STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1. CRIS Number: 2003/005-026.10.04

1.2. Title: External Border Initiative 2003 - Estonia

1.3. Sector: Economic and Social Cohesion

1.4. Location:
   - Ida-Viru, Jõgeva, Põlva, Tartu and Võru counties at the border with Russia

2. Objectives

2.1. Overall objective:
   - Balanced development of the Estonian border region with Russia

2.2. Project purpose:

To strengthen the ability of local actors to fully utilise the opportunities for development offered by the Interreg programme and provide them with a wider experience for the design and implementation of cross-border projects

2.3. Accession Partnership and NPAA priority

Accession Partnership
Regional policy and co-ordination of structural instruments
Ensure that the designated managing authority and paying authorities will progressively build up their capacity in order to be able, upon accession, to fulfil their responsibilities and deliver the tasks assigned to each of them according to the Structural Funds regulations.
Develop the technical preparation of projects eligible for Structural and Cohesion Funds.

National Programme for the Adoption of the Acquis 2002-2003 (Part III, Chapter 21, paragraph 4) states in relation to preparations for the implementation of the Community initiatives in 2003: “A new project will start within the framework of the Phare ESC whose aim is to: /.../ ensure the readiness of social-economic partners for the implementation of Community initiatives LEADER, INTERREG and URBAN during the programme periods from 2005 to 2006 and from 2007 to 2013.”
It also states: “Within the framework of the Phare 2002 ESC project the Project Pipeline for the implementation of Phare support schemes and SPD measures will be established (term: 2005).”
The 2002 Regular Report on Estonia’s Progress Towards Accession also concludes that substantial progress is needed at the level of technical preparation of projects (project pipeline) to be co-financed by the Structural Fund and Cohesion Fund (ch.21).

The External Border Initiative sub-projects would aim at the reduction of the mentioned shortcomings and help to achieve the set aims by improving both the infrastructure of the border areas and the administrative capacity of the potential project managers and implementators to facilitate the implementation of future cross-border initiatives.

2.4. Contribution to National Development Plan


One of the strategic objectives of the SPD is improving the competitiveness of all regions of Estonia. SPD 2003-2006 (4.6) states: “Strong impact on the competitiveness of regions is expected from implementation of Interreg programmes and the grants in environment sector of the Cohesion Fund.” Furthermore, “improving the competitiveness of all regions of Estonia /…/ requires /…/ an improved utilization of the specific regional advantages and potentials, and strengthening of both regional as well as cross-border co-operation between localities.”

2.5. Cross Border Impact

The EBI 2003 aims to develop pilot projects with cross-border impact and encourages the development of linkages between the communities/organisations/institutions in the Estonian-Russian border regions on both sides of the border.

Partners from Russia will be closely involved in the activities supported by EBI 2003. The investment projects should at least mirror complementary actions on the Russian side of the border which, ideally, would be supported by Tacis CBC programme.

3. Description

Background and justification:

The EBI 2003 plays a key part in the process of preparation of Estonia for accession as defined in NPAA (Part III, Chapter 21, paragraph 4), in particular through the capacity building dimension of local/regional actors. The Initiative is part of a process of creating “integration-minded” border regions. The Initiative represents thus an important element in the preparation of Estonia for the implementation of the Interreg III Community Initiative. In this context, the EBI supports the social and economic integration between the border regions of Estonia and Russian Federation.

This appropriation is intended, as part of the overall 2003 Phare programme, to support actions of a cross-border nature at the future EU external borders. In border
regions of Phare candidate countries adjacent to non-candidate countries, it is encouraged to make use of PHARE national programme funds to support social and economic activities of a cross-border nature, thus addressing potential new dividing lines on the future borders of the Union.

A well-designed proximity policy, building on the present policy framework, will ensure that the enlarged EU and its neighbours deepen their common interests and activities. The PHARE national programme funds provide candidate countries with flexibility to promote economic and social development in their border regions, in order to develop cross-border relations and good neighbourliness with adjacent non-candidate countries.

For countries acceding the EU in 2004, the focus is broadly on preparing the forthcoming Interreg programmes at future EU external borders. The EBI 2003 is intended to ensure effective transition between the pre-accession funds and the Interreg programme. Therefore, consistency with planned Interreg priorities for 2004-2006 should be ensured.

The External Borders Initiative (EBI) 2003 will be used for institution building activities and pilot projects of a cross-border value. Close coordination with cross-border co-operation projects under Tacis-CBC must be ensured.

The target regions of the project are Ida-Viru, Jõgeva, Põlva, Tartu and Võru counties that have suffered from serious economic decline (in agriculture and manufacturing) since the beginning of 1990s and that will be eligible areas for the new Interreg priority Latvia-Russia-Estonia. The restructuring process of the regional economy and especially the loss of previous markets have caused high and long-term unemployment and low-income level in the border region. The region will be the future external border area of the EU after the enlargement.

However, the region’s potential to utilise its 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 region has 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.

The EBI will strengthen the preparations towards Interreg through technical assistance, establishment of a project pipeline as well as investment in pilot projects.

Starting from May 2003, a Twinning Light project for the preparations for the implementation of Interreg programmes (EE01-IB-OT-02 TL 02) will be launched. The activities within the framework of this project include mainly increasing the administrative capacity of the Managing Authority (Ministry of Internal Affairs) in implementing and monitoring the programme, but also developing a publicity action plan. The latter includes information days for local actors and publishing manuals for applicants, yet the rest of the activities foreseen during the project target rather the national than the local level. Thus, the activities of sub-projects of EBI 2003 are by no means overlapping with the Twinning Light project as the former would improve the
preparedness of local and regional actors. The development of administrative capacities of existing cross-border co-operation structures and local actors as well as pilot infrastructure investments will increase the potential of the border region to fully utilise its development opportunities within the framework of Interreg programmes.

The relevant programming document defining the priorities for joint projects with Russia will be produced within the framework of Interreg preparations, particularly as the new priority Estonia-Latvia-Russia will be further elaborated. The EBI will be in line with the priorities selected in the programming document as concerns the Estonian-Russian border.

Preparatory work for the identification of possible pilot projects

Considering the nature of the project, relevant local and regional actors (municipalities, county governments, NGOs) of the Estonian side of the border region were consulted during this project preparation process. Within this initial screening of potential project ideas the county and local governments as well as other local actors have already been contacted and asked to suggest projects that would be relevant for EBI 2003.

The implementing authorities of the proposed pilot projects have already substantive relations with Russian border regions and local actors. Also, co-operation at programming level with Russian authorities will be further strengthened within the framework of preparations for a new Interreg programme priority: Estonia-Latvia-Russia. During the further discussions and eventual selection, preparation and implementation of the pilot projects and the development of the project pipeline more contacts will be established and coordination launched not only at project level, but also at the level of programming.

Several possible pilot projects were therefore identified, such as:

- Strengthening local structures in Ida-Viru for preparations of the Interreg programme with Russia

The aim of the project would be to improve the administrative capacity of existing cross-border co-operation structures and supporting institutions in Ida-Viru county and South-Eastern Estonia such as Narva BAS Foundation, Estonian-Latvian-Russian Council for Co-operation of Border Regions.

Narva City Development Plan states as one of its priorities the development of democracy, co-operation and network-building (ch. 1). The activities listed under this priority include a more comprehensive organisation of capacity building to be better prepared for applying for support from EU structural funds (1.1), strengthening co-operation between Ida-Viru county, neighboring counties, Leningrad oblast, St Petersburg and South-Finland (1.3), creating an indicator system to enable the evaluation of the stage of development of different spheres of city life in co-operation with partner cities and the member cities of Association of Baltic Sea Cities (1.5), and active participation in the work of international organisations (1.6).

Results of the project:
1. Medium-term activity plans for strengthening cross-border co-operation elaborated by regional support structures;
2. Personnel trained and equipped;
3. Awareness raised and local stakeholders activated;
4. Ability of existing regional support structures to disseminate information and provide continuous consultancy services to potential beneficiaries;
5. Quality project pipeline created for Interreg programme.

- Establishment of Information and Training Service in the Estonian-Russian Border Area

The aim of the project would be to support the development of institutional and administrative capacity building on the local level in the coastal region of Lake Peipsi, to increase the awareness on cross-border co-operation and its opportunities, to facilitate the process of project pipeline development for future Interreg programme and to promote the cross-border networking of relevant stakeholders in the region. The project is linked to activities supported by Tacis programme.

Results of the project:
The competence level Peipsi CTC wants to achieve in the result of the project:
1. The main consultation and information office on cross-border cooperation in Tartu, Jõgeva, Põlva and Ida-Viru region has been set up;
2. Training center’s licence to Peipsi CTC has been given;
3. Annual summerschools for NGOs, local authorities, decision-makers and other stakeholders in Estonian-Russian border area organised by Peipsi CTC.

- Extension of the water and sewage system in Mustvee

The aim of the project would be to enlarge the sewage catchment area of Mustvee in order to reduce pollution of the Lake Peipsi and the ground water resources as well as to improve the quality and supply of the drinking water for the population. By extension of water and sewage system the capacity of current sewage treatment plant will be fully utilised and the overall environmental conditions of the region will be improved.

Results of the project:
1. New water and sewage pipelines constructed;
2. Water treatment facility constructed;
3. Improved water supply to the population;
4. The pollution into Lake Peipsi reduced;
5. The quality of drinking water improved.

- Narva-Ivangorod Centre of Logistics

The aim of the project would be to improve the flow of goods and services and develop the networking of businesses through more efficient transit and export services on the future EU external border. Currently large flow of transit passes the region with low efficiency, under-utilised infrastructure and low value added service operations. Currently there is an electronic pre-registration system for declaring goods transported from Estonia to Russia. 50% of the vehicles have to undergo this procedure. The real-estate to be used as the location of the centre is a three-stories administrative building situated at Rahu st 4A, Narva, and is owned by Narva City. The territory also includes a transit parking lot of 40 000 square meters.

Result of the project:
The permeability of Ivangorod custom’s point increased.

- Vastseliina-Izborsk Tourism Destination

The Vastseliina-Izborsk border region possesses several smaller tourism infrastructure objects that are often scattered in spatial terms. The aim of the project would be to utilise tourism potential in the areas concerned, developing a joint quality tourism product based on local heritage, cultural links and involvement of local people. The establishment of the Tower Museum of Vastseliina Castle is part of the development of common tourism package for the area. It would broaden the present services and alter the region into more attractive and unique tourism destination in Estonia. The similar Tower Museum already exists in Izborsk (developed by the support of Tacis programme). The main activities
of the project include the renovation of the tower for setting up permanent exhibition, human resource development in the region and promotional activities.

Results of the project:
- tower museum of Vastseliina Castle renovated, set-up and opened for visitors
- servicing staff trained
- common tourism package for the area developed
- promotional activities carried out
- number of visitors increased

Besides the projects listed above there were also several other pilot projects proposed by the municipalities and local actors concerning e.g. the development of infrastructure related to inland waterways at the Estonian-Russian border.

The final selection and support to the pilot projects will be made through implementation of a grant scheme according to PRAG.

3.2. Linked activities:

<table>
<thead>
<tr>
<th>Project no</th>
<th>Name</th>
<th>Amount EUR</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>ES01-09</td>
<td>Co-operation Programme in the Baltic Sea Region 2001</td>
<td>3 000 000</td>
<td>Under contracting</td>
</tr>
<tr>
<td>ES 2001 IB OT 02 TL-02</td>
<td>Support for the preparations of the implementation of the Community Initiative INTERREG”</td>
<td>139 193</td>
<td>contracted</td>
</tr>
<tr>
<td>ES 2992/000-636</td>
<td>Phare Cross-Border Co-operation Programme in the Baltic Sea Region in 2002</td>
<td>3 000 000</td>
<td>Not contracted</td>
</tr>
<tr>
<td></td>
<td>Phare Cross-Border Co-operation Programme in the Baltic Sea region in 2003</td>
<td>3 000 000</td>
<td>Under programming</td>
</tr>
</tbody>
</table>

Small Project Funds (SPFs) provide support to people-to-people type cross-border co-operation projects. The grant schemes of ES01-09 and ES2992/000-636 provide additionally support to small-scale infrastructure development having cross-border impact. A Phare 2003 CBC programme for the Baltic Sea Region is under programming and expected to mirror the approach followed in 2002.

The Twinning Light project will raise of the administrative capacity of the Ministry of Internal Affairs for the implementation of the Interreg programmes and increase the awareness of potential beneficiaries about the programmes. The EBI 2003, on the other hand, is expected to complement the Twinning Light on the local/regional level, which only by the Twinning Light activities would not be sufficiently targeted with a specific focus on the Estonian-Russian border. For purposes of good coordination, the relevant players from the central, regional and local level involved in preparations for Interreg on the Latvian side will be fully informed about the implementation of the EBI and a close coordination will be held with similar instruments such as the EBI in Latvia and Lithuania.
Merely raising the awareness of potential beneficiaries is not sufficient to enable the border-regions to actively participate in Interreg projects. The other decisive factors – improving infrastructure and development of the local absorption capacity for Interreg programmes through preparation of the Estonian local administration and the potential intermediaries, beneficiaries and socio-economic partners for the participation in the programmes – would be addressed by EBI 2003 project. The support for the latter activities has been rather modest so far, provided mainly by Phare CBC, for example.

3.3. Results:

1. Local absorption capacity for Interreg programmes increased at the external border
2. Project pipeline created for Interreg programme at the external border
3. Existing local cross-border structures prepared for implementation of Interreg programme
4. Co-ordinated and coherent activities for preparation of the Interreg programme between Estonia-Latvia and Russia ensured
5. Network between Estonian and Russian organisations strengthened and additional communication channels developed

3.4. Activities:

3.4.1 Technical assistance

• Technical assistance to Ministry of Internal Affairs related to preparation, selection, appraisal and monitoring of the assistance provided by the grant scheme
• Completion of IB preparations for Interreg (training courses, development of medium-term cross-border co-operation strategies, information exchange and co-ordination with related activities, networking and partnership arrangements, etc.)
• Establishment of a project pipeline for Interreg • Assistance to project beneficiaries in project design and implementation: detailed elaboration of project preparation, tender documentation, studies for individual projects
• Awareness raising at the local level for funding possibilities under Interreg, development of specific information material for potential beneficiaries of Interreg programme concerning the external border with Russia.

3.4.2 Grant scheme for the implementation of pilot projects

Following initial discussions as described above, several possible pilot projects were identified within the scope of the EBI. The precise list and scope of the pilot projects and project pipeline for further development will proceed from implementation of a grant scheme according to PRAG.

Selection criteria
The main selection criteria will include:

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1 For the indicators please see Annex 1 – Logical Framework Matrix.
- A high level of cross-border impact with Russia
- The location of the project at the border with Russia (see list of eligible counties)
- A high sustainability of the project
- The level of involvement of the Russian partner
- The readiness for implementation

Those criteria will be refined at the time of elaborating the guidelines for applicants, before implementation of the grant scheme.

Size of the eligible projects:
Minimum grant contribution: 50,000 €
Maximum grant contribution: 650,000 €

Beneficiaries
County governments, local municipalities, non-profit organisations, foundations.

Project selection (see implementing arrangements for the detailed procedure)
Projects will be selected following the approval of guidelines for applicants, a call for proposal and an evaluation of project applications. The detailed procedure for selection will be outlined in the guidelines for applicant. Given the size of the grant scheme and the possible pilot project ideas already identified, it is estimated that between 3 and 6 projects could be supported by the grant scheme.

Projects will be implemented, on a case by case basis, through the award of grants to final beneficiaries or public tenders.

4. Institutional Framework

The National Aid Co-ordinator (NAC) will have the overall responsibility for programming, monitoring and implementation of the project. The National Fund in the Ministry of Finance, headed by the National Authorising Officer (NAO) will supervise the financial management of the project and will be responsible for reporting to the European Commission. The CFCU within the Ministry of Finance will be responsible for tendering, contracting and payments of the project.

The project will be implemented under the direct responsibility of Programme Officer (PO) within the Department of Regional Development in the Ministry of Internal Affairs (MoIA). The MoIA is responsible for preparing the project, developing an operational institutional framework, monitoring the activities and chairing the project steering committee. The PO will ensure the everyday implementation and operation of the project by recruiting a Project Manager and an additional expert.

According to the Government of the Republic Act, the MoIA is the ministry responsible for regional development related issues in Estonia. According to the same Act, the Ministry of Environment (MoE) is responsible for spatial planning. The functions of the MoIA include elaboration of the legal and administrative framework

2 Adopted by Riigikogu on December 13, 1995 (RT I 1995, 94, 1628)
for regional policy, develop policy guidelines and budgetary resources for Enterprise Estonia which acts as implementing authority for domestic regional development support schemes as well as for county governments which are responsible for activities aimed at balancing the development of their territory. Enterprise Estonia is operating the domestic regional development programmes as well as national support schemes for business development. County Governments, according to various Acts, are responsible for spatial planning, initiating and implementation of certain development projects as well as providing small-scale grants to municipalities and NGOs for their development projects.

As concerns cross-border co-operation policy across the future EU external borders, no separate institutional framework exists. National support schemes for local and regional cross-border co-operation are part of domestic regional policy and thus under the responsibility of the aforementioned institutions.

According to the decision of the Government of the Republic\(^3\), the MoIA will be the responsible authority for the INTERREG programmes in Estonia for 2004-2006.

However, as the managing and paying authorities for the INTERREG programmes will remain to be the existing ones – Regional Council of South-West Finland (South Finland Coastal Zone / Estonia Interreg IIIA programme) and Investitionsbank of Schleswig-Holstein (BSR Interreg IIIB and North Zone Interreg IIIC programmes). Although the detailed division of tasks between MoIA and relevant managing and/or paying authorities will be defined finally in the amended Community Initiative Programmes (to be submitted to the EC in the end of September, 2003), the main tasks of the MoIA will most probably include project selection, monitoring and financial control. The detailed tasks and administrative procedures for managing the INTERREG programmes in 2004-2006 will be elaborated jointly between responsible ministries of Estonia (MoIA), Finland (Ministry of Interior) and Latvia (Ministry of Regional Development and Local Governments) as well as relevant managing authorities by the end of September 2003.

5. Detailed Budget (EUR)

<table>
<thead>
<tr>
<th></th>
<th>Phare Support (EUR)</th>
<th></th>
<th>National Cofinancing(^4)</th>
<th>IFT(^5)</th>
<th>TOTAL(^6)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support(^1)</td>
<td>Institution Building(^2)</td>
<td>Total Phare (=I+IB)(^3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 1 TA</td>
<td>0</td>
<td>100 000</td>
<td>100 000</td>
<td>10 000</td>
<td>110 000</td>
</tr>
<tr>
<td>Contract 2 Grant scheme for the implementation of pilot projects</td>
<td>857 500</td>
<td>192 500</td>
<td>1 050 000</td>
<td>350 000</td>
<td>1 400 000</td>
</tr>
<tr>
<td>Total</td>
<td>857 500</td>
<td>292 500</td>
<td>1 150 000</td>
<td>360 000</td>
<td>1 510 000</td>
</tr>
</tbody>
</table>

\(^3\) Of April 16, 2002 (protocol No 16, item No 26)
The amounts for co-financing indicated in the table correspond to cash co-financing. In addition, in-kind contributions from the Estonian administration for a good implementation of the technical assistance may be detailed in the technical specifications.

Co-financing on the TA is national (provided by MoIA), co-financing on pilot projects level will be provided by the beneficiaries. On pilot projects the Estonian public co-financing should be minimum 25% of the total project cost.

Co-financing of the TA will be parallel co-financing provided from the budget line of MoIA. As a rule the co-financing of the pilot projects will be joint co-financing. If justified in individual cases parallel cash co-financing may be eligible, subject to agreement by the steering committee.

The co-financing expenses will be monitored by the beneficiaries and the NAO. For the earmarked co-finance, a clear and verifiable set of costs will be provided. The beneficiary will define which budget lines are the source for co-finance. Flow and stock data on co-finance will be submitted quarterly for steering committees, twice a year to the Sector Monitoring Working Group.

The beneficiary together with the NAO commits to sound financial management and financial control.

Any additional costs necessary for the realisation of the project will be covered from national resources.

6. Implementation Arrangements

6.1. Implementing Agency

The Implementing Agency is CFCU in the Ministry of Finance. The CFCU will be responsible for tendering, contracting and payments of the project. The responsibility for project preparation, implementation and control will remain in the MoIA.

The Programming Authorising Officer/PAO is:
Renaldo Mändmets
Deputy Secretary General of the Ministry of Finance
Tel: (+372) 6 113 545
Fax: (+372) 6 966 810
e-mail: Renaldo.Mandmets@fin.ee

The Programme Officer/PO is:
Priidu Ristkok
Head of Regional Development Department of MoIA
Tel: (+372) 6 125 152
Fax: (+372) 6 125 101
e-mail: Priidu.Ristkok@sisemin.gov.ee
Project manager:

The MoIA will provide a full time project manager in Regional development Department.

The project manager will ensure the everyday implementation and operation of the project, including the arranging of application procedures, the evaluation and project selection and individual project implementation for the grant scheme. Additional expertise to project manager for preparing the grant contracts, advising the direct beneficiaries, examining the reports and invoices, carrying out on-spot checks etc. will be provided through the TA component.

The Steering Committee (SC) will be set up. The SC will be composed of Ministry of Internal Affairs (chair), Ministry of Economics and Communications, Ministry of Finance, Ministry on Environment, Ministry of Education and the representatives of local authorities, representatives from the association of municipalities as well as appropriate representatives from the Russian side. The CFCU and EC Delegation will be invited as observers to the SC. Any other institutions may be included, if appropriate.

Project selection, evaluation and control of the grant scheme applicants.

a) Project selection

The project selection will strictly follow the procedures described in PRAG section 6 “Grants”. The projects will be selected via a call for proposals. For the evaluation of the projects an Evaluation Committee will be established by MoIA and approved by the Ministry of Finance and EC delegation in Estonia. After checking the eligibility and administrative, technical and financial compliance of the applications the Evaluation Committee will make a financing proposal to the PO who will in its turn ask approval from PAO. The EC Delegation will endorse the PAO decision. The CFCU will contract the beneficiaries and make payments for implementing the project.

b) Evaluation process

The Projects will be evaluated by independent Evaluation Committee. The evaluation process starts with the receipt of the proposals and ends with the approval by Delegation of the European Commission of PAO’s decision to award grants to the selected applicants. The names of the applicants who submitted proposals within the stipulated deadline and those who submitted their applications after the stipulated deadline will be announced. Each proposal will be evaluated by the members of the Evaluation Committee, if assessors carry out the assessment, the recommendations must be presented to the Evaluation Committee in writing. According to the results of the evaluation, the Evaluation Committee draws up its recommendations, prepares the Evaluation Report and submits it for approval to MoIA/PO. The MoIA/PO checks whether the procedure followed by the Evaluation Committee has been correct and submits the results to the Ministry of Finance for approval. The evaluation report will be approved by the Ministry of Finance (CFCU)
who will submit the evaluation report together with the applications to the Delegation of the European Commission for endorsement.

c) Preparation of the contracts

In principle the Model of Standard Grant Contract will be provided to the Guidelines for applicants. The CFCU prepares the grant contracts and submits to the PAO for approval. After giving the approval to the grant contracts PAO/CFCU submits the contracts signed by him to the EC Delegation for endorsement. Following the endorsement of the contracts by ECD, the grant contracts will be signed by the beneficiaries. The CFCU provides the information regarding the contract awards.

d) Control and reporting

MoIA will be responsible for preparing a calendar and standard formats for reporting.

The project managers of the direct beneficiaries will submit monthly updates about the performance of the individual project to the project manager in MoIA. Besides the monthly updates, the direct beneficiaries will submit interim and final reports (including both activity and financial reporting) to the project manager in MoIA. The interim and final reports of the direct beneficiaries will be examined by the MoIA and approved by the SC.

In addition, the project manager in MoIA will be responsible for carrying out on-spot checks of individual projects throughout the period of their implementation.

**Implementation of the contracts**

All procurement will be done according to the rules of the “Practical Guide to Phare, ISPA and SAPARD”

The grant scheme will be implemented in line with PRAG requirements for grant schemes (see above).

**Control and reporting**

The project manager of MoIA will submit comprehensive quarterly progress reports covering the whole project implementation to the SC for approval.

Twice a year the MoIA will prepare a comprehensive monitoring report and submit it to PAO.

**Extended Decentralised Implementation System (EDIS)**

Under EDIS the functions and tasks of all relevant bodies involved remain similar to the DIS procedures described above. The primary difference will be in that the ex-ante control will not be carried out by the ECD but by the Foreign Financing Department of the Ministry of Finance. The division of tasks between CFCU and ECD may thereby by revised accordingly after CFCU has received the accreditation. All specific provisions for the implementation and control mechanisms will be ensured by the Ministry of Finance and elaborated by the summer of 2003.
The provisional EDIS time schedule is the following:
Phase 1: gap assessment – is already done;
Phase 2: preparations for EDIS based on the gap assessment – during June-September 2003;
Phase 4: accreditation: October 2003 – May 2004
The timetable is indicative.

The EDIS system must be in place at the time of accession the latest.

Full co-ordination with Russian authorities remains to be put in place and will be secured through the participation of representatives of Russian central and local level authorities at the Steering Committee. Yet, preparations for Interreg implementation on the national level also already include establishing closer contacts with Russian authorities, and engaging them in joint co-operation committees. In the framework of preparation the Interreg IIIB Latvian-Russian-Estonian priority into the Interreg IIIB Baltic Sea Region Community Initiative Programme the Russian representatives will attend at the working group meetings. Through this the initial co-ordination will be guaranteed. Then at the later stage (by autumn 2003) when the priority has been completed and Programme Complement elaborated the co-ordination will be guaranteed through Interreg-Tacis joint co-ordination structures.

6.2. Twinning
Not applicable.

6.3. Non-standard aspects

All contracting will be carried out in line with the *Practical Guide to Phare, ISPA and SAPARD contract procedures*.

6.4. Contracts

A separate contract will be concluded for the TA component (Contract 1: 110.000 €, Phare 100.000 €).

Contract 2: Grant scheme (Phare 1.050.000 €)
There will be several Sub-contracts for implementation of the Grant scheme for the implementation of pilot projects. The precise number of contracts can only be determined at a later stage.

7. Implementation Schedule

7.1. Start of tendering

November 2003.

7.2. Start of project activity
Expected date of commencement of first contract is the second quarter of 2004.

7.3. Project Completion

The expected date of last payment under last contract is the last quarter 2006.

8. Equal Opportunity

During the implementation of the project there will be no discrimination on the grounds of race, sex, sexual orientation, mother tongue, religion, political or other opinion, national or social origin, birth or other status. Equal opportunities for women, men and minorities will be ensured by the Steering Committee during the implementation of the project. The Estonian laws and regulations concerning the equal opportunities for women, men and minorities will strictly be followed. Equal opportunity for men and women to participate in the project will be measured by recording the experts and consultants employed.

9. Environment

Dealt with at the individual sub-project level.

10. Rates of return

Dealt with at the individual sub-project level.

11. Investment criteria

11.1. Catalytic effect:

The Phare support catalyses action of preparation of the local and regional authorities and NGOs for Interreg programmes which would otherwise not have taken place in this way by galvanising the local authorities into the project development actions which are at the heart of future EU funding mechanisms. Development of infrastructure in the border regions will attract investment from private sector in the future.

11.2. Cofinancing:

Phare will use its support to attract as much co-financing as possible from all sources. Minimum 25% Estonian public co-financing of the total costs of the grant scheme is required.

11.3. Additionality:

Phare support does not displace any other financiers especially from different national regional development programmes or the private sector since no other
source provides for these specific activities. The expertise developed by successful beneficiaries makes them well placed to also take advantage of EU funding from Interreg programme.

11.4. Project readiness and Size:

Before the start of investment components all necessary technical studies will be completed.

11.5. Sustainability:

The positive impact of the project will be sustained through increased capacity for participating in the future Interreg programme. The investments will be sustainable after the completion of the project. Local governments will pay for future maintenance and operating costs of the infrastructure. Project will not have an adverse effect on the environment.

11.6. Compliance with state aids provisions

The state aid is regulated by Estonian Competition Law, which is harmonised and in compliance with European Union regulations.

11.7. Contribution to National Development Plan

The project contributes directly to the priorities of Interreg programme and follows in broader terms the priorities defined in the National Development Plan.

12. Conditionality and sequencing

Conditionalities:

1. The MoIA will recruit a project manager from national funds before the end of 2003. Additional expertise can then be provided through the TA component.
2. The detailed implementation arrangements for the grant scheme will be worked out in 2003 and submitted to the approval of the EC delegation before implementation of contract 2.
3. Following the outcome of the implementing agencies assessment undertaken by the EC delegation on the basis of the Phare programming guide 2003, the implementation of the grant scheme is conditional upon evidence that the recommendations of such an assessment have been addressed.

2. Sequencing

- For the technical implementation of the grant scheme (elaboration of the guidelines for applicants, preparation of a call for proposal, etc.) assistance can be made
available through the Phare Project 2002/000-266.01.01: Phare Project Preparation, Training and Management Facility.

- The general preparation and administration framework for launching Interreg will be worked out during the Twinning Light Project in the second half of 2003. The institutional framework for the EBI will be determined in close co-ordination with the ongoing Interreg TWL and will be consistent with the institutional framework for Interreg.

- Following the finalisation of the Interreg IIIB JPD, it will be ensured that pilot projects and project pipeline will be fully in line with the relevant priorities for the Estonian-Russian border.

- Close co-operation and information provision with external border initiatives and Interreg preparations in Latvia and Lithuania will be ensured throughout the implementation of the EBI
ANNEXES TO PROJECT FICHE

Annex 1 - Logical framework matrix in standard format
Annex 2 - Detailed implementation chart
Annex 3 - Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
Annex 4 – Division of responsibilities
ANNEX 1

Phare logframe

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR Project External Border Initiative 2003</th>
<th>Programme name and number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contracting period expires: 30 November 2005</td>
</tr>
<tr>
<td></td>
<td>Total budget: 1.510 MEUR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balanced development of the Estonian border region with Russia</td>
<td>unemployment rate</td>
<td>statistics issued by CSO</td>
</tr>
<tr>
<td></td>
<td>average incomes</td>
<td>development studies</td>
</tr>
<tr>
<td></td>
<td>GDP per capita</td>
<td></td>
</tr>
<tr>
<td></td>
<td>number of cross-border initiatives contributing to the economic development</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>To strengthen the ability of local actors to fully utilise the opportunities for development offered by the Interreg programme and provide them with a wider experience for the design and implementation of cross-border projects</td>
<td>sub-projects in operation and funds used</td>
<td>project implementation reports</td>
<td>continued commitment of the Government towards regional development</td>
</tr>
<tr>
<td></td>
<td>number and quality of services provided by local organisations</td>
<td>interviews with stakeholders</td>
<td>political commitment to regional co-operation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>evaluation reports</td>
<td>functioning co-operation between all relevant partners in the regions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>sustained interest of the population of the regions in development and co-operation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results – Outputs of sub-projects</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Local absorption capacity for Interreg programmes increased at the external border</td>
<td>personnel of stakeholders trained, institutions qualified, awareness raised</td>
<td>surveys/interviews</td>
<td>availability of qualified experts</td>
</tr>
<tr>
<td>2. Project pipeline created for Interreg programme</td>
<td></td>
<td>project implementation reports</td>
<td>well functioning co-operation and co-ordination between PAO, PO,</td>
</tr>
</tbody>
</table>
at the external border
3. Existing local cross-border structures prepared for implementation of Interreg programme
4. Co-ordinated and coherent activities for preparation of the Interreg programme between Estonia-Latvia and Russia ensured
5. Network between Estonian and Russian organisations strengthened and additional communication channels developed

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Cost (EUR)</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Contract 1                                                                 | Technical assistance services, procurement of equipment and construction works. Indicatively 3 to 6 pilot projects will be supported from the grant scheme. | Phare 1.150 MEUR | Estonia 0.360 MEUR | - active involvement of regional and local authorities and other stakeholders  
- feasibility studies and EIAs are completed in time  
- co-ordination with Tacis programme is ensured |
| Contract 2                                                                 | Grant scheme for the implementation of pilot projects                  |              | Preconditions                                                               |
|                                                                            |                                                                        |              | - the MoIA will recruit project manager before signing the FM at the latest  
- elaboration of relevant Interreg programme completed in time             |
### 5.2 Time Implementation Chart

**Project No:**
**Project Title:** External Border Initiative 2003

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1</td>
<td>T</td>
<td>T</td>
<td>T</td>
<td>T</td>
</tr>
<tr>
<td>Technical</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 2</td>
<td>T</td>
<td>T</td>
<td>T</td>
<td>T</td>
</tr>
<tr>
<td>Grant Scheme</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5.3 Cumulative Contracting Schedule

Project No:
Project Title: External Border Initiative 2003

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.03</td>
<td>30.06</td>
<td>30.09</td>
</tr>
<tr>
<td>Contract 1 Technical</td>
<td>100 000</td>
<td>100 000</td>
<td>100 000</td>
</tr>
<tr>
<td>Assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 2 Grant</td>
<td>1 050 000</td>
<td>1 050 000</td>
<td>1 050 000</td>
</tr>
<tr>
<td>Scheme</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1 150 000</td>
<td>1 150 000</td>
<td>1 150 000</td>
</tr>
</tbody>
</table>
5.4 Cumulative Disbursement Schedule

Project No: 
Project Title: External Border Initiative 2003

<table>
<thead>
<tr>
<th>Date</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.03</td>
<td>30.06</td>
<td>30.09</td>
</tr>
<tr>
<td>Contract 1 Technical Assistance</td>
<td>60 000</td>
<td>60 000</td>
<td>70 000</td>
</tr>
<tr>
<td>Contract 2 Grant Scheme</td>
<td>800 000</td>
<td>800 000</td>
<td>800 000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>860 000</td>
<td>860 000</td>
<td>870 000</td>
</tr>
</tbody>
</table>
Division of responsibilities

PAO/Central Financing and Contracting Unit
The PAO shall be responsible for the operations of the Implementing Agency (CFCU) and in particular for the sound, administrative, financial and technical management of the project to be implemented by IA, including respect of tendering and contracting procedures and monitoring of project implementation.

Responsibilities of PAO/CFCU:
- Preparation of the grant contracts and submission to the ECD for endorsement;
- Conclusion of the grant contracts with beneficiaries;
- Control and approval of the requests of payments;
- Making payments to the beneficiaries;
- Approval and control of sub-tendering and sub-contracting and submission of documents to the ECD for information;
- Approval of reports of the beneficiaries and submission to the ECD for information and comments.

The Ministry of Internal Affairs (MoIA) / Programme Officer (PO)

The MoIA is responsible for steering and monitoring of the project and its sub-projects, maintaining regular contacts with PAO/CFCU. The Ministry is directly responsible for achieving the project purpose and contributing to the achievement of overall objectives.

The MoIA has set up the Steering Committee (SC) with PO as a chairman (this will be same as for Phare CBC). The Steering Committee reviews, comments on and approves the reports and work plans of the project, discuss and authorise changes in project implementation plan and resource allocation.

The Regional Development Department of the MoIA is responsible for the project on working level.

The PO is responsible for monitoring of progress of the project (meeting the objectives of the project) and planning of corrective management actions in its capacity

Advise the beneficiaries in sub-tendering procedures and documents within the grant contracts;
- Follow up of the progress and planning of individual projects;
- Conducting the general control of the implementation of the grant contracts, approval of single project reports;
- Submitting request of payments of beneficiaries to PAO for approval;
- Examination of the sub-tender documents of the grant contract, submission to the PAO for approval;
- Regular reporting to PO and Steering Committee.
**Beneficiaries:**
The beneficiaries are responsible for the implementation of the single projects according to the conditions provided in the Grant Contract and its annexes. The beneficiaries shall present the project plans and all relevant documentation necessary for the implementation of the sub-projects.

**Responsibilities of Beneficiaries:**
Implementation of the project according to the grant contract and its annexes;
Management of the grant funds allocated within the grant contract;
Preparing the sub-tender documents and evaluation of the offers;
Sub-contracting;
Control of the sub-contractors;
Regular quarterly reporting to EE/PO (progress and financial report);
Submitting the invoices and request of payments to EE/PO for approval;
Responsibility for transparent accounting of the project;
Following the guidelines for publicity.