Cross border co-operation between Bulgaria and Former Yugoslav Republic of Macedonia
2006 Project Fiche on Sustainable development of the BG-fYRoM border region
( Priority 1 & and Priority 2)

1. Basic Information

CRIS Number: BG 2006/018-389.01.01
Title: Sustainable development of the BG-fYROM border region
Sector: Regional Development / CBC
Location: Bulgaria – Former Yugoslav Republic of Macedonia Border Region
Duration: 18 Months
Contracting deadline: 30/11/2008
Execution of contract deadline: 30/11/2009

2. Objectives

2.1 Overall Objective(s):
Achievement of economic, social, cultural and ecological sustainability in the cross-border region

2.2 Project purpose:
- Improvement of the environment and infrastructure supporting cross-border cooperation and protection of natural and cultural resources promoting sustainable development;
- Development of complementary economic activities and creation of new and development of existing cross-border contacts at different levels and sectors.

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 cooperation in the regions, seen as one single unit.

NPAA
The project is in accordance with the requirements of the Phare CBC/CARDS Neighbourhood Programme between the Republic of Bulgaria and the former Yugoslav Republic of Macedonia and priorities of the Bulgarian National Programme for Adoption of the Acquis.
The proposed project is in conformity with the short term and mid term NPAA priorities namely: researches and technologies, telecommunications, industry, transport, economic and social cohesion, social and employment policy, regional policy and cohesion.

2.4 Contribution to National Development Plan (and/or Structural Funds Development Plan/SDP):
The Project’s objectives are parallel to the provisions of the Bulgarian National Development Plan 2000-2006:

- **Aim 1** Achieving of sustainable regional development
- **Aim 2** Creating of background for economic growth and high level of employment on the basis of the regional potential.
- **Aim 3** Strengthening of the economic and social regional societies in the process of the European integration.

The regional development strategy defines the following priorities:

- **Priority 1.** Increasing of the regional and local economic activity
- **Priority 2.** Improvement of the business infrastructure
- **Priority 3.** Vocational skill development in support of the regional and local economic activity
- **Priority 4.** Peripheral regions’ development

2.5 Cross-border impact

The project is related to all measures under Priority 1 and Priority 2 of the Joint Programming Document for Phare CBC/CARDS Neighbourhood Programme between the Republic of Bulgaria and the former Yugoslav Republic of Macedonia (2004-2006) namely:

**PRIORITY N. 1 SUSTAINABLE SPATIAL DEVELOPMENT OF THE CROSS-BORDER REGION**

*Measure 1.1. MANAGEMENT OF NATURAL AND CULTURAL HERITAGE*
The projects under this measure will contribute to the achievement of JPD specific objectives n.1 and n.2, i.e. protection of natural / cultural resources and improvement of the environment with the aim of ensuring sustainable development of the entire cross-border region.

*Measure 1.2. MODERNISATION AND EXTENSION OF THE EXISTING SMALL-SCALE INFRASTRUCTURE*
The projects under this measure will contribute to the achievement of JPD specific objectives n.1 and 3, i.e. improvement of the infrastructure supporting cross-border cooperation and development of complementary economic activities with the aim of creating jobs and generating additional wealth.

**PRIORITY N. 2 PROMOTION OF CROSS-BORDER COOPERATION BETWEEN PUBLIC INSTITUTIONS AND BUSINESSES**

*Measure 2.1. COOPERATION AMONG PUBLIC INSTITUTION AT REGIONAL / LOCAL LEVEL*
The projects under this measure will contribute to the achievement of JPD specific objective n.4, i.e. creation of viable cross-border contacts at different levels and sectors of activities.

*Measure 2.2. COOPERATION IN THE FIELD OF BUSINESS ACTIVITIES*
The projects under this measure will contribute to the achievement of JPD specific objective n.3, i.e. development of complementary economic activities with the aim of creating jobs and generating additional wealth.
The proposed Grant Scheme will enable the development of joint or complementary projects with direct cross-border impact, which should 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 (Phare and CARDS) and assured sustainability by both cross-border partners of the results achieved.

3. Description

3.1 Background and justification:
The 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 proposed Grant Scheme project covers two Windows. The first one, (Investment activities) aims at the continuation of the activities specified in the Grant Schemes under FM 2004 and FM 2005. The above Grant Schemes aimed at development of the activities respectively under Measure 1.1 (for 2004) and Measure 1.2 (for 2005), while the present GS project covers the both measures of Priority 1.

The second window, (Institutional building activities) aims at further development and extension of real partnership in programming and implementation of regional development policy at local level. The situation concerning the distribution of measures (under Priority 2) during the 2004-2006 is on the analogy of this for Priority 1.

As already underlined in the JPD analysis, the border area between Bulgaria and the former Yugoslav Republic of Macedonia is homogeneous from natural, geographical and environmental point of view and similarities can be highlighted also from the economical and cultural points of view. In this framework, and especially in the current process of EU integration, the setting up of integrated and coordinated interventions on both sides of the border are crucial for strengthening the links between institutions and people, increasing the sustainability of economic and social activities, and provision of a real basis for their further development.

The specific cross-border problems exist related to transport flow and its environmental impacts (international roads E-75, E-79 and E-871), solid waste endangering groundwater resources (mining, pesticides, urban), surface waters pollution (the cross-border river of Strumeshnica/Strumica). There is a shortage of joint cross-border systems and facilities for monitoring the environmental quality and prevention of natural disasters (e.g. fires, floods etc).

The specifics in infrastructure development of the programming area, i.e.: a strategic location in the Trans-European Networks with presence of basic transport infrastructures and increasing traffic flow at cross-border points, but at the same time inadequate technical level and uneven distribution of roads throughout the territory supplemented by insufficient development of the main business infrastructure, made clear that the economies of the eligible territories needs to be strengthened.

As an indication, most of the interventions referring to the economic sphere will be related to the agricultural, tourism and environmental sector and will be aimed at exploiting local cross-border opportunities, mainly those offered by the enlargement of the markets. Priority will be given to projects that enhance the economic complementarities of the area. The overall interventions will have to effect also on the increasing of the employment potentials in the private sector and the mobility and adjustment of labour force to alternative economic and social activities, also by innovative systems.
The completion and integration of transport and business-related infrastructure on both sides of the border is a basic pre-requisite for an effective cooperation at all levels, and especially in the economic sphere, e.g. easier market access, enlarged labour markets, exchange of visitors etc. In addition, the programme will support investment activities that are directly linked to creation of new competitive advantages of the region.

3.2 Sectoral rationale

N/A

3.3 Results

The overall result of the project will be aimed at the 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:
The expected results will be relevant to the sustainable development principles.
Window 1
- increased efficiency of the integrated management and sustainable use of natural and cultural resources
- improved infrastructures supporting cross-border cooperation and developed complementary economic activities and thus created jobs and generated additional wealth
Window 2
- improved regional cooperation and established/developed local capacity and networks
- increased local initiatives and developed cross-border networks in different economic and social sectors

The foreseen results will be achieved through the implementation of joint projects (with participation of both Bulgarian and the former Yugoslav Republic of Macedonia partners).

3.4 Activities

All the activities will be in compliance with the sustainable development Guidance agreed in June 2005

The following activities will be eligible under the Grant Scheme (a detailed list of eligible activities will be developed in the “Guidelines for Applicants” that will precisely define all rules on the functioning of the GS):
The project will be implemented in the form of a grant scheme:

Window 1 - Investment activities
- Conservation of natural and cultural heritage and development of appropriate forms of tourism
- Improvement of the joint management and supporting facilities in water management
- Wise use of natural resources – organic farming, eco-tourism etc.
- Feasibility studies for future investment actions and preparation of mature sustainable development projects;
- Preparation of projects based on EU requirements in the field of environment protection work- and food-safety etc.
- Completion of missing network and telecommunication links
- Business development projects concerning innovations, know how etc.
- Modernising and equipping buildings for business cooperation
Window 2 - Institutional building activities

- Creating business networks and know-how transfer mechanisms providing sustainable development
- Joint research projects, studies, concepts and awareness raising/training activities related to natural resources, cultural heritage and the development of appropriate forms of economic activities
- Development of cross-border regional strategies, programmes, projects and information systems
- Business information and support activities
- Identification and development of alternative economic activities (ecological production, traditional crafts, etc)
- Improvement of regional labour skills and vocational qualification services relevant to the economic development
- Training in EU legislation requirements in the sphere of work safety, environment, food-safety etc.

Eligibility criteria, eligibility of area, applicants and partners

Eligibility of area:
The Grant Scheme is applicable for the following cross-border areas:

In Bulgaria:
Districts of Kjustendil and Blagoevgrad.

In the former Yugoslav Republic of Macedonia:

- North-East region: 2 municipality groups – Kratovo and Kriva Palanka (including the municipalities of Kriva Palanka and Rankovce)
- South-East region: 2 municipality groups – Radovis (Radovis, Konche, Podares) and Strumica (Strumica, Bosilevo, Vasilevo, Murtino, Novo selo)
- East region: 7 municipality groups – Berovo (Berovo, Pehcevo); Vinica (Vinica, Blatec); Kocani (Kocani, Zrnovci, Oblesevo, Cesinovo, Orizari); Probistip (Probistip, Zletovo); Stip (Stip, Karbinci); Delcevo (Delcevo, Makedonska Kamenica) and Sveti Nikole.

Eligibility of applicants:
Organisations eligible for support will be non-profit organisations.

The potential applicants of this Grant Scheme might be: municipalities, tourism and cultural organisations/associations, organisations for nature protection, local and regional development associations and agencies, Euroregion associations, associations of local communities, business support organisations and associations (local enterprise agencies, development agencies and chambers, NGO’s, tourism associations) and vocational training organisations.

The organizations eligible for support must be registered (or to have a branch office) in the following cross-border districts: Kjustendil and Blagoevgrad (for Bulgaria) and for the former
Yugoslav Republic of Macedonia: in Kratovo and Kriva Palanka (including the municipalities of Kriva Palanka and Rankovce), Radovish (Radovis, Konce, Podares) and Strumica (Strumica, Bosilevo, Vasilevo, Murtino, Novo selo), Berovo (Berovo, Pehcevo); Vinica (Vinica, Blatec); Kocani (Kocani, Zrnovci, Oblesevo, Cesinovo, Orizari); Probistip (Probistip, Zletovo); Stip (Stip, Karbinci); Delcevo (Delcevo, Makedonska Kamenica) and Sveti Nikole

**Size of the individual grants:**
The minimum grant for a single application to be contracted (under Phare) is € 50 000 while the maximum one is € 300 000.

Potential beneficiaries could apply for both windows of the project.

Activities covered under the Grant Scheme have to be in line with the national legislation and the EU requirements for Phare CBC/CARDS Neighbourhood Programmes. The maximum project duration of a single project under this grant scheme will be 18 months.

The necessary minimum 25 % co-financing for the projects under Window 1 (Phare Programme) will be provided from the Bulgarian national budget.

The necessary minimum of 10 % co-financing for the projects under Window 2 (Phare Programme) will be provided by the beneficiaries.

The minimum co-financing requirements for the grant applicant from the former Yugoslav Republic of Macedonia for both Windows (CARDS Programme) is 10 % co-financing for projects between € 50 000 and € 300 000.

Detailed eligibility criteria for participation in the grant scheme will be given within the Guidelines for Applicants. The applicant organisations must be registered in the eligible border region.

**General criteria for eligibility:**
Only the projects falling into one of the following categories should be considered eligible to the grant Scheme
- 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;
- Integrated projects where partners on either side of the border contribute different elements to a single project.

**Eligibility and selection criteria**
The following eligibility and selection criteria will be incorporated in the Guidelines for applicants.

The Grant Scheme is applicable for the following cross-border areas: district of Kjustendil and district of Blagoevgrad (for Bulgaria) and for the former Yugoslav Republic of Macedonia: in Kratovo and Kriva Palanka (including the municipalities of Kriva Palanka and Rankovce), Radovish (Radovis, Konce, Podares) and Strumica (Strumica, Bosilevo, Vasilevo, Murtino, Novo selo), Berovo (Berovo, Pehcevo); Vinica (Vinica, Blatec); Kocani (Kocani, Zrnovci, Zrnovci,
Oblesevo, Cesinovo, Orizari); Probistip (Probistip, Zletovo); Stip (Stip, Karbinci); Delcevo (Delcevo, Makedonska Kamenica) and Sveti Nikole

Potential applicants: Organisations eligible for support will be non-profit organisations:

Detailed eligibility criteria for participation in the grant scheme will be given within the Guidelines for Applicants. Profit oriented organisations are not eligible. The applicant organisations must be registered in the eligible border region.

**Eligibility of projects**

**Size of project:** Phare contribution of the project will be **50 000 – 300 000 €**.

The applications should contain obligatory *Institutional Building (IB)* measures. If the applicants apply with proposal including both *IB* and *investment measures* the latter cannot exceed 78 % of the total grant amount.

**Duration of the project:** max **18 months** with the ending date of at least a month before the expiry date of the Financing Memorandum. The same project proposal must not receive more than one EC-funded grant.

Activities covered under the Grant Scheme have to be in line with the national legislation and the EU requirements.

3.5 **Linked Activities:**

Bulgaria has concluded agreements on cross-border cooperation with Greece (since 1994, € 20 million per year) and Romania (since 1999, € 8 per year) in the framework of programmes INTERREG IIIA and Phare-CBC. In anticipation of the future EU external borders, an External Border Initiative in Bulgaria of € 4.12 million was allocated in 2003 to prepare new cross-border cooperation programmes from 2004 onwards between Bulgaria and Turkey, Serbia & Montenegro and the former Yugoslav Republic of Macedonia. The previous linked projects in the framework of the Phare CBC/CARDS Neighbourhood Programme are as follows:

- **Under FM 2004,** € 0.750 million were provided for the former Yugoslav Republic of Macedonia and € 1.500 million - for Bulgaria (2004-016-786.01.01 Grant Scheme Nature protection);
- **Under FM 2005,** € 0.750 million were provided for the former Yugoslav Republic of Macedonia and € 2.430 million - for Bulgaria (2005/017-456.01 Sustainable Development Grant Scheme)

The former Yugoslav Republic of Macedonia has also significant experience in the development of cross-border cooperation with its neighbours (especially the € 37 million programme with Greece of 1996-1999), through line of different activities in which other international organisations have been involved, especially the Council of Europe and the European Union.

At the local level, there is a strong political will to develop cross-border projects and create new sustainable structures like "Euroregions" across the borders of Serbia, Greece, the former Yugoslav Republic of Macedonia and Bulgaria, between the cities of Nish, Skopje and Sofia and their neighbouring regions.
Both Bulgaria and the former Yugoslav Republic of Macedonia have already experience with the programming and implementation of the European Union Programmes. Such experience makes the two partner countries able at raising synergies and minding the utmost coherence with other ongoing Programmes financed by the EC.

3.6 Lessons learned:
The project is the third of this type to be implemented between the two neighbouring countries with joint EU funding (Phare and CARDS). In regard to that the experience is showing that there is a need for more focused approach on both sides, striving to reach synergies from activities implemented and results achieved so that there will be shared benefits within the CBC region. The previous experience of both countries under the current Neighbourhood Programme and various other programmes could provide enough evidence for the achieved up to now.

Experience obtained from past and ongoing projects, especially experience from implementation of cross-border actions (and mostly those with grant schemes implementation), will be applied as much as possible. Experience gained from such programmes has shown that in-depth preparation of the Call for Proposals is needed. Further attention should be paid with the present Phare CBC/CARDS Neighbourhood Programme, when this should be done jointly between the two countries. The successful utilization of funds under grant scheme type of operation depends mostly on the efficient capacity built not only at central level, but also at local and regional level where the actual implementation is carried out.

The outcomes of the assessment of CBC programmes in Bulgaria (recently carried out by the ECOTEC) will be also taken into account. The need for coordination (preparation and publishing the timely adjusted joint Call for Proposal, joint evaluation of applications received and contracting) and supervision of project implementation has been taken into consideration during the programming phase and will be carefully watched in the course of programme implementation.

4. Institutional Framework
Key elements in the Neighbourhood Programme (NP) are the joint programming process, the combination of Phare CBC and CARDS funds, the joint management structures, the joint call for proposals and the joint selection process.

The GS 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. The joint management will ensure local ownership, wider involvement, better planning and will create the base for genuine cross-border activities.

As described in the JPD, the management structures will include: (a) the national authorities responsible for Programme co-ordination (Phare Programme Implementing Agency in Bulgaria, and Project Coordination Unit (PCU) in the former Yugoslav Republic of Macedonia; (b) the Joint Cooperation 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 coordinator 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 GS and may delegate specific tasks to the Joint Technical Secretariat established in accordance with the JPD provisions and strictly following the PRAG rules.

On the Macedonian side, the PCU will be responsible for coordination of the country’s participation in the Neighbourhood Programme, and will ensure that rules under CARDS are being respected, will support the JTS in its activities and ensure efficient systems for implementation of the projects in close cooperation with the IA.

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

5. Detailed Budget
5.1. Phare support

<table>
<thead>
<tr>
<th>Year 2006 - Investment support jointly co funded</th>
<th>Phare/Pre-Accession Instrument support</th>
<th>Co-financing</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>€M</td>
<td>National Public Funds (1)</td>
<td>Other Sources (2)</td>
<td>Total Co-financing of Project</td>
</tr>
<tr>
<td>Window 1</td>
<td>1.800</td>
<td>0.600</td>
<td>0.600</td>
</tr>
<tr>
<td>Investment support – sub-total</td>
<td>1.800</td>
<td>0.600*</td>
<td>0.600</td>
</tr>
<tr>
<td>% of total public funds</td>
<td>75 %</td>
<td>25 %</td>
<td></td>
</tr>
</tbody>
</table>

(1) Contribution from national, regional, local, municipal authorities, FIs loans to public entities, funds from public enterprises.
(2) Private funds, FIs loans to private entities.

| Year 2006 Institution Building support          | | | |
| Window 2                                       | 0.600 | ** | 0.600 |
| IB support                                     | 0.600 | ** | 0.600 |

| Total project 2006 | 2.400 | 0.600 | 3.000 |

*The necessary minimum 25 % co-financing for the projects under Window 1 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 under Window 2 will be provided by the beneficiaries (according to Guidelines for Phare CBC/CARDS Neighbourhood Programme).

The maximum 78 % of the total grant amount for investment measures accounts on M€ 2,400 (78 % from M€ (3,000+[min10%*0.600]) = M€ 2,400). The exact percentage and costs for the investment measure can be given after contracting but the ratio of co-financing will be constant - 75:25 (Phare contribution: national co-financing)
With regard to the Phare CBC/CARDS Neighbourhood Programme requirements for joint development, implementation and co-financing, the joint project ideas will be financed through both Phare and CARDS for the respective activities of the both sides of the border.

5.2. CARDS support
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</th>
<th>CARDS Support</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment</td>
<td>IB</td>
<td>Total CARDS (I+IB)</td>
</tr>
<tr>
<td>2006</td>
<td>Support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Window 1</td>
<td>0,500</td>
<td>0,500</td>
<td>0,500</td>
</tr>
<tr>
<td>Window 2</td>
<td>0,210</td>
<td>0,210</td>
<td>0,210</td>
</tr>
<tr>
<td>TOTAL</td>
<td>0,710</td>
<td></td>
<td>0,710</td>
</tr>
</tbody>
</table>

* CARDS co-financing will be provided by the applicants. The minimum co-financing requirements for CARDS are as follows:
  - 10% co-financing for projects between € 50,000 – € 300,000
  - 25% for more than € 300,000
  - 5% for less than € 50,000

6. Implementation Arrangements

The Republic of Bulgaria

Phare Programme Implementing Agency
Ministry of Regional Development and Public Works
Address: 17-19 Cyril and Methodius St. 1202 Sofia
Director: Stefan Gerasimov – Deputy PAO
Phone: +359 2 9405-488,
Fax: +359 2 987 0737
E-mail: sgerasimov@mrrb.government.bg

The former Yugoslav Republic of Macedonia

Contracting Authority
European Agency for Reconstruction
Programme Manager: Albert Soer
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Tel: + 389 2 328 6782
Fax: + 389 2 312 4760
Contact Person of PCU in fYRoM
Secretariat for European Affairs
Katerina Kus-Ivanova
Tel: + 389 23 23 91 65
The Grant Scheme will operate on the basis of single Call for Proposals and single selection process covering both sides of the border. Except when stated differently, the award procedures provided in the PRAG will be implemented.

The standard and basic selection, implementation and monitoring process will be as follows:

**Preparation of the Package of Call for Proposal, Guidelines for Applicants and Application Form according to the Practical Guide**
- The JTS, under the supervision of the JSC, drafts the Call for proposals, the Guidelines for applicants and the Application form and other documents related to the implementation of the grant schemes.
- BG IA and PCU in the former Yugoslav Republic of Macedonia submit the final version of the documents to the respective EC Delegation/EAR for approval.

**Publication of the Call for Proposal**
The BG IA and the PCU in the former Yugoslav Republic of Macedonia, with the assistance of the Joint Technical Secretariat, take all appropriate measures to ensure that the nationally and regionally publicised call for proposals reaches the target groups in line with the requirements of the Practical Guide.

**Project Selection Process**
- The Joint Technical Secretariat collects and registers incoming project proposals.
- The BG IA and the PCU in the former Yugoslav Republic of Macedonia designate a Joint Evaluation Committee for the assessment of administrative compliance, eligibility and assessment of technical and financial quality of proposals.
- Members of the Joint Evaluation Committee are designated exclusively on the basis of technical and professional expertise in the relevant area.
- The EC Delegation and EAR endorse the Joint Evaluation Committee. The EC Delegation and EAR will participate as observer in the proceedings of the joint Evaluation Committee. Prior approval is needed from the Delegation/EAR for the participation of other observers.
- If necessary, the Evaluation Committee could be assisted by Assessors designated by the BG IA and the PCU in the former Yugoslav Republic of Macedonia and endorsed by the EC Delegation and EAR.
- The joint Evaluation Committee assess each proposal on the basis of the published evaluation grid, draws up its recommendations and decisions in the form of an evaluation report and transmit it to the Joint Steering Committee.
- The Joint Steering Committee formally approves the evaluation report and the award proposals and transmits them (with recommendations, as appropriate) to the BG IA and the PCU in the former Yugoslav Republic of Macedonia for onwards transmission to the EC Delegation and EAR. The JSC is not entitled to change the Evaluation Committee's scores or recommendation and must not alter the evaluation grids completed by the evaluators.
- The EC Delegation and EAR approve the evaluation report on the selection process and the final list of grants to be awarded.
- The JTS notifies each applicant in writing of the result of the selection process.
CONTRACTING

- The format of the grant contract is drafted according to the Practical Guide using the standard grant contract format and its annexes.
- The format of the grant contract is to be approved by the EC Delegation and EAR (in cases where the call for proposals results in the award of a large number of grants which all have the same grant contract conditions).

Given the different financial rules applicable to each side of the border (decentralised versus centralised), the contracting procedures will be different for the projects (or part of them) co-financed by Phare CBC or CARDS:

In the Republic of Bulgaria:

- The EC Delegation only approves the evaluation report, the list of proposed projects (budget, duration, beneficiaries etc as per Practical Guide), and the standard contract format, not the contracts themselves irrespective of their budget.
- The IAs sign the grant contracts with the selected beneficiaries based on the final list of Phare CBC grants approved by the EC Delegation. The language of the grant contract is English.
- The grant contracts should normally be issued within 3 months of the decision of the Joint Steering Committee.
- Copy of the signed grant contracts will be available at the Bulgarian IA.

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.

In the former Yugoslav Republic of Macedonia:

- The EAR formally confirms the decision of the Joint Steering Committee/PCU. In all cases, the EAR retains the right of final approval of projects (or part of projects) co-financed by CARDS. In doing so, it will ascertain that the conditions for Community financing are met.
- The EAR issues the grant contracts with the selected beneficiaries from the side of the former Yugoslav Republic of Macedonia, normally within 3 months of the decision of the Joint Steering Committee.

IMPLEMENTATION OF THE SELECTED PROJECTS BY THE BENEFICIARIES

- Beneficiaries subcontract suppliers of goods or services, in line with Phare procurement regulations annexed to the Grant Contract and under the Practical Guide (PRAG).
- The projects will be subject to ex-post control by the EC Delegation and EAR pursuant to the Practical Guide.

FINANCIAL MANAGEMENT OF THE SELECTED PROJECTS
The JTS will collect and verify the technical reports and requests for payments from the beneficiaries and forward them to the relevant Contracting Authority for payment (Bulgarian IA for Phare CBC and EAR for CARDS).

**MONITORING OF THE PROJECTS IMPLEMENTED BY THE BENEFICIARIES**

Project implementation will be monitored through the Joint Steering Committee. The project monitoring and reporting process will be harmonised so that all projects will be monitored according to standard procedures. Project monitoring and evaluation will be based on periodic assessment of progress on delivery of specified project results and towards achievement of project objectives. All reporting and evaluation must differentiate between Phare CBC and CARDS expenditure, although in the framework of a single reporting structure. Monitoring reports are submitted to the Joint Co-operation Committee. Attention is drawn to the special duty of the Joint Technical Secretariat with regard to the day-to-day monitoring of the selected projects.

The EC Delegation and EAR reserve the right to organise field visits and to monitor on a case-by-case basis the projects selected under the grants schemes.

6.1 Twinning

N/A

6.2 Non-standard aspects

There are no “non-standard aspects”. Implementing Guidelines for Phare CBC/CARDS borders will strictly be followed.

6.3 Contracts

The grant scheme will be implemented via one single (joint) Call for Proposals simultaneously launched in Bulgaria and the former Yugoslav Republic of Macedonia. The number of the individual grant-contracts to be signed will vary depending on the number of the proposals received for each window and the respective grant amounts approved for funding. The number of the contracts to be signed under each of the 2 windows will be limited to the maximum indicative amount as given in the project indicative budget allocation (item 5 of the project fiche).

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

7. **Implementation Schedule**

7.1 Call for proposals

December 2007

7.2 Start of project activity

May 2008

7.3 Project completion

October 2009

8. **Equal Opportunity**
Being focused on cohesion, interactions and networking, the project also aims at widening the range of development opportunities in favour to those categories of people that have a scarce access to them: women, young people, weaker spheres of population, minorities and groups. The stimulus to set up networks and interactions in a cross-border dimension together with the know-how exchange and dialogue among the local actors and institutions throughout the border is seen in the light of social cohesion and equal opportunities. Therefore, the project 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
The Phare contribution will help meet the development needs outlined in the Joint Programming Document (JPD) of the Bulgarian - Macedonian border region. Without Phare support, the steps and objectives included in the programme could be implemented only much later and at a much slower speed.

Support to joint co-operation projects will raise the awareness of common problems and possible solutions throughout the border region. It will also strengthen the positive attitude towards cooperation in solving common concerns and utilising potentials, and thereby catalyse common development efforts.

For increasing the concrete actions and ongoing co-operation in both sides of the region is the way for establishing an integrated and European-level competitiveness with a strong network in the cross-border region.

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 Macedonian partners. The rate of the generally available maximum support for Phare is 75% of the total eligible costs of the investment projects and 90% of the total eligible costs 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
The grants awarded under this scheme will not displace any other financial sources. Supported investments and programmes will not displace private financial sources, as they do not generate financial profit.

11.4 Project readiness and size
A draft of the Cooperation 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**
Long-term sustainability will be one of the selection criteria for projects. Only organisations being able to prove the sustainability of results achieved (financially, institutionally) will be supported.

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 Financing Memorandum between Bulgaria and the European Commission for 2006. All documentation required for launching joint Call for Proposals (Application Pack) will be prepared by the JTS by November 2007 and will be submitted to the respective EC Delegation/EAR for approval. After obtaining the formal endorsement of the Application Pack the grant scheme implementation will start in accordance with the provision of item 6.1 of the project fiche.

**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: Sustainable development of the BG-fYRoM border region (GRANT SCHEME)

<table>
<thead>
<tr>
<th>Overall objective(s)</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Achievement of economic, social, cultural and ecological sustainability in the cross-border region | ▪ Common actions to solve common concerns with the utilization of local business-related infrastructure between the neighbouring countries  
▪ Increased economic valorisation of the border region  
▪ Increased management capacities and tools | Reports and studies Evaluation Reports                                                              | 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 |

| Project purpose                                                                                                                                                                                                 |
| ▪ Improvement of the environment and infrastructure supporting cross-border cooperation and protection of natural and cultural resources promoting sustainable development;  
▪ Development of complementary economic activities and creation of new and development of existing cross-border contacts at different levels and sectors. |
| ▪ Increase (%) of the formal/informal contacts, forums, cooperation agreements and structures in the cross-border area between organisations and local authorities  
▪ Improvement of the participatory approach among border institutions and LDO |
| ▪ EC Interim Evaluation Reports  
▪ Monitoring Report |
| ▪ Organisations and economic actors realize the importance of cross-border cooperation |

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Window 1</td>
<td>▪ Number of interventions on modernisation and extension of the small scale infrastructure –</td>
<td>▪ Project progress reports Monitoring and evaluation reports</td>
<td>▪ Organisations and economic actors realize the importance of cross-border cooperation</td>
</tr>
</tbody>
</table>

Project number 2006/018-389.01.01.
Contracting period expires 30.11.2008
Execution of contract period expires 30.11.2009

Total budget: €M 3.000
Phare budget: €M 2.400
and cultural resources  
- improved infrastructures supporting cross-border cooperation and developed complementary economic activities and thus created jobs and generated additional wealth  
Window 2  
- improved regional cooperation and established/developed local capacity and networks  
- increased local initiatives and developed cross-border networks in different economic and social sectors  

| Number of completed missing links interventions – minimum 1  
| Number of intervention supporting appropriate forms of tourism – minimum 1  
| Number of new business initiatives launched – minimum 2  
| Number of interventions on environmental protection – minimum 1  
| Number of new forms of work organisation in nature protected areas implemented – minimum 1  
| Number of ecologically important habitats restored – minimum 1  
| Number of networks set up – average 2;  
| Number of cross-border exchanges and events – average 4  
| Number of partnerships forms developed and implemented – average 2;  
| Number of information offices functioning – minimum 1;  
| Number of information centres equipped and information packages prepared – minimum 1;  

- 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
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Window 1 - Investment activities</strong></td>
<td>Grant Scheme for min. €M 3,000 including €M 2,400 Phare contribution and €M 0.600 - National co-financing</td>
<td>• Sufficient number of good quality project proposals</td>
</tr>
<tr>
<td>• Conservation of natural and cultural heritage and development of appropriate forms of tourism</td>
<td>Minimum 12 individual grant contracts signed</td>
<td>• High quality project management</td>
</tr>
<tr>
<td>• Improvement of the joint management and supporting facilities in water management</td>
<td></td>
<td>• Co-finance contributions available when required</td>
</tr>
<tr>
<td>• Wise use of natural resources – organic farming, eco-tourism etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Feasibility studies for future investment actions and preparation of mature sustainable development projects;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Preparation of projects based on EU requirements in the field of environment protection work- and food-safety etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Completion of missing network and telecommunication links</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Business development projects concerning innovations, know how etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Modernising and equipping buildings for business cooperation</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Window 2 - Institutional building activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Creating business networks and know-how transfer mechanisms providing sustainable development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Joint research projects, studies, concepts and awareness raising/training activities related to natural resources, cultural heritage and the development of appropriate forms of economic activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Development of cross-border regional strategies, programmes, projects and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>information systems</td>
<td></td>
<td></td>
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<tr>
<td>---------------------</td>
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<td>---</td>
</tr>
<tr>
<td>• Business information and support activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Identification and development of alternative economic activities (ecological production, traditional crafts, etc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improvement of regional labour skills and vocational qualification services relevant to the economic development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Training in EU legislation requirements in the sphere of work safety, environment, food-safety etc.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preconditions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational structures for Grant Scheme implementation</td>
<td></td>
</tr>
</tbody>
</table>
ANNEX 2
IMPLEMENTATION CHART

*Project title:* Sustainable development of the BG-fYRoM border region (GRANT SCHEME)

<table>
<thead>
<tr>
<th>Components</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>T T T C I I I I I I I I I I I I I I I I I</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*T = Tendering  C = Contracting  I = Implementation/works*

ANNEX 3
CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER

### Cumulative contracting schedule by quarter in €M (provisional)

<table>
<thead>
<tr>
<th>CONTRACTING</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Scheme</td>
<td></td>
<td></td>
<td></td>
<td>3,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DISBURSEMENT</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Scheme - Phare funds</td>
<td>1,920</td>
<td>1,920</td>
<td>1,920</td>
<td>2,400</td>
</tr>
<tr>
<td>Grant Scheme - national co-financing</td>
<td>0,480</td>
<td>0,480</td>
<td>0,480</td>
<td>0,600</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,400</td>
<td>2,400</td>
<td>2,400</td>
<td>3,000</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.