M 0.827 - National co-financing | • Sufficient number of good quality project proposals  
• High quality project management  
• Co-finance contributions available when required |

At average 18-25 individual grant contracts signed.
<table>
<thead>
<tr>
<th>eligible spheres of co-operation set out below: Window 1</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Support for development and implementation of projects direct to improvement of business-related infrastructures</td>
<td></td>
<td></td>
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<tr>
<td>Support for safeguard and management of the natural environment projects</td>
<td></td>
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<tr>
<td>Window 2</td>
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</tr>
<tr>
<td>Support to further capacity building within the spheres of co-operation between institutions and communities and cross-border social and economic cohesion</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Preconditions**
Operational structures for Grant Scheme implementation
## Annex 2 - Implementation Time Chart

**Project title:** JOINT GRANT SCHEME FOR SUSTAINABLE ECONOMIC SPACE

<table>
<thead>
<tr>
<th>Components</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>T</td>
<td>T</td>
<td>T</td>
</tr>
</tbody>
</table>

T = Tendering       
C = Contracting       
I = Implementation
**ANNEX 3**

**CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER**

*Project title: JOINT GRANT SCHEME FOR SUSTAINABLE ECONOMIC SPACE*

<table>
<thead>
<tr>
<th>CONTRACTING</th>
<th>Cumulative contracting schedule by quarter in € m (provisional)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
</tr>
<tr>
<td></td>
<td>I</td>
</tr>
<tr>
<td>Grant Scheme</td>
<td>4,107</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>DISBURSEMENT</th>
<th>Cumulative disbursement schedule by quarter in € m (provisional)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
</tr>
<tr>
<td></td>
<td>I</td>
</tr>
<tr>
<td>Grant Scheme - Phare funds</td>
<td>2,624</td>
</tr>
<tr>
<td>Grant Scheme - national co-financing</td>
<td>0,662</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,286</td>
</tr>
</tbody>
</table>

* The given project costs do not include the co-financing provided by the beneficiaries. The precise project budget can be defined after contracting.