Cross Border Co-operation between Bulgaria & Romania

2006 Project Fiche for Sustainable Economic Development and Environmental Protection

1. Basic Information

1.1 CRIS Number: BG 2006/018-386.01.01
1.2 Title: Sustainable Economic Development in the Bulgarian-Romanian Border Region
1.3 Sectors: 41010: Economic and Social Development & Environment
1.4 Location: Bulgarian-Romanian Border Region (Bulgarian districts: Vidin, Vratsa, Montana, Veliko Tarnovo, Pleven, Ruse, Dobrich and Silistra)
1.5 Duration 18 months
   Contracting Deadline: 30/11/2008
   Contract Execution Deadline: 30/11/2009

2. Objectives

2.1 Overall Objective

The overall objective of the programme is to promote sustainable integrated regional development across the Romania-Bulgaria border region by building on the progress made by previous CBC programmes and by concentrating on the strategic dimension of cross-border development which involve and benefit local communities.

In pursuing this overall objective, one Grant schemes mechanism will be established to fund a number of projects to cover two priorities and the relevant measures outlined in the Joint Programming Document (JPD) 2003-2006 approved in July 2003 and further developed in the Programme Complement (PC) 2005-2006, approved in April 2005 namely

Priority 1: Improving Infrastructure

Priority 2: Economic Development

Priority 3: Environmental Protection and Management

2.2 Project purpose

To achieve economic and social cohesion by promoting the competitiveness in the eligible area as well as to improve and protect the environment well-being of the eligible region through coordinated environmentally friendly joint actions.

2.3 Accession Partnership and NPAA priority

2.3.1. Accession Partnership
The project has the potential to contribute to the fulfilment of the priorities identified in the following chapters of the Accession Partnership:

**Social Policy and Employment Policy Chapter**

Strengthen employment services at local level, notably by improving the co-operation between local services in the field of employment and social assistance.

**Regional Policy and Coordination of Structural Instruments Chapter**

Strengthen the institutional and administrative capacity of the bodies in charge of programming and managing funds for cross-border co-operation in line with the Structural Funds approach; Develop the capacity to select, discuss and clarify development priorities at regional levels, and to identify, plan and prepare projects.

The project deals with the implementation of an important principle of the EU regional policy with the objective to bring economic and social standards and quality of environment of cross-border areas with the neighbouring states to the same level.

2.3.2. NPAA

The Bulgarian policy towards border regions is part of the national regional policy. The development of closer cross border co-operation is regarded as an important mechanism in the creation of favourable conditions for European integration.

The approach for the project should be consistent with the following permanent objectives identified in the NPAA (2002) for programming regional development in 2002-2005:

- Preparation of the institutional and legal framework for coordination and implementation of the Structural Instruments;
- Implementation of national regional development strategy.

The Grant Scheme will support integration process of BG and RO border region to EU and will contribute to further development of cross-border cooperation.

2.4 Contribution to National Development Plan

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.

The project will contribute for the achievement of the following objectives goals identified in the NDP:

- Attainment of balanced and sustainable development of Bulgaria’s regions;
- Establishment of appropriate environment for economic growth and high employment on the basis of a more efficient use of the regions’ development potential;
- Strengthening the socio-economic cohesion of the regions in the process of the country’s European integration.
It also fits the following specific targets of the NDP:

- Draw the map of the future development of tourism in the country with the aim to popularise and better utilise the country’s rich nature resources and cultural and historic heritage, particularly in the countryside;
- Preserve, strengthen and restore key eco-systems, habitats, species and their genetic resources.
- Set up conditions for sustainable exploitation of biological resources.
- Improve the condition of forests.
- Conservation of the environment in areas of intensive tourism.
- Integrating the principles of sustainable development into the production landscape and the evolving market economy.

CBC regions, part of which is the area of the project, are treated in the NDP as a high priority target. The proposed project fully complies with the objectives defined in the NDP, which classifies CBC regions in a separate target group.

2.5 Cross Border Impact

This project fiche is in line with the priorities defined in the main Romania-Bulgaria CBC programming and planning documentation:


The current project, as described in this fiche, aims to contribute to sustainable development and to increase living standards as well as the attractiveness of areas on both sides of the BG-RO border. This will hopefully occur through concentration on the four priorities as listed above (Improving Infrastructures, Economic Development, Environmental Protection and Management, People to People Actions).

The Project will contribute to the removal of existing disparities between regions on both sides of the BG-RO border and thus to the gradual alignment of economic and social development. This is particularly important in view of future integration into the European Union. Membership will require the approximation of levels of economic activity and living standards, in particular in border regions, in order to avoid undue problems connected to the removal of borders and the introduction of the principle of free movement. Also, the project will reinforce and enhance the institutional framework and networks and will improve conditions for the cross-border coordination of policies and activities.

Project proposals are expected from the territory of the counties forming the border region. Priority will be given to joint project proposals. The cross-border nature will be the basic criterion for evaluation and selection of individual projects.

The project is a mirror one to a RO Grant Scheme that covers Priorities 1, 2, 3, 4 and Horizontal Measure 5 of the Joint Programming Document 2003-2006.

3. Description

3.1 Background and justification:
Sustainable development implies economic growth together with the protection of environmental quality, each reinforcing the other. The essence of this form of development is a stable relationship between human activities and the natural world.

The regional economy is characterised by relatively low GDP, limited investments and strong under-capitalisation. The SWOT analysis emphasises that the border area as a whole is characterised by an economic structure that is dependant upon agriculture and other relatively low productivity sectors. There is a relative lack of dynamic high growth activity with little success in attracting significant inward investment. Nevertheless, the small firms sector is relatively well represented and is a potential source of strength. Improving the performance of the small firms sector is critical to strengthening the border area economy in terms of improving competitiveness and creating a sustainable economic base. The economic co-operation between entities in the border region allows the utilisation of common know-how and the creation of conditions for the development of a common economic area, using its comparative advantages and internal potential.

However, the regions potential to utilise their development resources has not been actualised sufficiently. One of the key issues is to turn the closeness of the border into a development advantage. The regions have great potential for tourism, recreation and other industries, which would compensate for the collapse or decrease of effectiveness of many of the industries that the regions’ economy used to depend on. The special potential of the region is its cultural heritage and still existing close contacts across the border.

There are several factors, which negatively influence further development of economic potential, such as: poor infrastructure conditions, high rate of unemployment, areas with degraded environment, low level of cross-border economic co-operation.

The cross-border region’s main characteristic is that is separated by the Danube river. Till now although that on the land border there are three border crossings, along Danube only one bridge exists in Ruse-Giurgiu and three ferryboats lines cross the Danube River. Recently, following a bilateral agreement, a second bridge over the Danube will be constructed at Vidin-Calafat. This bridge will bring new opportunities for further co-operation between two countries and will promote the socio-economic development of the border region.

The relatively poor transport infrastructure is a deterrent to the establishment of industry and commerce and to the attraction of Foreign Direct Investment (FDIs) into the region. Nevertheless, being well endowed in these assets does not guarantee development and competitiveness, but deficiencies in this area will cause problems. Improvements in transport infrastructure will lead to greater access to the border region and make cross-border travel easier, leading in turn to an increasing integration of the border regions within their own respective countries as well as enabling a greater integration of the bilateral border region as a whole. Economic growth and development requires also competitive and entrepreneurial businesses capable of taking advantage of opportunities brought about by the development of a market economy and the resulting adjustment within the regional economy.

Human resources are critical to economic social and community cohesion and to the generation of sustainable enterprises. Improvement in the human resource potential of an area is a prerequisite to economic development. The SWOT analysis indicates shortages of skilled personnel in various sectors allied to high levels of youth and long term unemployment represents a potential threat from delays in developing a better skilled human resource base.
The eligible region enjoys the benefits of having a vast, varied and mostly unspoilt natural environment. The relatively good condition of the environment is to be expected given the relatively low population density, the absence of major population centres and industrial concentration, and the comparatively low vehicle ownership. The Region has a rich mixture of natural heritage in the form of flora and fauna, rivers, and beaches the potential of which is not fully exploited yet.

The protection of the environment is crucial to the sustainable and economic success of the eligible region. There is a need to support activities aimed at ensuring that the management and development of the region’s inland and coastal resources are carried out in an environmentally sustainable way. The current project’s environmental protection and management priority recognises that the sea, coast and landscape are unique resources, in terms of the economic, environmental, social and cultural benefits and opportunities provided by them and seeks to provide for their continued enjoyment by existing and future generations.

Environmental protection and the preservation of natural resources are clearly fields, which are to be dealt with in an integrated way. Joint and co-ordinated actions in the border region contribute to the creation of synergic effects in environmental protection and resource management.

The rural nature and cultural diversity of the region provides strengths and opportunities particularly in relation to the tourism potential. Tourism and initiatives based on rich cultural traditions represent considerable opportunities. However, the lack of proper infrastructure contributes to environmental degradation – a significant disincentive for investors and visitors alike. Thus the economic potential of the region is not fully realised. CBC support will help the respective regions to capitalise on their unique and highly valuable cultural and environmental strengths.

The proposed project takes into account the above-mentioned problems and barriers as it concentrates on strengthening cross-border cooperation and the regional business support infrastructure, improving existing transport and economic infrastructures, promoting environment protection and resource management and people to people actions. The project aims to bring people, communities, civil society and economic actors of the border area closer to each other in order to establish a sound basis for balanced economic and social development in both countries. Co-operation with similar institutions will enable design and implementation of common projects in the cross-border region. An integrated approach is a prerequisite for ensuring sustainable development in the border area by promoting sustainable economic measures.

The project will be implemented through a series of grant-funded activities. The Grant Scheme covers three priorities set in the Joint Programming Document 2003-2006, further developed in the Programme Complement 2005-2006: Priority 1 - Improving Infrastructures, Priority 2 - Economic Development, Priority 3 - Environmental protection and management.

Under Priority 1 - Improving Infrastructures funds will be used only to Measure 1.1 - Development of transport infrastructure and accessibility within the border region, in order to improve the transport related physical infrastructure of the border area (non-national roads, including regional and local roads, secondary and tertiary), instrumental to facilitating cross-border passenger and freight traffic. As the existence of a proper cross-border infrastructure is a
pre-requisite for any type of cross-border co-operation, this measure will contribute to the existence of proper infrastructural background for the activities and results of all other measures. Also, for practical reasons, promotion of cooperative initiatives under Priority 3 will be accomplished by combining measure 3.1 – “Nature protection management” and measure 3.2 – “Flood management and erosion control” into a single and integrated approach (now identified as Measure 3.1). This will be an important element in creating a joint approach to environment projects in the cross-border region, in order to enable them to function as one single unit after the accession of Romania and Bulgaria to the European Union.

The project will help the national and joint implementing bodies to ensure efficient, effective and transparent management as well as smooth operation of the Grant Scheme. In terms of project components (corresponding to the programming documents’ priorities and measures), the project overall scheme is shown in the table below:

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<th>Grant scheme</th>
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<td><strong>Component 1</strong></td>
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<td><strong>Measure 1.1</strong></td>
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<td><strong>Component 2</strong></td>
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<td><strong>Measure 2.1</strong></td>
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<td><strong>Component 3</strong></td>
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<td><strong>Measure 3.1</strong></td>
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Considering that strengthening of cross-border connections and development of the border regions will not come about through investment in infrastructure and facilities alone, and that institutional strengthening is clearly required on both sides of the border, the Grant Scheme combine institutional strengthening and appropriate investment in a two-prong approach with “soft” and “hard” actions. As part of this combined institutional strengthening and related investment theme, it is important to note that the Grant Scheme will also cover “soft” project preparation studies and activities.

The current CBC project fiche builds on the results of ongoing joint programming efforts of the relevant Bulgarian and Romanian authorities and various partners involved. In order to consult the wider partnership directly, arrangements have been made for launching preliminary calls for proposals concerning measure 1.1, 2.1 and 3.1 during 2004 and 2005. The proposals have been assessed and feedback and recommendations have been provided to the applicants during meetings held at the border level. The grant scheme has been designed according to the preliminary proposals outcomes for these measures.

Also, the Joint Working Group and the Joint Technical Advisory Groups (JTAGs) established for priority 1, 2 and 3 (representing Chambers of Commerce; municipalities, district and regional development agencies, employment and equal opportunities bodies, organisations dealing with environmental protection and preservation and resource management, and NGOs, etc.) are
instrumental in the process. For the purpose of ensuring the balanced participation of the various actors and the regions involved, consultation meetings have been held in both countries. Draft versions of the main planning document and the process have been presented and discussed, resulting in a project development and consultation that has considered, as much as feasible, the opinions and contribution of many local and regional organisations and experts.

Identification of projects

The Grant Scheme will support the identification and implementation of joint projects. Apart from the fact that project proposals should of course be in line with regional and national policies, it is crucial that the proposed projects truly reflect a joint approach. In the meaning of the programme, the following should be 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;
- Complementary projects where an activity on one side of the border is accompanied by a similar activity on the other side;
- Integrated projects where partners on either side of the border contribute different elements to a single project.

The selected projects shall fall within one of the above categories. Concurrently, the selected projects shall fall within the priority fields laid down by the Joint Programming Document 2003-2006 and the activities set out by the Programme Complement 2005-2006. The projects will encourage new forms of cross border cooperation and strengthen the existing ones.

In order to better manage the project identification process under the Grant Scheme, a straightforward breakdown between overall objective, project purpose, results and activities has been utilised - as described in the attached logframe. The verifiable indicators identified in the logframe are based, inter alia, on information obtained from the preliminary call for proposals and CBC experience in Bulgaria-Romania. However, their relevance will depend on the applications received and the nature and number of grants awarded.

3.2 Sector rationale

N/A

3.3 Results:

The overall result of the project will be the development and consolidation of economic relations and co-operation initiatives (market integration and societal coherence) hand-in-hand with improved environmental management in the border region. A fully operational Grant Scheme will support projects that promote cross-border cooperation development, thus helping the achievement of the following specific results under each measure.

3.3.1. Component 1 - Development of transport infrastructure and accessibility within the border region. (PRIORITY 1)

The purpose is to improve the transport related institutional and physical infrastructure of the border area in order to facilitate accessibility to the border as well as cross-border passenger and freight traffic.
This measure will stimulate regular interaction between regional and local authorities located across the entire border area for supporting the joint development of secondary and tertiary road networks and bypasses, via quality support services, professional assistance and other services, complemented by investment actions in the development of road infrastructure and facilities (works and/or supply contracts), required on both sides of the border.

The expected result of Component 1 is improved transport infrastructure in the border area, leading to increased accessibility and mobility of the persons and goods in the border region and reduced travel time.

Further effects of this Grant Scheme component will be as follows:

- Improved quality access roads leading directly or connected roads leading to the border;
- Improved quality local roads of cross border network with access to industries, indigenous raw materials and business infrastructure establishments;
- Improved access facilitating cross border tourism and cross border links;
- Improved traffic related services on the roads leading to the border;
- Safer roads;
- Appropriate project preparation activities and supervision of works.

This component helps to achieve the other objectives of the CBC project by strongly supporting the establishment of the basic pre-conditions of the sustainable development of the area, thus directly contributing to one of the key horizontal objectives of the Phare RO-BG programme.

3.3.2. Component 2 - Economic Development: Business co-operation and business infrastructure development including business information and SME marketing actions and tourism activities (PRIORITY 2)

The purpose is to support further development of the economic and social cohesion of border regions, in line with sustainable development principles, promoted through (Priority 2) Economic Development.

This measure will stimulate regular interaction between businesses located across the entire border area, via sustainable business-to-business networks, quality support services, professional assistance and other services, complemented by investment actions in business infrastructure development (works and/or supply contracts).

The expected result of Component 2 is improved business cooperation and infrastructure leading to a sustainable economic development and enhanced coherence in the border region.

Further effects of this Grant Scheme component will be as follows:

- Business related infrastructure of cross border importance improved (network modernised, bottlenecks removed, infrastructure created/modernised), including the level of business and communication services provided. Each of these activities will respect environment protection;
- Improved efficiency of cross border co-operation among research institutions, including networking and information flow between research and development institutions and innovation centres;
- Initiatives for cross-border co-operation encouraged by providing access to information on the business possibilities and markets existing beyond the border;
• Intensified partner searches, development and creation of co-operation projects and networks across businesses;

• Joint promotion and marketing activities, e.g. of cross-border clusters or tourism offers/opportunities;

• Absorption capacity of business support institutions improved.

3.3.3 Component 3 - Environmental protection and management (PRIORITy 3)

The purpose is to support further development of the economic and social cohesion of border regions, in line with sustainable development principles, promoted through (Priority 3) Environmental Protection and Management.

This measure will stimulate joint initiatives to develop environmental networks in implementing concerted management, monitoring and promotion of a sustainable protection and use of resources in the cross-border area through a combined and integrated, two-fold approach: support for studies, programmes and action plans supporting cooperation (services) and investment actions for development of joint initiatives (works and / or supplies targeting environment infrastructure).

The expected result of Component 3 is an improved, protected and well-managed environment in the border region, and sustainable use of natural resources.

Further effects of this Grant Scheme component will be as follows:

• Joint established bodies/organisations/associations, as well as environment related partnerships developed and implemented in the environmental sector;

• Impact assessments, need assessments, feasibility studies and other studies covering preparatory documents for environmental investment actions elaborated;

• Harmonised and joint monitoring and information systems set up;

• Ecologically important habitats restored;

• Joint management of nature sites harmonised and improved;

• Studies and inventories done;

• Environmental information, awareness raising, and educational programmes implemented, and information centres established and equipped;

• Dykes and river regulation planned;

• Flood prevention and river bank and coastal erosion control implemented;

• Capacity for environmental management, and its response to marine and water based emergencies including joint environmental disaster planning improved.

3.4 Activities:

Activities under Components 1, 2 and 3 will cover two main types of intervention: a) soft actions for supporting development of co-operation (procurement of services to assist joint initiatives etc.) and b) investment actions in works, supplies and related services targeting realisation of the measure.

The Grant Scheme will provide grants in an amount of € 50 000-600 000 as costs of investment activities can be maximum 80% of total eligible project costs. Each project proposal should compulsory include soft measures in order to achieve the objectives of the project.
Individual projects within each Component will deliver results in the following indicative areas.

**Component 1 - Development of transport infrastructure and accessibility within the border region (PRIORITY 1)**

Budget:

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<tr>
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<th>Phare CBC Support (MEUR)</th>
<th>National Public Co-financing (MEUR)</th>
<th>Total (MEUR)</th>
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<tbody>
<tr>
<td>Soft actions</td>
<td>0.45</td>
<td>-</td>
<td>0.45</td>
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<tr>
<td>Investment actions</td>
<td>1.35</td>
<td>0.45</td>
<td>1.80</td>
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<tr>
<td>Total</td>
<td>1.80</td>
<td>0.45</td>
<td>2.25</td>
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</table>

Under this Component, grants of EUR 50,000–150,000 will be provided for the appropriate project preparation activities (plans, studies and other services) and EUR 150,000–600,000 for investment in the development of transport infrastructure and accessibility. The following activities will be eligible under the Grant Scheme:

a) **Soft actions (EUR 50,000-150,000)**

This sub-component shall provide grants of EUR 50,000–150,000 to assist the following eligible activities:

- Preparation of studies covering preparatory project development documents for cross border projects on secondary, tertiary roads as well as local connections (plans, needs and impact assessments, efficiency analyses, feasibility studies and other studies).
- Traffic related services and supplies (information services about the traffic conditions on the roads leading to the border, electronic sign posts along the road, public transport co-ordination measures especially related to improving inter-modality, internet services, etc.)
- Joint research studies, investigations and developments of environmentally friendly transport initiatives
- Joint research studies for enhancing the economy of environmental resources and/or reducing the environmental impact of the road infrastructure works
- Relevant and linked institutional strengthening activities

b) **Investment actions for the development of transport infrastructure and accessibility (EUR 150,000–600,000)**

This sub-component shall provide grants of EUR 150,000–600,000 for the creation / development / extension of the road infrastructure and facilities of cross border interest, as follows:

- Road reconstruction/rehabilitation works related to sections of the roads leading directly to the border or road sections improving the access to roads leading directly to the border. The development of transport related technology – e.g. installation of traffic lights, signposts and information boards, etc. is also eligible.
• Small-scale construction/reconstruction/rehabilitation works related to creation and extension of the cross border network of local roads providing access to industrial production facilities, indigenous raw materials and business infrastructure establishments, including roads connecting to roads leading directly to the border. The development of transport related technology – e.g. installation of traffic lights, electronic sign-posts and information boards, etc. is also eligible

• Construction of by-passes and of connecting junctions to public national/regional roads or railways of CBC interest;

• Construction works related to transport safety (e.g. over- and under-crossings, roundabouts, etc.)

• Small-scale rehabilitation or construction works related to improving designated cross-border tourist routes, roads (including scenic routes) within tourism areas and providing access to these areas

• Training related to infrastructure developments or to purchased equipment.

• Supervision of works.

**Eligible Costs for Component 1**

• Relevant and linked institutional strengthening / coordination / networking activities;

• Appropriate project preparation and supervision activities;

• Expenses linked to research, investigations and developments of environmentally friendly transport initiatives and of actions which encourage new types of behaviour which reduce the environmental impact of the works on road infrastructure

• Construction/reconstruction/rehabilitation and development costs of connecting junctions, by-passes and road infrastructure, repairs of bridges and culverts

• Installation of traffic lights, road signs, information boards, monitoring/controlling equipment

• Purchase of transport related equipment and technology (traffic lights, sign-posts, information boards, IT equipment and software, laboratory equipment), acquisition of related patents and licenses

• Expenditures for land arrangement and arrangements for environment protection, including the restoration of the natural environment at the end of works

• Building of external networks necessary to connect the investment to the utilities’ networks (electricity, communications)

• Costs of training related to the infrastructural developments.

Land acquisition will not be funded. The legal status of the land where the work is carried out must be public property. Taxes, customs and import duties will not be funded.

**Selection Criteria for Component 1**

When selecting from the initial group of applications, priority will be given to activities:

• Linked to other interventions and developments in other programmes (national and community programmes in Bulgaria and Romania);
• Contribution to an improved accessibility of the border areas and availability of public transport, reduction of travel time between cross-border destinations or business infrastructure establishments of cross border interest

• Beneficial to fostering cross-border links and supporting/inducing direct cross-border cooperation of businesses (50% of “users” should have activities with the other side of the border)

• Contribution to safety on roads and public transport,

• Contribution to improved passenger facilities for cross border travel

• Providing for estimated number of future users of the new or improved infrastructure

• Consistence with the national regulations regarding the environment, as well as with the European legislation in the environment field.

**Eligible beneficiaries for Component 1**

• Local/district/regional public authorities and other public bodies;

• Local/district/regional transport and road network operators of public interest and other infrastructure operators of public interest

• Local/district/regional road management companies

• Local enterprise agencies;

• Professional bodies and chambers

• NGOs with training activities in the field of road infrastructure development and networking;

• Public or non-profit organisations, including local branches of universities and colleges, involved in vocational training;

• Research institutes;

• Non-profit organisations;

• Euro Regions;

• Association of the above.

**Component 2 - Economic Development: Business co-operation and business infrastructure development, including business information and SME marketing actions and tourism activities (PRIORITY 2)**

Budget:

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Under this measure, grants of EUR 50,000–150,000 will be provided for business support cooperation and services and EUR 150,000–600,000 for support for development of business infrastructure (indicative amounts).

The following activities will be eligible under the Grant Scheme:

a) **Soft actions for business support cooperation and services (EUR 50,000-150,000)**

This sub-component shall provide grants of EUR 50,000–150,000 for the procurement of services to assist the following eligible activities:

- Support for cross-border business events facilitating the meeting of small and medium sized businesses (sectoral conferences, trade fairs, study tours);

- Support for the establishment of new partnerships, collaboration between research institutes or universities in the field of research and development activities, as well as social sciences (conferences and other events; development of scholarship programmes to researchers; implementation of joint pilot research projects; related ICT and R&D investments);

- Support for the preparation of the business infrastructure projects listed at point b) below through with activities such as: construction and cadastre plans, economic, feasibility and environmental impact studies, budget analysis, cost estimates, locally based economic strategies and action plans; architectural and engineering design documents for preparing business infrastructure development projects facilitating better cross-border business cooperation;

- Preparation of research studies for identifying market gaps, market opportunities and high value added products, processes and services and dissemination of results within the cross border region;

- Exchange of experience in introducing (existing) international standards and meeting market requirements;

- Common marketing initiatives to promote local products, services and places of common interest;

- Development of common IT tools;

- Joint initiatives for organisation of cross border clusters, for example in electronics, multimedia, ICT, food processing and bio-technology;

- Joint initiatives for innovation and adding value to local agricultural, forestry, fishery and other land based products of mutual benefit;

- Support and implementation of joint research, technological development and technology transfer projects between R&D institutions and businesses with direct relevance to the border region;

- Joint tourism products development and area based marketing initiatives;

- Joint development of complementary products and service among the Black Sea service providers and other tourism providers;
• Vocational training projects, with a particular focus on development of appropriate joint qualifications and development of e-commerce; assistance for addressing skills deficits and sectoral needs;

• Information exchange related services and supplies (internet services, promotion of best practice in the use of ICT, support for community led ICT initiatives, sharing expertise and good practice in education and training etc.).

b) Investment actions for supporting the development of business infrastructure (EUR 150,000–600,000)

This sub-component shall provide grants of EUR 150,000–600,000 for works and / or supplies and related services targeting creation / development / extension of business-related infrastructure facilities of common interest, as follows:

• Modernisation of business facilities (offices, workshop, presentation rooms, laboratories and facilities for other common cross-border services);

• Development, extension and refurbishment of existing business infrastructure facilities, (technology incubators and trade centres providing cross-border services and office / storage capacity / space for businesses involved in cross-border trade);

• Establishment of new business facilities with clear cross-border nature (refurbishment of existing buildings currently out of use, or used for other purposes; development of IT infrastructure and provision of necessary equipments);

• Upgrading and rehabilitation of cross-border tourism related research, technology and development centres;

• Purchase of equipment necessary for development of new common products and joint technologies by R&D institutions and business associations in the regions on both sides of the border as part of support to cross-border cluster building;

• Investments in information technology infrastructure in the border region to foster cross-border co-operation between innovation, technology, and logistics centres;

• Arrangement and upgrading of facilities and infrastructure which enable the coordinated development of cross border leisure activities (such as walking and cycling trails, pony trekking, education tourism and angling);

• Arrangement or upgrading of facilities for special interest pursuits including cycling, walking, equestrian facilities, gardens, outdoor pursuits, water sports, inland cruising and marine and health tourism; Supervision of works;

• Supervision of works.

CBC business support activities should be hosted/managed by existing (not additional) structures on both sides. These can be developed and strengthened. Focus will be given to rehabilitation/renovation of existing facilities and new construction of buildings and infrastructure will not be supported.

Overlap with Phare cluster and metrology projects should be avoided.

Eligible Costs for Component 2

• Relevant and linked institutional strengthening / coordination / networking activities;

• Appropriate project preparation and supervision activities;
- Construction and development costs of infrastructure (the costs of construction of new buildings, or renewal/refurbishment of existing buildings);
- Purchase of equipment for non-commercial use (office infrastructure, IT equipment, research equipment).
- Land acquisition will not be funded. Non-business-related infrastructure will not be eligible. Taxes, customs and import duties will not be funded.

**Selection Criteria for Component 2**

When selecting from the initial group of applications, priority will be given to activities listed below that does not exclude non-mentioned activities:
- Linked to other interventions and developments in other programmes (national and community programmes in Bulgaria and Romania);
- Contributing to projects involving economic development on both sides of the border;
- Responding to clearly demonstrated needs of SMEs;
- Establishing facilities supporting or inducing direct cross-border co-operation of businesses (demonstrating that at least 50% of firms that will use the services of the supported facility will be involved in cross-border trade/business);
- Applications for actions other than project preparation activities should be supported by a business management plan that clearly defines the services to be provided to SMEs and the tariffs for these services. A minimum 15% of the grant shall be dedicated to a) technical support for the provision of services to SMEs in the launching phase b) promotion campaign to ensure awareness of potential “clients/users”.

**Eligible beneficiaries for Component 2**

- Local public authorities and other public bodies;
- Local enterprise agencies;
- Chambers of commerce, agriculture and industry;
- NGOs with training activities in the field of business promotion and networking;
- Public or non-profit organisations, including local branches of universities and colleges, involved in vocational training;
- Research institutes;
- District Labour Services;
- District Employment Services;
- Non-profit organisations;
- Euro Regions;
- Association of the above.
Component 3 - Environmental protection and management (PRIORITY 3)

Budget:

<table>
<thead>
<tr>
<th></th>
<th>Phare CBC Support (MEUR)</th>
<th>National Public Co-financing (MEUR)</th>
<th>Total (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soft actions</td>
<td>0.45</td>
<td>-</td>
<td>0.45</td>
</tr>
<tr>
<td>Investment actions</td>
<td>1.35</td>
<td>0.45</td>
<td>1.80</td>
</tr>
<tr>
<td>Total</td>
<td>1.80</td>
<td>0.45</td>
<td>2.25</td>
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</tbody>
</table>

Under this measure, grants of EUR 50,000–150,000 shall be provided for studies, programmes and action plans and EUR 150,000–600,000 for environment infrastructure (indicative amounts). The following activities will be eligible under the Grant Scheme:

a) Soft actions for Studies, Programmes and Action Plans supporting cooperation (EUR 50,000-150,000)

This sub-component shall provide grants of EUR 50,000–150,000 for the procurement of services. Eligible activities include the following:

- Support for the preparation of the investment actions listed at point b) below;
- Jointly develop and promote tools and techniques (such as integrated local area management plans) to promote sustainable resource use and prevention of flooding and/or river bank/coastal erosion;
- Studies related to the protection of the cross-border environment, particularly of water catchments;
- Development of bio-diversity plans to conserve priority natural habitats and native species where this is best addressed on an interregional basis;
- Joint research activities to help understand, manage and monitor the land, air, marine and coastal environments and other aspects of common interest;
- Development or improvement of management plans of the trans-boundary protected areas (including nature reserves);
- Development or improvement of management plans for combating soil erosion in the trans-boundary region;
- Joint actions to understand the economic and social value of environmental resources;
- Encourage the protection of the cross-border environment through the development of agreements, strategies and management plans, particularly for water catchments;
- Jointly develop and stimulate educational programmes to promote dissemination of knowledge and public awareness of the natural resource and its sustainable use, and in relation to flooding and erosion protection;
- Support joint planning actions with key economic sectors to combat high pollution risks of a cross-border nature;
- Small supplies necessary to carry out the activities identified above;
• Appropriate training activities.

b) Investment actions (EUR 150,000-600,000)

This sub-component shall provide grants of EUR 150,000–600,000 for works and / or supplies and related services targeting environment infrastructure as follows:
• Construction or rehabilitation of buildings and other edifices and infrastructural establishments, also including information centres and facilities;
• Rehabilitation of polluted areas;
• Restoration of habitats and set up of ecological corridors;
• Conservation and sustainable development of exceptional landscapes;
• ICT development and implementation;
• Updating of communication and data transmission equipment;
• Environmental risk reduction;
• Purchase and installation of specific measuring tools and monitoring equipment in the border area;
• Purchase of remote sensing and modelling tools;
• Investments related to works for improvement of the flood control embankments;
• Construction works to protect natural and other economically important assets from erosion;
• Joint actions to improve the area's capacity for environmental management and monitoring, and its response to marine and water based emergencies including joint environmental disaster planning;
• Investments in rehabilitation of polluted areas
• Supervision of works.

Eligible Costs for Component 3

• Relevant and linked to institutional strengthening / coordination / networking activities;
• Appropriate project preparation and supervision activities;
• Construction and development costs of infrastructure (the costs of construction of new buildings, or renewal / refurbishment of existing buildings; works for improvement of flood control embankments and to protect river banks from erosion, costs rehabilitation of polluted areas, costs for the construction of new facilities to reduce pollution, renewal / refurbishment of existing buildings);
• Restoration of habitats and set up of ecological corridors;
• Purchase of equipment for non-commercial use (office infrastructure, monitoring equipment; IT and communication equipment, modelling tools);
• Costs of training related to dissemination of knowledge and raising public awareness, including nature reserves and visiting centres, and related to prevention of floods and riverbank/coastal erosion.

Land acquisition will not be funded. Taxes, customs and import duties will not be funded.
Selection Criteria for Component 3

When selecting from the initial group of applications, priority will be given to activities:

- Linked to other interventions and developments in other programmes (national and community programmes in Romania and Bulgaria);

- Contributing to projects involving environmental management and development issues on both sides of the border;

- Establishing facilities supporting or inducing direct cross-border co-operation of environmental protection and sustainable use;

- Applications for actions involving investments should be supported by a project management plan that also clearly defines the sustainability of the investments.

Eligible beneficiaries for Component 3

Organisations eligible for support will be non-profit organisations:

- District/municipal/local councils, and inter-communal co-operation organisations in the eligible areas;

- Local, district and regional water management, river protection and flood protection companies and public bodies;

- Public organisations responsible for management of natural parks and protected areas;

- Local, regional environment protection agencies;

- Local organisations, enterprise agencies, associations and foundations

- Professional associations;

- Research institutes;

- Public or non-profit organisations, including local branches of universities and colleges, involved in vocational training;

- Euro Regions;

- Environmental NGOs based in the eligible region;

- Associations of the above organisations within the defined cross-border region.

3.4.5. General Project Selection Criteria

Applications for funding under each measure (projects) will be selected according to a PRAG compliant evaluation grid that takes account of the following indicative selection criteria.\footnote{The selection criteria will be further developed in the guidelines and call for proposals.}

Applicants should apply for both types of funding for a given project: for the ‘soft measures’ (studies, programmes and action plans, small services supporting CBC and for ‘hard measures’ (involving investment actions) in order to achieve the objectives of that project.

Project duration

The maximum total duration of a single project shall not exceed 18 months.
Relevance

- Relevance to the particular needs and constraints of the cross-border region (including conformity with the BG-RO 2005-2006 Phare CBC programme and regional development plans and strategies);
- Linked to other interventions and developments by other programmes (national, regional and community programmes);
- Clear definition and strategic choice of the target area; relevance of the project to the needs of the target area;
- Compliance with the objectives of this grant scheme. The applicants must justify that the proposed projects are adapted to the specific needs of the cross-border region;
- Linked to interventions under other measures of the programme, especially to business infrastructure development under Measure 2.1;
- Coherent, appropriate and practical activities;
- Added value, new, innovative approaches;
- Clearly defined, strategically chosen target groups;
- Relevance of the project to the needs of the target group;

Methodology

- Supported by appropriate management plans;
- Appropriate project preparation and supervision activities;
- Contribution to institutional and capacity building;
- Involvement and activity of the cross-border partners in common elaboration and implementation of the project proposal;
- Clear and sufficiently detailed proposal text and sequence of logic proposal elements, including: Title (covering proposal text), Present situation, Problem to be solved, Methodology, Activities, Results and Impact and Sustainability, Risks and Assumptions;
- Logic and sound time-schedule and action plan of the project proposal, and a realistic projected implementation;
- Definition of objectively verifiable indicators.
- Inclusion of relevant support documents (if requested) for example:
  - Pre-feasibility study
  - Feasibility study
  - Cost-benefit analyses
  - Environmental impact assessments
  - Permits and construction plans
  - Tender documentation
  - Business plan
  - Training programme (curriculum)
• Research plan
  • Involvement of the project partners in the elaboration and implementation of the project proposal;
  • Realistic time-schedule for implementing the project proposal;
  • Logical objectively verifiable indicators and sources of verification for the project outcomes;
  • Methodology for follow-up of the project results.

Sustainability

• Tangible impact on target group(s);
• Further utilisation and long-term sustainability of the project results;
• Beneficial social, economic and/or ecological impacts of the project results;
• Possible multiplier effects of the project results.

Budget and cost effectiveness

• To what extent is the budget clear and detailed?
• To what extent are the proposed expenditures necessary for the implementation of the project?

Management Capacity and Expertise

• Availability of the necessary administrative and technical personal, organisational and institutional capacity for the implementation of the project proposal;
• Previous experience in similar projects.

Evidence of Cross-Border Impact

• To be eligible for Phare CBC financing, projects will have to be joint in the meaning that: “The cross-border impact shall be understood in terms of: joint development of project ideas / joint preparation of project application / joint implementation of project activities / joint co-financing of project activities on both sides of the border and assured sustainability by both cross-border partners of the results achieved”;
• Bulgarian applicants must have at least one project partner from the Romanian border region and provide a written statement from this partner outlining their support for the application and describing the relevance of the application to the partner;
• Application contributes to cross border development in terms of a particular measure defined in this fiche.
3.4.6. Beneficiaries / Organisations Eligible for Support

Projects for support will be selected according to transparent criteria\(^2\) (indicative selection criteria, in accordance with the evaluation grid of the PRAG). Profit making enterprises, profit oriented organisations and national organisations without a distinctive role in the border region will not be eligible for grant funding, as well as political parties. In any case, state aid rules apply.

In order to be eligible for a grant, applicants must:

- Be non-profit-making;
- Have their headquarters within the eligible cross border region.

or

- Be a local branch office of a national organisation that has a clear role in the border region. In this case the statute of the branch office must be attached to the application (Statutes and/or Articles of Association, or Rules of Organisation and Operation) and the local branch office must submit the application.
- Be directly responsible for the preparation and management of the project, not acting as an intermediary;
- Have stable and sufficient sources of finance to ensure the continuity of their organisation throughout the project and, if necessary, to play a part in financing it;
- Be experienced and able to demonstrate their capacity to manage activity corresponding with the size of the project for which a grant is requested.

Eligible Bulgarian applicants must have one partner on the other side of the border, which must fulfil the same eligibility criteria as the applicant. Each BG-RO partner can have one or more national partners. Applicants without any partners from the other side of the border will not be eligible.

3.5 Linked activities

- Phare joint project BG 2003/005-631.02 / RO 2003/005-701-05 Sustainable Economic Development of the Bulgarian-Romanian Border Region
- Phare joint project BG 2003/005-631.04 / RO PHARE 2003/005-701.04 Promotion of Sustainable Development and Conservation of Biodiversity in Bulgarian-Romanian Cross Border Region
- WWF-International Danube-Carpathian Programme: Development of GIS forestry maps of the Danube islands in Romania.

\(^2\) The selection criteria will be further developed with the preparation of the call for proposals.
• Project preparation phase of the Forest Rehabilitation and Sustainable Management Project (PE-P033964) supported by the World Bank.
• Phare CBC 2001 project in Environment Priority in RO Dobrogea Region (Romanian National Administration of Waters, but all activities were in line with monitoring of Black Sea water quality)
• Life Natura Project in marine domain, by Romanian Institute of Marine Research (related to Black Sea Coast)
• Romanian National Forest Administration reforested in the last 2 years, 2001-2002 approx. 1200 ha in forest domain, with own funds in all Constanta County.
• Track Tourism Development along Roussenski Lom River in Ivanovo Municipality, District of Rousse, 2001. Part of the activities directly affect the Municipality of Rousse and most of the municipalities along the Danube in East Bulgaria
• Protection and conservation of species and habitats in Bulgaria. Harmonisation with EU, financed by DANCEE, Denmark
• Biodiversity protection and economic growth, Bulgaria, financed by USAID

3.6 Lessons learned

This project is the first BG-RO Phare CBC programme to be implemented through an integrated Grant Scheme. Nevertheless during the preparation of the project fiche, practical experience from the 1999-2004 JSPF Grant Scheme projects, previous Phare CBC projects, Phare ESC Grant Scheme projects and other state support programmes was taken into account.

Previous Phare and Phare ESC projects are seen as relevant implementation models for the current project in terms of type, size and implementation arrangements (local implementing authorities). In addition, the conclusions of the ex-post monitoring reports and evaluation reports for this and similar projects and programmes have been considered in the preparation of this project fiche.

The outcomes of the assessment of CBC projects, especially BG-RO Phare CBC, carried out by the EMS, as well as the recommendations of the EMS reports were also taken into consideration during the programming phase and will be kept in mind during programme implementation.

The lessons learned can be summarised as follows:

• Importance of quality Feasibility Studies and Pre-Feasibility studies;
• Confirmation of Project Financing from the relevant authorities;
• Assistance should be provided to the IA, and ultimately to the beneficiary, for successful management to Phare requirements (documentary evidence, transparency, accountability etc.);
• Need for tight match between the final product (completed project) and the original needs assessment and project preparation studies (e.g. feasibility studies);
• Watertight confirmation of co-financing;
• Full consideration of all stakeholders with an emphasis on local stakeholder participation and decentralisation of decision making;
• Project selection and implementation should take full account of value for money;
• Adequate “Indicators of Achievement” needed at project planning state as a benchmark for late evaluation;
• Acknowledgement of Phare contribution (publications, website, etc.);
• Attention to Environmental Impact Assessment requirements;
• Adequate timing of project design to allow comprehensive initial surveys, outside the winter season (November-March);
• Adequate timing of project construction of the selected size to allow a minimum of one and a half construction seasons (March - October);
• All applicants shall specify baseline and targets in terms of results and impacts of their projects in harmony with the logframe matrix of the current project fiche.

• Since the first CBC BG-RO grant schemes of FM 2005 have not been launched so far, there is no fully relevant experience.

4. **Institutional Framework**

**Programme Management Structures**

*National Authorities*

Both BG and RO will have an Implementing Agency (IA) (fulfilling also the role of Contracting Authority (CA)) and have three joint management structures, namely the Joint Co-operation Committee (JCC), the Joint Steering Committee (JSC) and the Joint Technical Secretariat (JTS).

The **Implementing Agency** is the body responsible for the overall management and implementation of the programme for all financing under Phare CBC. The **Contracting Authority** role is carried out by the national authority designated in the Financing Agreement.

In Bulgaria, the Implementing Agency will be the Ministry of Regional Development and Public Works (MRDPW), acting through its Phare Implementing Agency Directorate General as IA and CA and, therefore, will retain overall responsibility for the implementation of the whole of the programme, including: approval of tender documents, evaluation criteria, evaluation of offers, signature of contracts, authorisation of invoices. The PAO retains his contractual and financial responsibility for the implementation of the Grant Programme. The PAO has full responsibility for selection and implementation (tendering, contracting and management) of all projects.

The IA/CA will remain responsible for approval of tender documents, preparation of evaluation criteria, evaluation of offers, signature of contracts and authorisation of invoices and will supervise adequately the CBC Regional Office Calarasi. In addition the IA/CA execute payments to the final beneficiaries (the CBC Regional Office Calarasi will not manage funds and payments). Also, control of funds remains the direct responsibility of the IA.

**The CBC Regional Office**

The Programme will be implemented as much as possible on a decentralised basis.

The BG Phare IA Directorate will therefore delegate a range of management tasks to the CBC Regional Office Calarasi and to the BG experts in Silistra JTS Branch office. The CBC Regional Office Calarasi together with JTS Silistra branch will assist the IA/CA in the implementation phases of the Grant Scheme project cycle (financial management, monitoring and control of the
projects). The relationship between the IA/CA and the CBC Regional Office Calarasi shall be defined in an Implementation Agreement which, in turn, shall be approved by the EC Delegation.
For the Romanian side, the Ministry of European Integration may delegate a considerable part of its responsibilities for implementing the CBC to a regional body, situated in the border area.

**Joint Management Structures**

**Joint Co-operation Committee:**

The JCC is the strategic body of the CBC BG-RO Programme. With members from both countries and from national, regional and local level, the JCC will ensure a joint management of the programme and thus ensure a policy and financial overview of the operation of the CBC. It performs the tasks described in the Phare CBC Regulation 2760/98

The main responsibilities of the JCC are:
- To adopt the JPD and any further adjustment of it, as appropriate
- To adopt the project fiches and the Financing Proposals to be put forward for the yearly programming exercise
- To consider and approve the joint annual and final progress and implementation reports before they are sent to the Commission.

The JCC consists of:
- representatives of national, regional, and local authorities, as well as representatives from civil society, NGOs, economic and social actors, sectoral organisations – e.g. Chamber of Commerce, Unions, etc. They may participate in the JCC in an advisory capacity, i.e. not as voting members.
- Representatives of the European Commission participate in the JCC in an advisory capacity.

The JCC will be co-chaired by the Romanian IA and the Bulgarian IA and will meet at least once a year.

**Joint Steering Committee (JSC):**

The JSC is the operational body of the CBC Programme. The main responsibilities of the JSC are:
- To prepare the project fiches for the yearly programming exercise, to be forwarded to the JCC for adoption;
- To oversee the calls for proposal/Application Pack (drafted by the JTS), to be forwarded to respective IA for publication;
- To oversee the joint selection of projects;
- To supervise the activities of the Joint Technical Secretariat (JTS) and the Evaluation Committee;
- To approve the framework for the Joint Technical Secretariat’s tasks and the rules of procedures for the JTS to define the exact division of tasks To approve
➢ To review periodically, progress made towards achieving the specific (and quantified) objectives of the programme and to analyse the results of implementation (achievement of the targets set for the different measures).

The JSC consists of:
- representatives from the RO IA/CA and representatives from the BG IA/CA (in case of RO, one member shall be nominated from the CBC Regional Office Calarasi)
- representatives of regional and local authorities with an equal representation of both RO and BG partners
- representatives of the EC Delegations, acting as observers.

The JSC will meet quarterly. It draws up and adopts its own rules of procedure.

**Joint Technical Secretariat (JTS):**

The JTS is the main administrative body of the programme.

The main responsibilities of the JTS are:
- receiving project applications,
- providing regularly monitoring reports the JSC
- providing advice to potential project partners
- carrying out day-to-day administrative tasks related to the programme.

The tasks of the JTS include only technical and administrative support which means that there will be no transfer of public authority tasks relating to the management of the funds.

The JTS consists of an Executive Secretary and four desk officers (2 Romanian (from the CBC Regional Office Calarasi and 2 Bulgarian). The CBC Regional Office Calarasi provides office facilities to the JTS. In case of RO, JTS running costs (with the exception of staff costs) will be financed from the programme’s Technical Assistance budget. The JTS will be accountable to the IA/CA in RO and to the EC Delegations to RO for the management of the respective EU funds used for fulfilling its tasks.

From past experience it is clear that project applicants need considerable assistance in the preparation of their applications. The JTS will be equipped to organise training and information workshops and to assist in a transparent manner the potential beneficiaries to prepare good quality proposals, including project cost assessment.

The Joint Technical Secretariat will convene.

**Implementation at Project Level**

In 2006 two separate but harmonised application procedures will be introduced. It is the intention of all parties to develop this system into a procedure that is coordinated and “joint” to the greatest extent possible.

The IA/CA in BG and RO, in close co-operation with the JSC, will draft the following harmonised documents:
- Calls for proposals,
- Guidelines for applicants,
- Application form.

For BG, the Application Pack will be published in English and in Bulgarian.
Project application and submission
For BG, the application language will be English. Supporting documents for Bulgarian applicants/partners can be presented in Bulgarian language. The CA can ask the successful applicants/partners for a translation into English of supporting documents (on the cost of the applicant/partner) before the signature of the contract. For BG, the RO partners should provide translated documents into English.

All applications shall be submitted to the JTS. The JTS collects and registers all proposals.

Project Selection
The JTS will perform the secretariat function for the joint Evaluation Committee. Projects will be selected following the approval and issue of harmonised Guidelines for Applicants, harmonised Call for Proposals and an evaluation of subsequent project applications. The JTS will provide support to applicants. The JTS will collect and register submitted project proposals and the selection and approval process will follow PRAG.

Each IA/CA (PAO) will nominate a Grant Scheme Evaluation Committee (with a non-voting Chair and Secretary, and voting members) exclusively on the basis of technical and professional competence, ensuring a clear balance between national / regional / local representation, technical knowledge and independent expertise. The EC Delegation will approve the composition of the committee and will nominate an observer to follow all or part of the proceedings.

The evaluation process will be simultaneously carried out by the BG and RO Grant Scheme Evaluation Committees. Formal evaluation decisions will be made once both Evaluation Committees have consulted each other and drawn up their evaluation report (containing recommendations for grants) and submitted it to the IA/CA. The IA/CA (PAO) then approves and forwards the evaluation report, and grant award proposals, to the EC Delegation. The EC Delegation then endorses (ex-ante) the evaluation report and the final list of grants to be awarded. It should be noted that the EC Delegation participation in the evaluation committees as observer is compulsory.

The IA/CAs notify the JTS and each applicant in writing of the result of the selection process.

The Joint Steering Committee
The Joint Steering Committee (JSC) oversees the joint selection of projects, but is not actually involved in the selection process. The Joint Evaluation Committee operates in full autonomy. The JSC cannot change the Evaluation Committee's scores or recommendations and cannot alter the evaluation grids. The JSC formally ratifies the Evaluation Report and the award proposals and pass them on (together with recommendations, as appropriate) to the IA/CA for endorsement and onward transmission to EC Delegations for final approval.

Award of grants
Once the EC Delegation has approved the Evaluation Report and the grant award proposals, the IA/CA will commence awarding the grants according to PRAG rules.

Each IA/CA drafts the grant contract according to PRAG, using the standard grant contract form and its annexes, and submits this to the EC Delegation. The EC Delegation approves the standard contract form and then the list of grants to be awarded.

The PAO then signs the grant contracts with the selected beneficiaries based on the final list of grants approved by the EC Delegation. The language of the grant contract is English. A copy of
the signed grant contract is sent to the EC Delegation. Copies of the signed grant contracts are made available at the respective IA/CA in BG and RO.

The Joint Technical Secretariat will notify the successful and unsuccessful applicants of the result of the Call for proposals within 30 days of the Commission approval of the list of award proposals.

**Implementation of grant contracts**

The implementation of selected projects through provision of works, supplies and services, which are sub-contracted by the final beneficiaries of the individual grants (“secondary procurement”) will be subject to the procurement rules for External actions (PRAG) at the time of implementation. The IA is responsible for ensuring that grant beneficiaries implement the projects in compliance with the EC rules.

Tenders and contracts of EUR 50,000–300,000 will be presented to the IA (MRDPW) for ex-ante approval. For secondary procurement below this threshold, the IA will implement a system of random checks to verify that grant beneficiaries apply contracting procedures in accordance with EC rules.

Tenders and contracts above EUR 300,000 will be presented to the IA and EC Delegation for ex-ante control. For secondary procurement below this threshold, the Delegation will implement a system of random checks.

The above provisions are valid until Bulgaria becomes a member state of the European Union. After accession, the national procurement legislation will be in force.

5. **Detailed Budget (**)**

<table>
<thead>
<tr>
<th>€M</th>
<th>Phare (***</th>
<th>Co-financing</th>
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% of total public funds

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<td><strong>1.350</strong></td>
</tr>
</tbody>
</table>

| Total project | 2006 | 5.400 | 1.350 | 6.750 |

(*) a minimum 25% co-financing of investment measures is provided from the Bulgarian national budget through Ministry of Finance;

(**) the allocation of funds by components within the grant scheme is indicative and the real distribution will depend on the number of quality project proposals received and on the respective number of grants awarded;

(***) maximum 80% (5.40 MEUR) of the total support (6.75 MEUR) is designed for investment activities.

6. **Implementation Arrangements**

6.1 Implementing Agency

**Bulgaria**

The IA/CA in Bulgaria will be the Ministry of Regional Development and Public Works, through its Phare Implementing Agency Directorate General, which will retain overall responsibility for the implementation of the programme, including: approval of tender documents, evaluation criteria, evaluation of offers, signature of contracts, authorisation of invoices. The payments of invoices will be made by the Payments Department within the same Directorate.

The Phare Implementing Agency DG also includes a unit for the National Co-ordination of CBC programmes nominated as CBC Programme Co-ordination Unit (CBC – PCU) that will support the beneficiaries in their activities concerning the preparation of tender dossiers and related documents.

Ministry of Regional Development and Public Works
Cyril and Methodius 17-19, BG-1202 Sofia
Phone: +359 2 9405 382
Fax: +359 2 987 0737

**Romania**

The IA/CA in Romania will be the Ministry of European Integration, through its Cross Border Co-operation Directorate. The Payments Directorate (at MEI) undertakes the payment of all invoices. The PAO will be the Minister of European Integration.

Ministry of European Integration (MEI)
17 Apolodor St, Sector 5, Bucharest,
Tel. +40 21 311 4180
Fax +40 21 311 4185
The Ministry of European Integration will delegate part of its responsibilities, through an Implementing Agreement (a service contract in line with PRAG rules) with the CBC Regional Office Calarasi, which will be responsible for the overall implementation at measure level and for the sound financial implementation of the grant contracts.

The JTS will support the coordination of project implementation on both sides of the border.

CBC Regional Office Calarasi
Str. 1 Decembrie 1918, no. 1, Calarasi, Calarasi County.
Tel. +40 242 331 591
Fax +40 242 331 609

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 through a single call for project proposals, according to the “Practical Guide to contract procedures for EC external actions” (PRAG) valid as from 1/02/2006. The grants described below cover a joint Phare CBC and Bulgarian funding effort (in the proportions laid out in Section 5 – Detailed Budget).

All 3 Components of the Grant Scheme shall support implementation of approved projects with grants of between EUR 50,000-150,000 for soft actions and EUR 150,000-600,000 for investment actions. It is estimated that minimum 9-10 projects will be supported by this grant scheme.

Beneficiaries will sign Grant Contracts with the PAO laying down the rules of the project implementation, based on the list of supported projects approved by the IA and endorsed by the EC Delegation.

In the case of secondary contracting (supplies, works and services) the Lead Partner (beneficiary of the grant contract) will act as contracting authority and will ensure transmission of secondary contracts to the EC Delegation as soon as they are signed.

Any sub-contracting of the required services, works and supplies will comply with the “Practical Guide to contract procedures for EC external actions” (PRAG) (to be described in the grant guidelines).

Projects in excess of EUR 300,000 will be subject to ex-post control by the EC Delegation in accordance with PRAG.

The above provisions are valid until Bulgaria becomes a member state of the European Union. After accession, the national procurement legislation will be in force.

7. Implementation Schedule

<table>
<thead>
<tr>
<th>Start of preparing the</th>
<th>Publication of</th>
<th>Start of project activity</th>
<th>Project completion</th>
</tr>
</thead>
</table>

29
7.1 Start of tendering/call for proposals
March 2007

7.2 Start of project activity
November 2007

7.3 Project Completion
April 2009

8. Equal Opportunity
The implementation of this project does not support discrimination based on gender, race, religion etc. Equal opportunity principles and practices in ensuring equitable participation in the projects supported by the programme will be ensured. At the same time the project implementation procedures will ensure that the project brings benefits to all parties regardless of gender, race, religion etc.
Only such projects will be selected that do not contain discriminatory elements and that are open for men and women and other categories as well as to ethnic groups on an equal basis.

9. Environment
Environment protection is one of the priorities of the project. The measures implemented under the project will therefore be complementary to the measures implemented with pre and actual EC structural instruments. Phare will only co-finance projects that meet EU environment standards.
Projects with potential negative environmental impacts will be subject to an environmental assessment process that meets the requirements of the EIA Directive (85/337/EEC). This will ensure that any negative impact is avoided or mitigated at project preparation stage.

In the field of environmental impact assessment the Romanian legislation is in full conformity with related EC legislation (Council Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment as amended by Council Directive 97/11/EC). Only investment projects already having all necessary permits and authorisations are eligible for support under the grant scheme.

Moreover, the projects to be developed under the environmental co-operation priority will be designed to alleviate environmental problems and selection criteria will be specific in this respect.

Economic development projects supporting activities in the fields of environment protection, using or developing environmentally friendly technologies or products, will be preferred during the selection process.
On the institutional side, particular attention will be given to participation of local representatives of Ministries of Environment in the Joint Steering Committee, including local Environmental Inspectorates and branches of the national water companies in the selection of projects.

10. **Rates of return**

A Cost Benefit Analysis will be part of each feasibility study forwarded together with the grant application. This will follow the EC guide to Cost-Benefit Analysis and will calculate financial rate of return (FIRR) as well as economic rate of return (EIRR), including creditworthiness, and will be based on the Business plan. Increasing of tariffs, in the case (public works) will be justified and the affordability of these tariffs will be demonstrated in the feasibility study.

The financial rate of return cannot exceed 10%. The calculation of the economic rate of return will be realistic and estimated benefits should be achievable as an effect of the project alone and should not depend on other action with resources and means not yet identified.

11. **Investment criteria**

11.1 **Catalytic effect**

The project will finance the infrastructure improvement projects, protection environment projects and economic development, as well as economic, innovation and training activities that are high priorities in the target regions. Support to innovative and pilot projects will raise the awareness of common concerns and chances across the border region. It will also strengthen the positive attitude towards co-operation in solving common concerns, establishing common structures in economic development, and thereby increasing competitiveness of the whole cross-border region. The Phare CBC contribution will act as a catalyst both for priority Accession-driven actions in the field of cohesion promotion and in the improving of the life standards for population.

11.2 **Co-financing**

The necessary minimum 25 % co-financing of the total grant amount for investment measures will be provided from the Bulgarian national budget.

The corresponding figures are clearly laid out in the budget table above (Section 5). Co-financing will be implemented following the same procedure as for Phare funds, for the entire cycle of the project. The PAO will be responsible for reporting to the Commission about the implementation and the results achieved.

No co-financing is expected from other international financing institution.

11.3 **Additionality**

The project will not generate competition with any private service providers, and no other financiers will be displaced by the Phare intervention, in particular as the project target mainly beneficiaries whose demand for financing and training measures, is still unmet by the private sector.
11.4 Project readiness and size

A draft of the Cooperation Agreement, Call for Proposals, Application Form, Guidelines for Applicants and Grant Contracts will be elaborated by all concerned organisations by the time of signing of the Financing Memorandum. All documents shall be prepared according to the PRAG template and submitted to the Delegation for endorsement prior to the launch of the Call for Proposals.

The Grant Scheme will provide for BG project grants ranging from EUR 50,000 to 600,000 in line with the Phare Programming Guide 2006 issued by the Commission. The total Phare contribution to the Grant Scheme is MEUR 5.4 and meets the minimum project size requirements.

Project proposals for grant support under all measures will be evaluated using a detailed scoring matrix. Project readiness will be one factor in the evaluation and scoring of proposals.

11.5 Sustainability

All projects supported through the grant scheme will be operated by the beneficiaries. The beneficiaries will be responsible for the sustainability of the project and will provide the administrative staff with the necessary funds for any operational costs. The ability of the applicant to finance the long-term operation and maintenance of the project infrastructure shall be proved in the application 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).

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 or present firm operation agreements with third parties. The ability of the applicant to finance the long-term operation and maintenance of the establishments or programmes shall be proved in the application and checked at the project selection phase.

The selected projects will be independent, but will be closely co-ordinated with one another. All proposed projects should be compliant with the Acquis Communautaire and EU norms and Standards as well as Bulgarian regulations. Where projects will result in tariffs an affordability analysis and tariff evaluation will be part of the feasibility study on which selection is based.

Where relevant, a binding commitment for project adoption by the final operator, coherent with the feasibility study, and specifying the source and amount of financial resources that will be made available in this respect, should be submitted together with the proposal. This will include the provisions for covering the maintenance and any other involved expenses related to the project life costs.

Where procurement is required under secondary contracting the relevant procurement rules will be observed and project implementation / construction will be under EC rules of contracting conditions.

11.6 Compliance with state aids provisions
All actions financed by Phare CBC will respect the state aid conditions and rules referred to in the European Agreement.

12. Conditionality and sequencing

The Ministry of Regional Development and Public Works will ensure the necessary human and physical (office space and equipment) resources for the management of the Grant Scheme and coordination of the Bulgarian part of the programme.
ANNEXES TO PROJECT FICHE

1. Log frame.

2. Detailed implementation chart.

3. Contracting and disbursement schedule, by quarter, for full duration of project (including disbursement period).

4. Reference list of feasibility/pre-feasibility studies, in depth ex ante evaluations or other forms of preparatory work (not applicable).

5. Reference list of relevant laws and regulations

6. Reference list of relevant strategic plans and studies (not included)
## LOGFRAME PLANNING MATRIX FOR

**Project:** Sustainable Development in the Bulgarian-Romanian Border Region

**Programme name and number**

<table>
<thead>
<tr>
<th>Total budget</th>
<th>Phare budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>M€ 6.75</td>
<td>M€ 5.40</td>
</tr>
</tbody>
</table>

**Contracting period expires**

| 30 November 2008 |

**Execution of contract period expires**

| 30 November 2009 |

## Overall objective

The overall objective of the programme is promotion of sustainable economic development of the Bulgaria-Romania border region, in order to reduce its peripheral character, through increased cross-border cooperation between the private and public sectors and between individuals.

In pursuing this overall objective, a Grant Scheme mechanism will be established to fund a limited number of projects dealing with the defined priorities and relevant measures outlined in the Joint Programming Document BG-RO 2003-2006, namely:

**Priority 1:** Improving Infrastructure  
**Priority 2:** Economic Development  
**Priority 3:** Environmental Protection and Management

## Objectively Verifiable Indicators

- Increased economic development  
- Common actions to solve common concerns with the utilisation of local potential

## Sources of Verification

- Reports of the National Statistics services  
- Regional/district statistics  
- Regional reports
### Project purpose

While concentrating on the strategic dimension of cross border development which involves and benefits local communities, the purpose of the project is to support the further development of the economic and social cohesion of border regions, in line with the sustainable development principles, promoted through the above three priorities.

### Objectively Verifiable Indicators

- **1.1**: Average time reduced by 10% on supported roads of common interest within 2 yrs project completion
- **2.1**: Business related infrastructure fully operational in border area within 2 years of project completion
- **3.1**: Improved local environmental indicators by at least 5% in 2 years after the Grant Scheme implementation

### Sources of Verification

- National & regional statistics
- Regional reports
- Business register
- Programme evaluation report
- Regional Chambers of Commerce Statistics

### Assumptions

- BG fulfils conditions for receipt of EU CBC funds
- Continued co-operation between relevant CB authorities / organisations at national, regional & local level in BG & RO
The overall result of the project will be the development and consolidation of economic relations and co-operation initiatives (market integration and societal coherence) hand-in-hand with improved environmental management in the border region. A fully operational Grant Scheme will support projects that promote cross-border cooperation development, thus helping the achievement of the following specific results under each measure.

### Results

<table>
<thead>
<tr>
<th>Objective Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 30 partners involved in cooperation networks;</td>
<td>Monitoring &amp; evaluation reports</td>
<td>Support from other relevant institutions</td>
</tr>
<tr>
<td>Number of projects implemented – minimum 9-10 projects within the whole grant scheme;</td>
<td>regional statistics &amp; reports</td>
<td>Adequate provision from state budget</td>
</tr>
<tr>
<td>Minimum 20 newly established partnerships and networks;</td>
<td>Chambers of Commerce statistics &amp; reports</td>
<td>Output relevant to sustainable development needs</td>
</tr>
<tr>
<td>Monitoring &amp; evaluation reports</td>
<td>Financial report</td>
<td></td>
</tr>
<tr>
<td>regional statistics &amp; reports</td>
<td>Final report</td>
<td></td>
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<tr>
<td>Chambers of Commerce statistics &amp; reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final report</td>
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</tbody>
</table>

### Activities

Activities under Components 1, 2 and 3 (Measures 1.1, 2.1 and 3.1) will cover two main types of intervention: a) soft actions for supporting development of co-operation (procurement of services to assist joint initiatives etc.) and b) investment in works, supplies and related services targeting realisation of the measure.

A very detailed description of activities by measures and by type of intervention under each measure are given above in the project fiche.

### Means

Grant scheme – 6.75 MEUR, including 5.40 MEUR Phare contribution; 1.35 MEUR national co-financing

### Preconditions

- Documentation for the Grant Scheme implementation approved by EC Delegation
<p>| |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>• Training of staff/experts involved in Grant Scheme</td>
</tr>
<tr>
<td>• Timely development of appropriate CBC project management system</td>
</tr>
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**ANNEX 2: Detailed implementation chart**

*Project title: Sustainable Development in the Bulgarian-Romanian Border Region*

<table>
<thead>
<tr>
<th>Contracting</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tr>
<td>1 Grade Scheme</td>
<td></td>
<td></td>
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<td>T T T T T/C</td>
<td>I I I I I I I I I I I</td>
<td>I I I</td>
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</tbody>
</table>


ANNEX 3: Contracting and disbursement schedule by quarter

*Project title: Sustainable Development in the Bulgarian-Romanian Border Region*

<table>
<thead>
<tr>
<th>Contracting</th>
<th>Cumulative contracting schedule by quarter in MEUR (provisional)</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2007</td>
</tr>
<tr>
<td></td>
<td>III IV I II III IV I II III IV I II III IV I II III IV</td>
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<tr>
<td><strong>PHARE contribution</strong></td>
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<td></td>
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<tr>
<td>Grant Scheme – Phare</td>
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<tr>
<td><strong>Total PHARE</strong></td>
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<tr>
<td><strong>National contribution</strong></td>
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<td></td>
</tr>
<tr>
<td>Disbursement</td>
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<td>2007</td>
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<tr>
<td>----------------------------------</td>
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</tr>
<tr>
<td></td>
<td>III</td>
<td>IV</td>
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<tr>
<td><strong>PHARE contribution</strong></td>
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<tr>
<td>Grant Scheme –Phare</td>
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<tr>
<td></td>
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<td>4.320</td>
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<tr>
<td><strong>Total PHARE</strong></td>
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<tr>
<td><strong>National contribution</strong></td>
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<td></td>
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<tr>
<td>Grant Scheme - National co-financing</td>
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<td>1.080</td>
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<tr>
<td><strong>Total National co-financing</strong></td>
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<tr>
<td><strong>Total disbursement:</strong></td>
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<td>5.400</td>
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