Cross border co-operation between Bulgaria and Greece
2006 Project Fiche on "Cross-border economic development and maximization of human resources potential "(Priority 2)

1. Basic Information

CRIS Number: BG 2006/018-387.02.01
Title: Cross-border economic development and maximization of human resources potential
Sector: Regional Development / CBC Infrastructure - Transport (IN)
Location: Bulgaria - Greece Border Region
Duration: 18 Months
Contracting deadline: 30/11/2008
Execution of contract deadline: 30/11/2009
Phare funding: € 2,600 million

2. Objectives

2.1 Overall Objective:
Foster employment, improve competitiveness and promote growth of enterprises in the cross-border region and support the creation of cross-border business partnerships.

2.2 Project purpose:
Enhance the cross-border economic activities and employment through improved cooperation between the businesses in the cross-border region and encourage networking between local organizations with the aim to developing human resource capacities and skills and support the small-scale people-to-people actions across the border.

2.3 Accession Partnership (AP) and NPAA priority
AP priorities: The proposed project is in conformity with the following priorities and objectives specified in the 2003 Accession Partnership:
Economic criteria:
- Developing small and medium-sized enterprises

NPAA priorities: The project falls within the following NPAA priorities:
Economic and Social Cohesion:
Short-term and Medium-term priorities:
• Improvement of effectiveness of planning and management of public investments and intersectional coordination;
• Addition of private investments to the public ones in order to increase the competitiveness of Bulgarian economy.

Small and medium-sized enterprises
Short-term and medium-term priorities:
• Strengthening of institutions supporting SME and the development of regional networks for SME;
• Development of an entrepreneurial spirit and managerial skills;
• Encouraging direct contacts between SMEs through cooperation programmes. Europeanization and internationalization of the SMEs.

Tourism
Short-term and medium-term priorities:
• Development of sustainable tourism by upgrading the tourism product.

Employment
Short-term and medium-term priorities:
• Employment Promotion;
• Promotion of the partnership approach;
• Decrease of unemployment and employment promotion in the conditions of structural reform;
• Entrepreneurship development.

Vocational Education and Training
Medium-term priorities
• Development of a flexible and adaptable system of vocational education and training, complying with the social and economic requirements and the labour market needs, with guaranteed access for all citizens and active social partnership.

2.4 Contribution to National Development Plan

The project will contribute directly for the achievement of the following strategic goals as laid down in the NEDP:
• To achieve sustainable and balanced growth based on improved competitiveness at both sector and firm level as well as of human resources as it aims to support cooperation between companies and institutions in the cross-border region to achieve higher economic growth rates and reduce unemployment;
• To reduce regional and social disparities in terms of employment, income and infrastructure quality as it stimulates joint actions in promoting investments in the region, new joint-ventures established and developed and the creation of new jobs.
And the following key national development priorities:

- Improvement of competitiveness of the national economy; (it will encourage SMEs and non-profit business support organisations for the joint development of new products and services, thus stimulate and increase exports and prepare the region for the successful integration in the European commodity and financial markets);
- Human resources development; (it will improve co-operation in human resource development in the region, and to promote entrepreneurship skills and the investment in human capital);
- Balanced and sustainable regional development. (it will contribute to the national policy of smoothing the inter-regional disparities and the existing disparities between the two sides of the border region).

2.5 Cross Border Impact

The project aims at strengthening mutual relations across the border by supporting joint interventions in compliance with **AXIS 2**: Economic development and employment of the BG-GR Phare CBC/Interreg IIIA Joint Programming Document (2000-2006), under **Measures 2.1: Strengthening of entrepreneurial activity and development of human resources; and 2.2: Cooperation among Education and Research Institutions**

The project will contribute to the removal of existing disparities between regions on both sides of the border and thus to the gradual alignment of economic and social development. This is particularly important in view of Bulgaria’s future integration into the European Union. Full 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. The preparation of this project has been carried out in close co-operation with Greek partners and has taken into account the know-how and experience accumulated and the lessons learned under prior economic projects.

3. Description

3.1 Background and justification:

The proposed project aims at further development and extension of the activities specified in the similar project under FM 2005.

The enterprise policy of the European Union focuses on entrepreneurship, creating an environment that is supportive to innovation. Its ambition is to supply the policy ideas that will foster the competitiveness of enterprises aiming to create a knowledge-based economy in Europe.

Enterprises are confronted with the accelerating process of structural change, the emergence of the digital economy, intensifying competition and globalization. In order to enable them to respond to these challenges, it is necessary to facilitate the growth of employment and support social cohesion, while protecting the environment, thus helping to meet the challenges of sustainable development (report from the Industry Council to the European Council, 11/1999).
Candidate countries have to take into consideration the aims and requirements of the European Union and need to make efforts to build their capacity to cope with competitive pressure and market forces within the Union (Copenhagen Criteria). This can be achieved by active and accelerated development of enterprises as well as of human resources being the key factor of the knowledge-based society.

The economic life and development of the Bulgarian – Greek trans-border region presents many differences in the quality of life, as witnessed at all levels of the economic life of the region. Considerable conflicts are present in the Bulgarian side primarily due to the acute socio-economic upheavals of the recent years, thus not allowing the local economy to mature and create those structures, which are already operational on the Greek side.

The economy of the Bulgarian region eligible under the Programme turns out 11.4% of the total GNP of the country. In the structure of the Gross Added Value the tertiary sector features the highest share (43.1%), followed by the primary sector (35.7%) and the secondary sector ranks at the last place (21.2%). All in all, the level of economic development, measured in terms of the indicator GDP/capita, is below the national average. In 1999 its value was BGN 2071, that is 75% of the national average and 29 % of the EU (25) average.

The region is characterized by sharp contrasts in its economic development, ranging from agriculture and mono-structural industry to modern, services-oriented economy. Blagoevgrad and Haskovo stand out as the two extreme poles of development of the Bulgarian border region. The individual districts and municipalities manifest different capacity and rates of adapting to change. The differences in the development of the private sector reflect the impact of the crisis that transition to market-oriented economy has forced on local economies, the unequal opportunities for development in the private sector, and the limited initiatives taken by local businesses as well as the limited number of foreign investment projects in the region.

The primary sector in the eligible Greek side is considerably developed and is linked to the secondary sector, focusing on both national consumption and exports. Namely, the border prefectures of the Region of Central Macedonia are among the most developed prefectures of the country in terms of farming; they are the core region for the production and export of the basic commodities of Greek crops and livestock breeding. There is farming specialization, such as fruit and vegetables zones or industrial crops zones, throughout the region.

The primary sector in the eligible Bulgarian side is represented by agriculture and forestry. Agriculture is specialized mainly in the cultivation of intensive crops, such as vegetables, vineyards, tobacco, potatoes, cotton, fruit as well as cereals. The trend noted in the 90's towards considerable reduction of the production output and yields has began to swing back in positive direction, however the problem of finding markets for the agricultural produce and organisation of the sector continue to act as an important limiting factor for the development of the region. The sector provides 33.8 % of the employment in the region, i.e. 30% above the national average.

There is a developed secondary sector in the Greek eligible area; namely industry, and especially the processing industry, is a developed sector of national repute. There is modern infrastructure for the private sector (industrial parks) and private investment projects are under way in new organized development areas. 14,184 enterprises operate in the secondary sector in this region, employing 74,633 individuals.
In the eligible Bulgarian border area, industry is an important sector in the region, providing employment to 28.7% of the labour force. The developed extraction industry and the energy sector give rise to certain problems related to environmental protection. Other main industrial branches are the food and beverages production, tobacco industry, machine tools engineering and metallurgy, clothing and textile industry. The heavy drop, experienced in the industrial development of the region during the 90's, resulted in considerable decline of the sector and unfavourable structural changes.

The tertiary sector in the eligible Greek area shows an advanced services sector, benefiting from the presence / support of financial institutions and advanced technology. Tourism shows a low level of development, though prospects for development are high. 34,375 tertiary sector enterprises operate in the area, employing 68,805 individuals. The tertiary sector is developing mainly in the district centres and the larger cities and provides employment to 37.5 % of the gainfully employed. The development of the various forms of tourism in the region is fostered by the availability of a multitude of natural and historical landmarks. The diverse and still inexhausted tourist resource does not always offer the desired standard level. At the same time some of the most famous Bulgarian resorts of international significance are located there - the Pamporovo winter sports resort, the mineral spas in Sandanski, Narechen etc., historical townships like Melnik etc.

The eligible border region in Bulgaria covers an area of 18 385 km2 (16.56% of the total area) and the population is 904 528 inhabitants (11.46 %).

The labour force in the eligible Bulgarian area accounts for 12.4% of the country’s employed population. For the whole region this figure is 42.1%, i.e. above the national average of 39.7%. However, it demonstrates considerable regional differences (Blagoevgrad 47.2%, Kardjali 45.5%, Smolyan 38.0% and Haskovo 36.0%). The activity rate is respectively also higher than the national average with 51.8% in 2000 against 47.5% national average. It is in the range of 52-55% for the districts of Blagoevgrad, Smolyan and Kardjali and about the national average for Haskovo District.

Both sides of the border experience high rates of unemployment, with pressing needs for specialised skills and re-training (mainly in the eligible regions of Bulgaria). The level and the qualitative characteristics of unemployment in the Bulgarian eligible area do not differ substantially from the national average. In the year 2000 the unemployment rate was 18.5 % at 18.1 % national average. This indicator is particularly high for Smolyan District (27.6%) and quite high at approximately equal levels in the rest of the districts (Blagoevgrad and Haskovo 17.1 %, Kardjali 16.0 %). In 2000 the share of long-term unemployment was 34.0 % at 37.1 % in the country as a whole. The share of unemployed young people is close to the national average of 29.6 %.

The scheme intends to provide both direct and indirect support to SMEs through improved business services, consultancy and information on the possibilities and potential opportunities for creating partnerships in the BG-GR border area. A direct support will address regional non-profit making actors in overcoming the gap in research and development activities, in creating favourable conditions and institutional framework to support economic actors to develop cross-border relations. The aim is to encourage inter-company co-operation in the cross-border region, in order to enhance their competitiveness and productivity. Development of common projects will contribute to the creation of the joint economic space and will lead to synergies. By co-operating, companies get a chance to pool their competitive advantages and
to overcome the competitive weaknesses of individual enterprises. The grant scheme will stimulate the development and exploitation of mutual complementarity and a better access to markets for co-operating companies. The regional impact of the project will be measured not only by the success of individual enterprises, but also by the increase of the growth potentials of service and manufacturing clusters, as well as by the increase of the number of employed in the border region.

3.2 Sectoral rationale

N/A

3.3 Results

A Grant Scheme to support the implementation of economic development measures identified under Axis 2 in the Joint Programming Document Greece-Bulgaria 2002-2006 will be launched. The Grant Scheme will aim to achieve the following specific results:

- Better cooperation between the business-support organisations in both side of the cross-border region
- Improved co-operation between companies and institutions by achievement of synergies;
- Improved standard and efficiency of consulting and other services provided to companies in the border region
- Companies supported to meet the respective requirements for environmental protection;
- Improved access to information and related services for companies in the border region
- Established information and co-ordination centres for economic development and tourism at cross-border level
- Improved conditions for business activities on both sides of the border
- New joint business support services developed;
- Improved R&D cooperation between companies and institutions in the cross-border region; new joint products developed
- Improved efficiency of cross border co-operation among research institutions
- Improved competitiveness and export growth of the SMEs in the border region
- Cross-border business networks and structures in the fields of tourism and manufacturing developed;
- Improved quality of human resources in the border region;
- Increased co-ordination and networking of organisations in the field of training and research in the cross-border region.
- Bilateral training schemes established and co-operation in the re-training of the workforce in place
- Cross-border training network systems established
- Decreased unemployment in the cross-border region through the creation of new businesses and thus of new jobs;
- Improved grant scheme management capacity of the institutions at central and regional level;
- Improved capacity to absorb EU funds in the cross border region.
3.4 Activities (including Means)

The project will consist of two main components:

Component 1: Grant scheme
The results foreseen will be achieved through the implementation of a grant scheme with allocation of Phare funds and also beneficiaries’ own contribution.

Eligibility and selection criteria
The following eligibility and selection and award criteria will be incorporated in the Guidelines for applicants:

a/ Eligibility criteria

Eligible regions:
The Grant Scheme will be applicable for the following cross-border regions: Blagoevgrad, Kardjali, Haskovo and Smoljan.

Eligible applicants:

- Business support organizations such as chambers of commerce, industry or agriculture; professional and branch associations; economic development agencies, business centres, business incubators; trade union associations; other NGOs;
- Educational institutions such as schools, colleges, universities, vocational training centres, research institutions
- Municipalities; associations of municipalities; Euro regions
- Labour market service providers
- Local structures of the central administration (Tax services, Customs, Regional employment services, etc.)

Note: Not all types of applicants are eligible for all sub-components of the grant scheme. (see below)

The applicants should have at least one partner from the eligible Greek regions and may have other Bulgarian partners. The project partners should fulfil the same eligibility criteria as the project applicants.

Eligible activities:

A) Soft measures activities

The following “small scale people-to-people” type of activities will be eligible for funding:

Window 1: Aid to entrepreneurial activities and development of human recourses

- Joint actions for business-support of cross-border business activities: establishment of centres to support cross-border business initiatives, development of joint marketing and promotion services, use of IT for promoting cross-border cooperation between companies,
establishing of data bases for regional stakeholders for the region, joint schemes to attract direct investment in the cross-border region, etc.

- Promotion of cross-border networking: business meetings, seminars, conferences, business excellence awards, etc.
- Cross-border initiatives for the promotion of entrepreneurial collaborations: training programmes, development of support schemes and establishment of economic networks
- Cross-border awareness raising activities on acquis compliance for SMEs: seminars, training courses, information campaigns, joint development of guides and other publications, assessments and other types of co-operation in the field.
- Creation of co-operation structures for providing joint cross border services to business and especially SME’s;
- Support for the setting up of the joint ventures - preparation of business and marketing plans, market studies, market and PR campaigns, direct export sales and marketing, etc.;
- Information services for entrepreneurs active in the border region: creation of databases, joint business directories, Internet platforms, various Internet-based informational resources, etc.
- Establishment of cross-border networks: organization of fairs, match-making events, trade missions and cooperation exchanges, etc.;
- Preparation and certification of private companies, NGO and public institutions ensuring systems for quality of management, products, ecological norms;
- Establishment of joint-ventures, co-operatives or consortia for joint manufacturing or provision of tourist services;
- Counselling and advice in business start up, business planning and strategy development, technology transfer, patents and trade marks, legal affairs, finance and marketing;
- Implementation of cross-border training initiatives and vocational education schemes to train or re-train workers in the tourism and manufacturing sectors;
- Study tours and short-term training visits of Bulgarian local administration employees in establishments of the respective Greek counterparts;
- Entrepreneurship training (managers, start-ups) with a view of setting-up of joint companies and/or other business activities;
- Setting up of cross-border labour market oriented networks and exchange of information with the aim to develop employment and training programmes;

This window will be open for the following applicants:

- Business support organizations
- Municipalities and their associations
- Local structures of the central administration

Final beneficiaries will include:

- Bulgarian and Greek companies, in particular SMEs
- Potential investors
- Individuals who wish to start up their own business

Window 2: Cooperation between Educational and Research Institutions

The following types of activities will be eligible for funding:

- Co-operation of training institutions to improve the quality of human resources in the border area: preparation of joint curricula, vocational training programmes and other
training resources, sharing of facilities, study tours, exchange of students and teachers, etc.

- Training activities for the staff of organisations providing business and vocational training services, aiming at promoting SMEs’ co-operation and research activities.
- Joint development of new products or improving existing products - support for research and development, testing, consultancy support for launching the products on the market; business plans, marketing plans, etc.;
- Co-operation between companies and training institutions to improve the quality of human resources in the cross-border area- development of in-company studies, TNAs, HR development strategies, training programmes etc., in order to improve the quality of human resources in the manufacturing and tourism sectors. (all actions should prove a cross-border impact)

The following applicants will be eligible for this window:
- Training and educational institutions
- Labour market service providers
- Business support organisations

Final beneficiaries will include:
- Training institutions and their staff and students
- Business service and vocational training providers
- Company employees and unemployed

B) Investment activities

- Investment in the sector of environmental protection – specialised equipment and technologies, monitoring systems;
- Purchase of IT equipment necessary for establishment of networks, databases and virtual support centres;
- Small construction works
  - reconstruction of information communication centres, business centres and incubation facilities
  - improvement of local transport business connected facilities (bus stops, parking places, road illumination, etc.)
  - renovation and construction of communication links.

In no way the financing could be granted for activities resulting in immediate profit. All activities should have a clear cross-border impact.

This window will be open for the following eligible applicants:
- Business associations such as chambers of commerce, branch and professional associations, business centres, business incubators, economic development agencies and other business related NGOs
- Training and educational institutions
- Municipalities

Final beneficiaries will include:
- Owners, managers and employees of eligible companies;
• Business-support associations;
• Individuals who would like to start-up in business;

**Eligibility of projects**

*Size of projects:* The grant amount awarded to eligible projects will be between € 10 000 – 150 000 (between € 10 000 – 50 000 for *A measures* and between € 50 000 – 100 000 for *B measures*). There is no limit to the overall size of the project but the grant amount cannot exceed 90% of the total eligible project costs, respectively Phare contribution cannot exceed 75% of the grant for *B measures*.

The applications should contain obligatory *soft (A) measures*. If the applicants apply with proposal including both *soft (A)* and investment *measures (B)* the later cannot exceed 75% of the total grant amount.

*Own contribution:* The applicants should provide minimum 10% of the total eligible cost of project budget as own financial contribution.

*Duration of the projects:* Maximum duration of the projects is 12 months with the ending date of at least three months before the expiry date of the Financing Memorandum. Maximum duration for the implementation of *B measures* is 6 months.

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. The above given list of activities is not exclusive and will further be specified within the Guidelines for Applicants.

**Component 2: Technical Assistance**

A Consultant will be appointed through a FWC in order to provide technical assistance in the preparation of the Grant Scheme and in the selection, monitoring and evaluation of applications for grants. The following activities will be financed under the contract for TA:

• Assistance with the preparation and approval of the full documentation package for launching of the call for proposals for the grant scheme
• Organization of active information campaign for the potential beneficiaries with the support of IA and the regional secretariats including:
  o Carrying out of information days;
  o Establishing help desks in each of the four districts providing assistance to the potential applicants during the application process;
  o Production and dissemination of information materials;
  o Establishing relations with Greek regional authorities and professional organizations in order to support the creation of partnership and networking;
• Assistance in the grants selection process – provision of assessors to the TEC;
• Provision of training of the successful applicants;
• Preparation of grant contracts presented to IA for approval and signing;
• Assistance to the IA in financial management of the grant scheme;
• Reporting to the IA CBC
• Monitoring and evaluation of the successful projects.
All tasks and responsibilities of the Consultant will be specified in detail in Terms of reference as a part of the tender dossier.

3.5 Linked Activities:

BG 9904-04-03 CBC programme: “Preparation of Cross-Border co-operation Plan between Bulgaria and Greece” – technical assistance has been provided to IA CBC
BG 0102.05 - Labour market initiatives – grant schemes implemented in the HR sector
BG 0202.01 - “Clearing the Path to Employment for Youths” - grant scheme implemented in employment sector
BG 2003/005-630.03 Phare Cross-Border Employment Initiative - foresees grant scheme for supporting employment in the border region
BG2003/004-937.02.03 Introduction of Cluster Approach and Establishment of a Pilot Cluster Model
2004 Phare Promotion of Cultural, Tourist and Human Resources Development
BG2004/016-711.11.04 Support for Increasing the Competitiveness of Bulgarian Enterprises
2001 - 2004 Phare CBC SPF People to People Actions – financed small project in the field of economic development, tourism, and planning, cultural exchange.
BG2005/017-454.02.01 Integrated support for economic development and promotion of employment.

3.6 Lessons learned:

The experience gained in implementation of previous grant schemes shows the necessity of carrying out a well organised and targeted information campaign which to create knowledge in the potential applicants what is upcoming as a opportunity and how they should prepare their successful proposals. The insufficiency of such event always caused problems in regard to reaching wider target groups and later in the process of evaluation. Due to that reasons a Consultant will be awarded in order to implement independently these tasks. The involvement of external structure is better comparing to the options state institutions to be used.

4. Institutional Framework

The Ministry of Regional Development and Public Works will be acting as Contracting Authority with the overall responsibility for the programme implementation, administrative, technical and financial management of the grant scheme.

MRDPW will ensure necessary human resources for support to the Consultant, which will be responsible for technical management of the Grant Scheme as some of the activities will be implemented with the support of Local Technical Secretariats, which were established in the eligible regions within previous grant schemes in accordance with PRAG rules.

The Steering Committee of the Grant Scheme will be composed of representatives from the following institutions:

- Ministry of Regional Development and Public works
- Ministry of Economy;
- Ministry of Labour and Social Policy
- Ministry of Education and Science
- District authorities representatives
- EC representative as an observer

The selection of projects to be supported shall be carried out with ex-ante approval by the ECD according to PRAG. The projects will be implemented with ex-post control of the EC. The publicity, evaluation/selection of projects, and contracting will be carried out in accordance with PRAG

5. Detailed Budget

<table>
<thead>
<tr>
<th></th>
<th>Phare support</th>
<th>Co-financing</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>National Public Funds (*)</td>
<td>Other Sources (**)</td>
</tr>
<tr>
<td>€M</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 2006 - Investment support jointly co-funded</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant Scheme – B activities</td>
<td>1.800</td>
<td>0.600</td>
<td>**</td>
</tr>
<tr>
<td>Investment support – sub-total</td>
<td>1.800</td>
<td>0.600</td>
<td>**</td>
</tr>
<tr>
<td>% of total public funds</td>
<td>max 75 %</td>
<td>min 25 %</td>
<td></td>
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</tbody>
</table>

| Year 2006 Institution Building support |               |              |            |                      |
|---------------------------------------|---------------|--------------|------------|
| Grant Scheme – A activities           | 0.600         | **           | -          | 0.600               |
| Technical Assistance                  | 0.200         | -            | -          | 0.200               |
| IB support                            | 0.800         | -            | -          | 0.800               |
| Total project 2006                    | 2.600         | 0.600        | **         | 0.600               | 3.200       |

(*) For the implementation of investment measures a minimum 25 % co-financing is provided from the Bulgarian national budget through the National Fund.

(**) Minimum 10 % co-financing of the total eligible projects’ costs will be provided by the final beneficiaries. The grant amounts is at a maximum 90 % of the total projects’ costs. The
The ratio between Phare, the national co-financing and beneficiaries’ contribution has to apply to the final contract price.

6. Implementation Arrangements

6.1 Implementing Agency

The Implementing Agency will be the Ministry of Regional Development and Public Works through its Phare CBC IA.

Phare CBC Implementing Agency  
St. St. Kiril i Metodi 17-19  
1202, Sofia  
E-mail: pharecbc@mrrb.gov.bg

PAO - Mr. Dimcho Mihalevski  
Deputy PAO – Mr. Stefan Gerasimov  
17-19 Sv. sv. Kiril i Metodi St, 1202 Sofia  
Phone: + 359 2 9405 488  
Fax: +359 2 987 0737  
e-mail: sgerasimov@mrrb.gov.bg

6.2 Twinning

N/A

6.3 Non-standard aspects

There are no non-standard contracts or tender procedures envisaged within this project. The PRAG "Practical Guide to contract procedures for EC external actions" valid as from 01/02/2006 will apply until Bulgaria becomes a member state of the European Union. After accession, the national procurement legislation will be in force.

6.4 Contracts

There will be one Framework contract assignment (Technical Assistance) - amounting to 0.200 MEUR. Following the Grant scheme procedures contracts with applicants will be signed for the max total grant amount of 3.000 MEUR

7. Implementation Schedule

According to the follow-up of held bilateral technical meetings co-ordination between Bulgarian and Greek authorities will be ensured so that the call for proposals are launched in the same time in both countries.
7.2. Start of project activity  | 12.2007  | 05.2008  
7.3. Project completion  | 05.2009  | 04.2009  

8. **Equal Opportunity**

Equal opportunity principles in relation to participation in the project will be guaranteed.

9. **Environment**

Environmental aspects will be assessed individually for each of the proposed projects prior to awarding of grants.

10. **Rates of return**

Rates of return can only be calculated for individual projects approved under the grant scheme.

11. **Investment criteria** (applicable to all investments)

11.1 **Catalytic effect**

PHARE assistance is necessary for strengthening of the tourism and manufacturing sectors as the local authorities and the private sector do not have the sufficient financial resources to take actions in the fields covered by this project. Thus EU Phare funds are appearing as the economic assistance to the country and will mobilise economy during Pre-Accession period achieving better socio-economic effect.

11.2 **Co-financing**

The project is to be co-financed by the National Fund, which will provide 25% of the total grant amount in *B measures* of the project;

The applicants should provide at least 10% of the total eligible project costs.

11.3 **Additionallity**

No other financial sources from other EC programmes or IFIs will be available for financing of the project.

11.4 **Project readiness and size**
In the project proposals the applicants should present a technical design and BoQ and/or technical specifications for the investment component unless the respective legislation requires only preliminary design.

11.5 Sustainability

The applicants must ensure the sustainability of the implemented works and provide evidence for their financial and technical capacity to maintain the assets.

11.6 Compliance with state aids provisions

The project complies with the state aids provisions.

12. Conditionality and sequencing

N/A

ANNEXES TO PROJECT FICHE

1. Logframe matrix
2. Detailed implementation chart
3. Contracting and disbursement schedule, by quarter, for full the duration of project (including disbursement period)
### ANNEX 1: LOGICAL FRAMEWORK MATRIX IN STANDARD FORMAT

**PROJECT:** CROSS-BORDER ECONOMIC DEVELOPMENT AND MAXIMIZATION OF HUMAN RESOURCES POTENTIAL

<table>
<thead>
<tr>
<th>OVERALL OBJECTIVE</th>
<th>OBJECTIVELY VERIFIABLE INDICATORS</th>
<th>SOURCES OF INFORMATION</th>
<th>ASSUMPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>To improve competitiveness and promote growth of the enterprises in the cross-border region and support the creation of cross-border business partnerships</td>
<td>Growth in regional GDP per capita – 80% of the average Decreased rate of unemployment to 90% of the average</td>
<td>Statistical data</td>
<td></td>
</tr>
</tbody>
</table>

**PROJECT PURPOSE**

- To foster the cross-border economic activities and employment through improved co-operation between the businesses in the cross-border region and to encourage networking between local organizations with the aim to developing human resource capacities and skills:
  - To support small-scale people-to-people actions across the border

<table>
<thead>
<tr>
<th>OBJECTIVELY VERIFIABLE INDICATORS</th>
<th>SOURCES OF INFORMATION</th>
<th>ASSUMPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>- New jobs open in the region; - New companies/joint ventures established; - Existing companies develop and grow; - Training of people</td>
<td>- Statistical data - Final Reports on the implementation of projects - Final Report approved on the implementation of the Grant Scheme</td>
<td>Actors from both sides of the borderwork in line with the joint strategy to achieve synergies and avoid direct competition</td>
</tr>
</tbody>
</table>

**RESULTS**

- Improved co-operation between companies and institutions by achievement of synergies;
- Improved R&D cooperation between companies and institutions in the cross-border region; new joint products developed
- New joint business support services developed;
- Decreased unemployment in the cross-border region through the creation of new businesses and of new jobs;

<table>
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<tbody>
<tr>
<td>- Increased intensity of joint ventures and other forms of co-operation between companies of the two sides - Established cooperation in the re-training of the workforce in place and bilateral training schemes;</td>
<td>- Reports on the implementation of Projects - Reports of beneficiaries - Reports prepared by the Chambers - Analysis of Phare evaluation reports - Reports of the Central</td>
<td>- The players of the local economy are interested in cross border cooperation - There are research institutes with capacity for co-operation - Capacity of local actors to develop and sustain local networks</td>
</tr>
</tbody>
</table>
- Cross-border business networks and structures in the fields of tourism and manufacturing developed;
- Established information and co-ordination centres for economic development and tourism at cross-border level
- Improved quality of human resources in the border region;
- Managers and entrepreneurs trained to be able to manage cross-border structures and common projects;
- Bilateral training schemes and co-operation in the re-training of the workforce implemented
- Improve capacity to absorb EU funds in the cross border region

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>MEANS</th>
<th>SOURCES OF INFORMATION</th>
<th>ASSUMPTIONS</th>
</tr>
</thead>
</table>
| A) Soft measures activities | - Grant scheme– 3.000 MEUR  
- Framework contract (Technical Assistance) - 0.200 MEUR | - Project selection process  
· Contracting  
· Implementation of the selected projects by the beneficiaries  
· The documentation, necessary for the implementation of the grant scheme prepared by the signing of the FM | Sustained interest and participation of local stakeholders |
| Window 1: Aid to entrepreneurial activities and development of human resources |  |  |  |
| • Joint actions for business-support of cross-border business activities: |  |  |  |
| • Promotion of cross-border networking: |  |  |  |
| • Cross-border initiatives for the promotion of entrepreneurial collaboration |  |  |  |
| • Cross-border awareness raising activities on acquis compliance for SMEs |  |  |  |
| • Creation of co-operation structures |  |  |  |
| • Support for the setting up of the joint ventures |  |  |  |
| • Information services |  |  |  |
| • Establishment of cross-border networks: |  |  |  |
| • Preparation and certification |  |  |  |
| • Establishment of joint-ventures, |  |  |  |
| • Counselling and advice in business start up, |  |  |  |
| • Implementation of cross-border training initiatives |  |  |  |
| • Study tours and short-term training visits |  |  |  |
| • Entrepreneurship training |  |  |  |
| • Setting up of cross-border labour market oriented networks |  |  |  |

- Increased diversity (5%) of economic activity in the region;
- Increased number of commercial contacts (10%) for local firms
- At least 22 common projects implemented,
- At least 8 training schemes elaborated and implemented

Statistics
- Monitoring reports
- Project dossiers

Increased diversity (5%) of economic activity in the region;
Increased number of commercial contacts (10%) for local firms
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Statistics
- Monitoring reports
- Project dossiers
<table>
<thead>
<tr>
<th>Window 2: Cooperation between Educational and Research Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Co-operation of training institutions</td>
</tr>
<tr>
<td>- Training activities</td>
</tr>
<tr>
<td>- Joint development of new products or improving existing products</td>
</tr>
<tr>
<td>- Co-operation between companies and training institutions</td>
</tr>
</tbody>
</table>

**B) Investment activities**
- Investment in the sector of environmental protection – specialised equipment and technologies, monitoring systems;
- Purchase of IT equipment necessary for establishment of networks, databases and virtual support centres;
- Small construction works
  - reconstruction of information communication centres, business centres and incubation facilities
  - improvement of local transport business connected facilities (bus stops, parking places, road illumination, etc)
  - renovation and construction of communication links.

**Component 2: Technical Assistance**
- Assistance with the preparation and approval of the full documentation package for launching of the call for proposals for the grant scheme
- Organization of active information campaign for the potential beneficiaries with the support of IA and the regional secretariats including:
  - Assistance in the grants selection process – provision of assessors to the TEC;
  - Provision of training of the successful applicants;
  - Preparation of grant contracts presented to IA for approval and signing;
  - Monitoring and evaluation of the successful projects.
**ANNEX 2**: Detailed implementation chart

*Project title: Cross-border economic development and maximization of human resources potential*

<table>
<thead>
<tr>
<th>Contracting</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Technical Assistance</td>
<td>T</td>
<td>T</td>
<td>C</td>
</tr>
<tr>
<td>2 Grant Scheme</td>
<td>T</td>
<td>T</td>
<td>T</td>
</tr>
</tbody>
</table>
ANNEX 3: Contracting and disbursement schedule by quarter

1.1. Project title: Cross-border economic development and maximization of human resources potential

<table>
<thead>
<tr>
<th>Contracting</th>
<th>Cumulative contracting schedule by quarter in MEUR (provisional)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>0.200</td>
<td>0.200</td>
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<tr>
<td>Grant Scheme</td>
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<tr>
<td>Total PHARE</td>
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<tr>
<td>National co-financing - Grant Scheme – B measures</td>
<td>0.600</td>
<td>0.600</td>
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<tr>
<td>Total National co-financing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Technical Assistance</td>
<td>0.200</td>
<td>0.200</td>
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<tr>
<td>Total Grant Scheme</td>
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<td></td>
</tr>
<tr>
<td>Total contracting:</td>
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</table>
1.2 *Project title:* Cross-border economic development and maximization of human resources potential

<table>
<thead>
<tr>
<th>Contracting</th>
<th>Cumulative disbursement schedule by quarter in MEUR (provisional)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>0.120</td>
<td>0.120</td>
</tr>
<tr>
<td>Grant Scheme</td>
<td>1.920</td>
<td>1.920</td>
</tr>
<tr>
<td><strong>Total PHARE</strong></td>
<td>0.120</td>
<td>0.120</td>
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<tr>
<td>Grant Scheme - National co-financing – B measures</td>
<td>0.480</td>
<td>0.480</td>
</tr>
<tr>
<td><strong>Total National co-financing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Technical Assistance</td>
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<td>0.120</td>
</tr>
<tr>
<td>Total Grant Scheme</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total disbursement:</strong></td>
<td>0.120</td>
<td>0.120</td>
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</table>