Neighbourhood Programme Romania - Moldova 2004 – 2006
2005 fiche for Project 1 for Priority 1 (Social & economic development)

1. Basic information

CRIS number: 2005/017-537.01.01
Title: Neighbourhood Programme Romania - Moldova 2004-6, Economic and Social Development (ESD) 2005 Grant Scheme
Sector Code (DAC): 43040
Geographical Location: Eligible regions of the Neighbourhood Programme Romania Moldova: Galati, Vaslui, Iasi, Botosani Judets in Romania, and all of Moldova.

2. Objectives

2.1. Overall Objectives

The Global Objective of the Neighbourhood Programme 2004 - 2006 is

- to achieve the sustainable socio-economic development on the border area between Romania and Moldova by developing the principle of cross-border co-operation.

Two strategic objectives will reinforce the global objective:

- to increase the overall level of cross-border social and economic co-operation, and
- to improve the coherence in cross border infrastructure as it contributes to the populations’ quality of life.

2.2. Purpose of the project

The projects shall support the economic and social development across the border and tourism development. In overall terms, the grant schemes will seek to promote investment, institution building and partnership developments among the local actors of the eligible region

2.3. Accession Partnership

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

Social Policy and Employment Policy Chapter
- strengthen employment services at local level, notably by improving the co-operation between local services in the field of employment and social assistance.

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

NPAA
The multi-annual approach for the CBC programme (Neighbourhood Programme) should be consistent with the following permanent objectives identified in the NPAA (2002) for programming regional development in 2002-5:

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

2.4 Contribution to National Development Plan
The priorities of the NDP established for the 2004-2006 period are as following:

- Improving the competitiveness of the productive sector and making it more attractive to foreign investors;
- Improving and developing transport and energy infrastructure and ensuring environmental protection;
- Human resources development, increasing employability and fighting social exclusion;
- Developing the rural economy and increasing productivity in the primary sector
- Promoting a balanced participation of all Romania’s regions to the socio-economic development process.

The intervention strategy and actions of the Neighbourhood Programme are in harmony with the objectives of the NDP. Economic competitiveness is reinforced by efficient cross-border co-operation in various fields, including, business support, tourism and local development. Human resource development will profit from the trans-boundary co-operation in education, training and cooperation between local services. Efficient development of environmental improvements in the border regions requires effective co-operation on environmental protection issues.

2.5. Cross-border Impact of the Project

The primary factor in assessing the cross border impact for the eligible area, is that all of Moldova is eligible for participation in the grant schemes: therefore, defining cross border impact in a traditional sense is complex, as many eligible areas do not lie close to the actual border. However, notwithstanding this, the region along the Romanian - Moldovan border contains comparable characteristics, and to a large extent has defined similar long-term objectives on the basis of their socio-economic situations. Despite some marked differences of socio economic development the border region shares a common approach that economic structure determines development, so one of its main objectives is to modernise economic structure, to improve competitiveness and life standards. It is also important to create an attractive image of the border region for investors and visitors, to preserve natural assets and to develop intra- and interregional relationships.

The overall project purpose and project objectives will be the main tool in the implementation of the JPD (2004-6) priorities. Promoting cross-border relations and good co-operation between the RO and MO border regions is a powerful tool for fostering economic and social development. Competitiveness in the border region will be reinforced by efficient cross-border cooperation in a range of fields including infrastructure, environmental protection and management, business development, tourism promotion, education and social affairs, and local development. In addition, human resource development in the border area will benefit from the international collaboration in education, training and labour market activities.

Efficient management of environment in the border area requires good co-operation in the issues such as environment protection and regional infrastructure. Therefore, a linkage and complementarity between the regional development strategy and the cross-border co-operation strategy will be ensured, since the cross-border co-operation contributes to the integrated development of the border region.

This project fiche is in line with the priorities defined in the main Romania-Moldova Neighbourhood Programme JPD documentation:


The current project, as described in this fiche, aims to contribute to the strengthening of the physical and infrastructural coherence of the cross-border area and increasing the living standard and the attractiveness of areas on both sides of the RO-MO border.

3. Description

3.1 Background and justification

The grant scheme - Economic and Social Development - seeks to integrate the relationship between the pillars of infrastructure, human resources and economic promotion as they each relate to the overall development of the eligible region, and their contribution toward the quality of life within the eligible area.
The priority is reflective of the broad number of challenges and issues affecting the eligible area. However, they should not be seen as individual factors, rather they recognise cross-sectoral needs of the regions, and the interdependency of the sectoral challenges which are faced. Therefore for example, environmental infrastructure development is not seen as a isolated issue unto itself, but rather, as an issue which underpins the achievement of all other activities. Similarly, none of the challenges and issues should be seen as solely infrastructural or human resource development based actions: the needs of the eligible area are both varied and inter-related.

Whilst there are common challenges in the areas of infrastructure and industrial development, there are also marked differences of development in these areas throughout the eligible area. The challenge in this field is to attempt to address the lack of basic resources but also alleviate the shortfall in provision of basic economic and environmental infrastructure that forms a key element of cross border activity.

Despite a marked improvement in the environmental quality during the last decade there are still serious deficiencies in the environmental situation in the cross border area. Improvement of the treatment of sewage water and communal waste has not kept pace with increasing amounts, especially in small settlements. Similarly, water management, as it relates to both the main water arteries in the region and also the overall is lacking in both basic infrastructure and management capacity, and this must be addressed urgently.

The infrastructure and human resources related to the state borders within the eligible areas represent one of the most important physical barriers hindering the development of socio economic development, integration and coherence. In the scope of the current programming period, their importance can even escalate, as this borderline will become the external border of the European Union.

The improvement in accessibility between the centres on either side of the Romanian-Moldovan border, as well as the peripheral areas and urban centres further afield are basic requirements for effective cross border cooperation. This involves the completion of transport networks, and activities, which are realistic under this programme, should be focussed upon the logistical and organisational requirements of extending micro-level and trans-national transport infrastructure. Whilst large scale infrastructure matters are largely dealt with other EC financed operations, smaller scale infrastructure activities, specifically related to cross border development are in need of upgrading. Their enhancement contributes to the overall success not just of this measure, but underpins the basis of other measures under this priority.

A strong local, economic development is the foundation for ensuring economic growth, employment and the transition to new economic sectors. The low GDP and the decline in most of the sectors of economic activities in the region enforce the need for new activities and approaches.

With the majority of the population residing in rural areas, and with a very poor level of modern production facilities and modern technologies in general, the local economic development will to a large extent have to focus on the development of SMEs and entrepreneurs and on the development of income generating alternative sources in the rural area, while strongly supporting the modern, efficient and market oriented agriculture.

There are strong and diverse local cultural traditions, historical heritage and beautiful ecosystems with very unique areas in the Romanian-Moldovan border region. Combined with high quality natural sites, famous wine industry, an increasing awareness of local cultural products and service and the established network of airports, railway and roads, this indicates a strong potential for tourism.

However, such activities are restricted by both the present lack of tourism infrastructure and the need for more integration and cooperation concerning tourism activities. Tourist information centres, access roads, information boards and sign posts, are basic requirements that are required by, and justified by, a development of genuine cross border tourism activity. Stakeholders in the tourism industry on both sides of the border should be encouraged toward co-operation in improving existing facilities and creating new ones that will attract larger numbers of visitors to the region.

The region has a good presence of higher and further education institutions in both academic and vocational training. There exists a large and varied system of state-education facilities. This is coupled to a skilled and well educated workforce, which creates potentials in the agricultural (ecological), manufacturing and high tech sectors.

However, in certain areas the region is facing the challenges of a transition economy, where a growing number of people are leaving the agricultural sector and moving into more industrialized businesses or
the service sector, and this requires new competencies and qualification to be provided by the education and training system. A more cooperative basis in the Romanian and Moldovan education and vocational system can assist the reaction to market-failure as it applies the eligible region.

On a higher level, there is a strong potential for cooperation between higher education institutions in the cross border area in areas of research and development, and actions supporting this field should be focussed on supporting the overall economic benefit to the region, and developing a related regional human resource base.

Across the region, there are large numbers of disadvantaged groups – either from physical and mental handicaps, or social handicaps – who are failed by the current provision of social services. The region suffers from a poor record on human trafficking that cannot alone be solved by improve border management, as this fails to address the victims.

These problems combined with rural poverty, high unemployment and lack of opportunities for young people exacerbate the risk of migration, illegal immigration, human trafficking and unsolved health and social problems. Efforts are therefore required to support an acceleration of the social development and an increase in the quality of the social sector through partnerships between regional and local authorities and NGO’s.

3.2 Sector Rationale

The Overall Objective of this Priority is to achieve the sustainable socio-economic development on the border area between Romania and Moldova by developing the principle of cross-border co-operation.

This Priority focuses on the three sectors identified above by providing support to:

- Opportunities for the development of effective environmental and natural protection infrastructure, as it impacts upon the cross border environment
- Opportunities for the modernising and upgrading local transport and border infrastructure on a small scale, and addressing local environmental concerns that would not be eligible under larger programmes;
- Opportunities to support the local SMEs and industry sectors to achieve sustainable development and growth;
- Opportunities for both communities to promote the emerging tourism sector of the region and engage communities and a wider audience in a renewal of interest in their common cultures, history and natural assets.
- Opportunities for local education and social services to co-operate to benefit communities on both sides of the border;

3.3 Identification of projects

The proposed programme will support the identification and implementation of joint projects. In the meaning of the programme, the following should be considered as joint projects:

(a) Simple projects with a cross-border effect taking place mostly or exclusively on one side of the border but for the benefit of both partners;
(b) Complementary projects where an activity on one side of the border is accompanied by a similar activity on the other side;
(c) Integrated projects where partners on either side of the border contribute different elements to a single project

In order to better manage the project identification process under the current NP RO-MO 2004-2006 programme, a very straightforward breakdown between overall objective, project purpose, results and activities has been utilised – as described in the attached logframes (Annex 1). A summary is provided below:

The overall objective and project purpose are as described in Section 2.1 and 2.2 above. The results and activities section of the logframe correspond with the priorities and measures as developed in the main NP Joint Programming documents (as listed in Section 2.5 above).

The overall scheme, in terms of NP RO-MO 2004-6 priorities and measures, is shown in the table below:

This will hopefully occur through concentrating on the five project measures within the overall priority:

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Measure 2: Territorial and border management

Measure 3: Local Economic Development

Measure 4: Tourism

Measure 5: Education and Social Services

Priority 2: People to people actions

Measure 1: Joint Small Projects Fund

Priority 3: Technical assistance

Measure 3.1 Programme Management and Implementation

Measure 3.2 Programme publicity and evaluation; Project preparation

3.4 Activities

The project fiche will support the financing of the Economic and Social Development Grant Scheme

Economic and Social Development Grant Scheme

Measure 1.1: Environmental and natural protection

Means (Measure 1.1)

The indicative allocation for this measure will be 4.95 M€ (Phare contribution: 3,720 M€) during the 2004-2006 period.

The 2005 budget will be allocated according to proposals selection outcomes for the four measures of Priority 1. For 2005, the indicative allocation for this measure will be 1.570 M€ (Phare contribution: 1.180 M€)

The corresponding indicative TACIS allocation for this measure will be 0.750 M€ during the 2004-2006 period, with the 2005 indicative allocation being 0.225 M€

Under this measure, the Grant Scheme shall provide grants in an amount of € 150 000–500 000 for the procurement of services, supplies and works. The range of grants from Tacis side could be different (to be specified in the Call for proposal/Guidelines for applicants)

Eligible activities will be the following (Measure 1.1):

- Improvement of both facilities and human resources in water management and flood prevention
- Development of effective monitoring of the quality of air, water and soil (including anti hail measures)
- Development of and upgrading of waste disposal; sewage, waste water, sludge infrastructure and supporting human resources
- Improvement of joint-management and supporting infrastructure in cross border natural protection
- Training of personnel including training of trainers
- Research, planning, study visits, sectoral and regional studies
- Establishment of best practice and procedures
- System analysis and transfer of knowledge
- Institutional strengthening measures
- Establishment of advisory and development functions
- Work placements
- Thematic information seminars, development of information material
- Human and institutional capacity building measures
- Feasibility studies, environmental impact studies or project preparation activities for larger projects with a strong cross border impact

Eligible Costs (Measure 1.1)

- Relevant and linked institutional strengthening activities
- Appropriate project preparation and supervision activities
• Costs of training related to infrastructural developments or purchase of equipment
• Construction and development costs of infrastructure (the costs of construction)
• Purchase of specific equipment
• Costs related to ICT development

p.m.: land acquisition expenses will not be eligible under this programme.

Selection Criteria (Measure 1.1)

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

- Activities must be coherent with national policies, or demonstrate coherence with the relevant chapters of the National Development Plan, or the Association process. Activities should complement, but not overlap, existing programmes in the field of environment development and natural protection.

Notably:
- In the area of waste-water treatment, applicants will have to justify that their projects are not/ could not be eligible under other EU financed programmes such as SAPARD and SAMTID.
- Regarding monitoring equipment purchase, if national monitoring systems have to be put in place to meet EU requirements in the context of accession, the applicants will have to justify that the proposed equipment is fully compatible and not redundant with systems put in place at national level. If the definition of the national system has not been completed so that assessing compatibility (and then sustainability) is not possible, activities will not be eligible.
- Activities must clearly demonstrate a cross border character via the involvement of a partner institution in the other country, or by benefits accruing to communities on both sides of the border, be implemented close to the border;
- Environmental activities should target the protection of natural assets, or improvements to public health on both sides of the border;

Potential Beneficiaries (Measure 1.1)

The potential beneficiaries of this measure will be:

- Local and regional authorities
- NGOs and NPOs
- County and regional water management, waste water management, river protection and flood protection companies and public bodies
- County environment protection agencies
- Natural park administrations (responsible at state, regional and municipal level) and local forestry directorates

Measure 1.2 - Territorial and Border management

Means (Measure 1.2)

The indicative allocation for this measure will be 6.21M€ (Phare contribution: 4.66 M€) during the 2004-2006 period.

The 2005 budget will allocated according to proposals selection outcomes for the five measures under Priority 1. For 2005, the indicative allocation for this measure will be 1.962 M€ (Phare contribution: 1.475 M€)

The corresponding indicative TACIS allocation for this measure will be 0.94 M€ during the 2004-2006 period, with the 2005 indicative allocation being 0.28 M€

Under this measure, the Grant Scheme shall provide grants in an amount of € 150 000-500 000–for the procurement of services, supplies and works. The range of grants from Tacis side could be different (to be specified in the Call for proposal/Guidelines for applicants)

Eligible activities will be the following (Measure 1.2):

- Rehabilitation of secondary (non national) roads
- Corresponding public transport facilities (not individual companies) with definitive support toward cross border development
• Studies which contribute toward preparation of major infrastructure development projects facilitating improved cross border trade and traffic and territorial development.
• Developing and increase competence and human capacity in border management such as staff training in overall management and planning issues, equipment usage, operational techniques, cooperation between border management personal in Romania & Moldova
• Research, planning, study visits
• Establishment of best practice and procedures
• System analysis and transfer of knowledge
• Institutional strengthening measures
• Establishment of advisory and development functions
• Work placements
• Thematic information seminars, development of information material
• Human and institutional capacity building measures
• Feasibility studies, environmental impact studies or project preparation activities for larger projects with a strong cross border impact

**Eligible Costs (Measure 1.2)**
- Relevant and linked institutional strengthening activities
- Appropriate project preparation and supervision activities
- Construction and development costs of infrastructure (the costs of construction )
- Costs of training related to infrastructural developments or purchase of equipment

**Selection Criteria (Measure 1.2)**
When selecting from the initial group of applications, priority will be given to activities which meet the following criteria
- Activities must be coherent with national policies, or demonstrate coherence with the relevant chapters of the National Development Plan, or the Association process;
- Activities must clearly demonstrate a cross border character via the involvement of a partner institution in the other country, or by benefits accruing to communities on both sides of the border, be implemented close to the border;
- Activities in the field of infrastructure should contribute to improved accessibility of the border areas and the reduction of travel time between cross-border destinations;
- Activities should complement, but not overlap, existing programmes in the field of border management and transport infrastructure development. Notably regarding border management, applicants will have to justify that proposed activities are not eligible under the Phare National Programme; the direct involvement of a local partner institution in the other country will be mandatory. In this field, while applicants will likely be border guard and customs authorities, projects providing direct benefits to either people crossing the border or refuges – benefits which will have to be clearly identified and should be easy to monitor – will be given priority.

**Potential Beneficiaries (Measure 1.2)**
The potential beneficiaries of this measure will be:
- Local and regional authorities
- Regional (non-national) divisions of Border Guard and Customs authorities
- Local and regional authorities
- Public road and rail management companies
- Public owned transport providers
- NGOs and NPOs

**Measure 1.3 – Local Economic Development**

**Means (Measure 1.3)**
The indicative allocation for this measure will be 6.21 M€ (Phare contribution: 4.66 M€) during the 2004-2006 period.

The 2005 budget will be allocated according to proposals selection outcomes for the five measures. For 2005, the indicative allocation for this measure will be 1.962 M€ (Phare contribution: 1.475 M€)
The corresponding indicative TACIS allocation for this measure will be 0.94 M€ during the 2004-2006 period, with the 2005 indicative allocation being 0.28 M€.

Under this measure, the Grant Scheme shall provide grants in an amount of € 50 000–500 000 for the procurement of services, supplies and works.

**Eligible activities will be the following (Measure 1.3):**
- Business-related infrastructure such as business incubators, business centres, exhibition centres and project-supporting institution building (Human Resources Development)
- Identification and the development of new economic activities e.g. ecological production, the service sector, traditional arts and crafts
- Business information and support activities, (including actions which fight against corruption and fraud)
- Coordination of production, EU labeling and quality standards within industries involved in cross border trade and joint development
- Training of personnel including training of trainers
- Research, planning, study visits, sectoral and regional studies
- Establishment of best practice and procedures
- System analysis and transfer of knowledge
- Institutional strengthening measures
- Establishment of advisory and development functions
- Work placements
- Thematic information seminars, development of information material
- Human and institutional capacity building measures
- Feasibility studies, environmental impact studies or project preparation activities for larger projects with a strong cross border impact

**Eligible Costs (Measure 1.3)**
- Relevant and linked institutional strengthening activities
- Appropriate project preparation and supervision activities
- Appropriate strategies, consultancy and advisory services;
- The costs of renewal / refurbishment of existing buildings as business supporting infrastructure
- Organization and delivery costs of various business events and of training courses
- Purchase of equipment (office infrastructure, IT equipment, laboratory and research equipment.)

**Selection Criteria (Measure 1.3)**
- Activities must be coherent with national policies, or demonstrate coherence with the relevant chapters of the National Development Plan, or the Association process;
- Activities must clearly demonstrate a cross border character via the involvement of a partner institution in the other country, or by benefits accruing to communities on both sides of the border, preferably be implemented close to the border;
- Activities should complement, but not overlap, existing Community or National programmes in the field of business and economic development support.
- Relevant activities may only support existing business parks, not the establishment of new ones
- All business development related projects must be supported at the outset by a viable business plan (this business plan will notably define clearly services to be provided to SMEs and tariffs for these services). A minimum 15% of the grant shall be dedicated to a) technical support for the provision of services to SMEs in the launching phase b) promotion campaign to ensure awareness of potential “clients/users”.
- establishing facilities supporting or inducing direct cross-border co-operation of businesses (demonstrating that at least 50% of firms that will use the services of the supported facility will be involved in cross-border trade / business)

**Potential Beneficiaries (Measure 1.3)**

The potential beneficiaries of this measure will be:

- Local and regional authorities
• Business Support Organizations (NGO, NPO)
• Local Enterprise Agencies (NGO, NPO)
• Development Agencies (NGO, NPO)
• Chambers of Commerce (NGO, NPO)

Measure 1.4 – Tourism

Means (Measure 1.4)

The indicative allocation for this measure will be 4.95 M€ (Phare contribution: 3.72 M€) during the 2004-2006 period.

The 2005 budget will be allocated according to proposals selection outcomes for the five measures under Priority 1. For 2005, the indicative allocation for this measure will be 1.57 M€ (Phare contribution: 1.18M€)

The corresponding indicative TACIS allocation for this measure will be 0.75 M€ during the 2004-2006 period, with the 2005 indicative allocation being 0.225 M€

Under this measure, the Grant Scheme shall provide grants in an amount of € 50 000–500 000 for the procurement of services, supplies and works.

Eligible activities will be the following (Measure 1.4):
• Support to and development of cross border Tourism-related infrastructure and facilities (including tourist information facilities, access points to regionally recognised tourist attractions, cultural signposting)
• Joint research of new cross border tourism activities (for example, relating to mountains, national parks, wildlife protected zones, rivers and lakes, relating to cultural heritage and specific heritage sites), and the joint management, promotion and information provision regarding existing and new cross border tourism activities
• Training of personnel including training of trainers
• Research, planning, study visits, sectoral and regional studies
• Establishment of best practice and procedures
• System analysis and transfer of knowledge
• Institutional strengthening measures
• Establishment of advisory and development functions
• Work placements
• Thematic information seminars, development of information material
• Human and institutional capacity building measures
• Feasibility studies, environmental impact studies or project preparation activities for larger projects with a strong cross border impact

Eligible Costs (Measure 1.4)
• Relevant and linked institutional strengthening activities
• Appropriate project preparation and supervision activities
• Purchase of equipment (office infrastructure, IT equipment, etc.)
• Construction and development costs of infrastructure (the costs of construction) and related costs of training related to infrastructural developments or purchase of equipment
• Appropriate strategies, consultancy and advisory services;
• Organization and delivery costs of various tourism promotion events, including communication costs, costs of PR and marketing, costs of speakers and moderators, rental costs of rooms and technical equipment, cost of travel and catering;

Selection Criteria (Measure 1.4)
• Activities must be coherent with national policies, or demonstrate coherence with the relevant chapters of the National Development Plan, or the Association process;
• Activities must clearly demonstrate a cross border character via the involvement of a partner institution in the other country, or by benefits accruing to communities on both sides of the border, preferably be implemented close to the border;
• Activities in the field of tourism should contribute to the improved accessibility to, and information about sites and activities, and or the promotion of greater appreciation of the border region as a tourist destination;
• Activities will be selected from a wide range of non-commercial tourist interests, involving all areas of the border region;
• Activities should complement, but not overlap, existing programmes in the field of tourism development.
• Eligible activities have to be of public interest (e.g. development of tourism information points).
  Commercial activities (e.g. investments for accommodation or tourist resorts) are not eligible.

Potential Beneficiaries (Measure 1.4)

The potential beneficiaries of this measure will be:

- Local and regional authorities
- Tourism Agencies (NGO, NPO)
- Business Support Organizations (NGO, NPO)
- Local Enterprise Agencies (NGO, NPO)
- Development Agencies (NGO, NPO)
- Chambers of Commerce (NGO, NPO)

Measure 1.5 - Education and Social Services

Means (Measure 1.5)

The indicative allocation for this measure will be 2.49 M€ (Phare contribution: 1.86M€) during the 2004-2006 period.

The 2005 budget will be allocated according to proposals selection outcomes for the five measures under Priority 1. For 2005, the indicative allocation for this measure will be 0.79 M€ (Phare contribution: 0.59 M€)

The corresponding indicative TACIS allocation for this measure will be 0.37 M€ during the 2004-2006 period, with the 2005 indicative allocation being 0.115 M€

Under this measure, the Grant Scheme shall provide grants in an amount of € 50 000-150 000 for the procurement of services, supplies and works.

Eligible activities will be the following (Measure 1.5)

- Transfer of know how and information between education providers, where an intellectual and/or economic impact of a cross border nature can clearly be identified
- Common or joint delivery of services between social services providers, including the development of parallel services to similar disadvantaged groups. Such groups must present a problem which is both identifiable and pertinent on both sides of the border
- Development, improvement of the educational and vocational training facilities or services that have a direct relation to the key economic sectors in the eligible area
- Training of personnel including training of trainers
- Research, planning, study visits, sectoral and regional studies
- Establishment of best practice and procedures
- Institutional strengthening measures
- Establishment of advisory and development functions
- Work placements
- Thematic information seminars, development of information material
- Human and institutional capacity building measures
- Feasibility studies, environmental impact studies or project preparation activities for larger projects with a strong cross border impact

NB: Vocational training activities envisaged under this measure must be distinct from those under other measures which are specifically designed to support the development and / or introduction of a specific service

Eligible Costs (Measure 1.5)

- Relevant and linked institutional strengthening activities
- Costs of specific consulting and training services
- Costs related to scholarships and exchanges
• Appropriate project preparation and supervision activities
• Cost of special RTD equipment and ICT development
• Costs of conferences, networking and other cooperation events

Selection Criteria (Measure 1.5)

• Activities must be coherent with national policies, or demonstrate coherence with the relevant chapters of the National Development Plan, or the Association process;
• Activities must clearly demonstrate a cross border character via the involvement of a partner institution in the other country, or by benefits accruing to communities on both sides of the border, preferably be implemented close to the border;
• Activities should complement, but not overlap, existing programmes in the field of social development.
• All activities must focus on an institution building activity: infrastructure should be a secondary element in all projects
• Education activities should be carried out with the participation of the higher education and research centres of the eligible area
• Only actions involving joint activities are eligible. Activities without cross border value, which could be eligible under the Phare National programme are not eligible under this programme

Potential Beneficiaries (Measure 1.5)
The potential beneficiaries of this measure will be:

• Local and regional authorities
• Educational and training institutions (NGO, NPO)
• Local Enterprise Agencies (NGO, NPO)
• Development Agencies (NGO, NPO)
• Employment Agencies
• NGOs and NPOs in the social services sectors
• Chambers of Commerce

3.6 Linked Activities

In Romania, the activities of this Priority - Economic and Social Development - will support two of the Neighbourhood Programme’s principle long-term objectives: “To promote sustainable economic and social development in the border areas”, and “To work together to address common challenges, in fields such as environment, public health, and the prevention and fight against organised crime”.

This priority will complement existing PHARE, ISPA and SAPARD programmes in Romania but will not overlap or duplicate activities.

3.7 General Criteria for Eligibility (applying to all measures)

Projects already part-financed by another EC funded programme may not be granted support from this PHARE programme.

In general terms, the eligible actions in the framework of the ESD should meet the following conditions:
• projects will have to be "joint" in the meaning of this programme (integrated projects will be particularly prioritised);
• be financially assessed realistically and transparently;
• be ready for implementation;
• comply with the minimum and maximum level of project support
• availability of co-financing. Minimum co-financing by the beneficiary will be 10% of the cost of projects (in cash);
• under no circumstances be in contradiction with the long-term development plans of the municipality or the region (projects that are part of an overall strategy/plan for the development of the region/town/municipality will be prioritised),
• if possible, contain innovative approaches (e.g. pilot projects).

General criteria for eligibility
• Results of the proposal are in line with the objectives of the grant scheme.
• Justification of supplies and works components must be available in the application. Works can include modernisation or construction of infrastructure closely related to the training, innovation and tourism activities (e.g. technical training places, laboratories, presentation rooms, tourist sites and the related public utilities). Projects including only works or supplies components will not be supported.

**Required documentation**
• Studies (feasibility study, cost-benefit analyses, environmental impact study) justifying the rationality of the infrastructural developments
• Availability of the necessary permits and construction plans.
• Training/curricula/research plan when applicable

**Basic CBC eligibility criteria:**
Projects have to be joint in the meaning of the programme. Generally speaking, the following should be considered as joint projects:
(a) Simple projects with a cross-border effect taking place mostly or exclusively on one side of the border but for the benefit of both partners;
(b) Complementary projects where an activity on one side of the border is accompanied by a similar activity on the other side;
(c) Integrated projects where partners on either side of the border contribute different elements to a single project

Only the projects falling into one of these categories should be considered eligible to the Neighbourhood Programme.

**General selection criteria:**

**Relevance:**
• Relevance to the particular needs and constraints of the cross-border region (including conformity with regional development plans and the Joint Programming Document for the RO-MO Neighbourhood programme)
• Compliance with the objectives of this grant scheme. The applicants must justify that the proposed programmes are adapted to the demands of the cross-border region with special regard to the market
• Clearly defined, strategically chosen target groups
• Relevance of the project to the needs of the target group
• Coherent, appropriate and practical activities
• Added value, new, innovative approaches

**Methodology:**
• The preparedness and elaboration of the project proposal.
• Involvement of the partners in the elaboration and implementation of the project proposal.
• Realistic time-schedule for implementing the project proposal.
• Objectively verifiable indicators for the project outcomes, methodology for follow-up of the project results

**Sustainability:**
• Further utilisation and long-term sustainability of the project results.
• Beneficial social, economic impacts of the project results.
• Possible multiplier effects of the project results.

**Budget and cost effectiveness:**
• To what extent is the budget clear and detailed?
• To what extent are the proposed expenditures necessary for the implementation of the project?

**Management capacity and expertise:**
• Availability of the necessary personal, organisational and institutional capacity for the implementation of the project proposal.
• Previous experience in similar projects
On this basis, more detailed operational guidelines will be developed, including specific project support level/country (minimum/maximum). On the Phare side, these guidelines will have to be approved by the EC Delegation in Bucharest.

3.8 Indicative allocation of funds per Measure

The following table summarises the indicative allocation per measure for both Phare and Tacis contribution:

<table>
<thead>
<tr>
<th>YEAR 2005</th>
<th>Total cost</th>
<th>Romania</th>
<th>Moldova</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIORITIES</td>
<td>Total Support</td>
<td>EC Contribution</td>
<td>National Co-financing</td>
</tr>
<tr>
<td>1. Priority 1 – Local Economic &amp; Social Development</td>
<td>8,992</td>
<td>7.867</td>
<td>5.900</td>
</tr>
<tr>
<td>Measure 1</td>
<td>1.798</td>
<td>1.573</td>
<td>1.180</td>
</tr>
<tr>
<td>Measure 2</td>
<td>2.247</td>
<td>1.967</td>
<td>1.475</td>
</tr>
<tr>
<td>Measure 3</td>
<td>2.247</td>
<td>1.967</td>
<td>1.475</td>
</tr>
<tr>
<td>Measure 4</td>
<td>1.798</td>
<td>1.573</td>
<td>1.180</td>
</tr>
<tr>
<td>Measure 5</td>
<td>0.902</td>
<td>0.787</td>
<td>0.590</td>
</tr>
</tbody>
</table>

3.9 Indicative² programme resource overview for actions in Romania

<table>
<thead>
<tr>
<th>Component</th>
<th>Phare Support</th>
<th>National Co-financing</th>
<th>TOTAL Public support</th>
<th>Beneficiaries contribution</th>
<th>Total project value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Econ/Soc Dev.</td>
<td>Investment</td>
<td>Institution Building</td>
<td>Total Phare</td>
<td>NB&gt;=INV/3</td>
<td>TPS</td>
</tr>
<tr>
<td>2004</td>
<td>4,100</td>
<td>0.00</td>
<td>4,100</td>
<td>1,370</td>
<td>5,470</td>
</tr>
<tr>
<td>2005</td>
<td>5,900</td>
<td>0.00</td>
<td>5,900</td>
<td>1,967</td>
<td>7,867</td>
</tr>
<tr>
<td>2006 (indicative²)</td>
<td>8,600</td>
<td>0.00</td>
<td>8,600</td>
<td>2,870</td>
<td>11,470</td>
</tr>
<tr>
<td>2004-2006</td>
<td>18,600</td>
<td>0,000</td>
<td>18,600</td>
<td>6,207</td>
<td>24,807</td>
</tr>
</tbody>
</table>

The grant scheme will be jointly co-financed between Phare and government resources and the beneficiaries following the rules set out in the Financing Memorandum on the 2005 Phare Cross border Cooperation programmes of Romania.

²All references to Phare funding for 2006, or to final total for 2004-6 are purely indicative² and do not in any case constitute a commitment on the part of the Commission

3.8 Lessons learned

The introduction of the Neighbourhood programme and its corresponding relation between PHARE CBC and TACIS CBC means that there are not any direct lessons that can be drawn from similar exercise of similar scale in Romania and Moldova.

However, in the context of similar PHARE CBC activities, lessons can be drawn from pervious activity with grant schemes. Specifically;

According to the Interim Evaluation Report no R/RO/CBC/03037 issued by EMS Romania, in July 2003, regarding the Cross Border Cooperation programmes, namely the JSPF, the capacity of beneficiaries to
prepare project proposals was overestimated and preparatory training activities (under a parallel Phare programme) did not significantly improve the quality of the proposals. Co-financing was conditional and no problems were encountered by grantees.

The efficiency was adversely influenced by poor cooperation and coordination between all partners involved. Additional skilled staff is required and improvement in communication is expected. The effectiveness of the JSPF programmes is largely dependent on the success of the individual projects supported. As a whole the programme was welcomed by the beneficiaries as it facilitates activities that otherwise would be difficult to fund. For the future projects more effectiveness is to be expected due to horizontal integration with other activities within the local RDAs.

The recommendations of the 2003 EMS Report Final Assessment for lessons learned can be summarised as follows:

- Increase Institutional capacity at central level
- Extended technical assistance for entire project control and management at local and central level
- As revealed during the implementation phase, international technical assistance needs to be provided to increase the design skills and the quality of the tender documents produced by local designers and to ensure that the preparation of design and tender documents meets international practice to eliminate poor programme preparation with design
- Feasibility studies to EU standards to be included in the project proposals and assistance provided
- Clear adoption statements to be part of project proposals, together with operation funding identification and commitment. Affordability analysis and CBA including IRR will be part of the feasibility studies to eliminate concerns regarding sustainability

The lessons learned can be summarised as follows:

- Assistance should be provided to the Management Agency, and ultimately to the beneficiary, for successful management to Phare requirements (documentary evidence, transparency, accountability etc.);
- Need for a tight match between the final product (completed project) and the original needs assessment and project preparation studies;
- Full consideration of all stakeholders;
- Project selection and implementation should take full account of value for money;
- Adequate “Indicators of Achievement” needed at project planning state as a benchmark for late evaluation;
- Acknowledgement of Phare contribution at project site;
- Attention to Environmental Impact Assessment requirements;
- Adequate timing of project design to allow comprehensive initial surveys, outside of Winter season (November-March)
- Adequate timing of project construction of the selected size to allow a minimum of one and a half construction seasons (March - October)

4. Institutional Framework

Romania

- **IA (Implementing Agency):** Retains full responsibility for programme implementation,. Act as Contracting Authority for Phare funds

- **PAO (Programme Authorising Officer):** Professional leader of the Implementing Agency, responsible for the programme implementation.

Moldova

- **PCU (Programme Co-ordination Unit):** is the national authority responsible for coordinating Moldova participation in the NP

- **EC Delegation (Kiev):** acts as the Contracting Authority for Tacis funds.

The Joint Co-operation Committee (JCC)
The JCC is the strategic body of the NP. With members from both countries and from national, regional and local level, the JCC will ensure a joint management of the programme and thus ensure a policy and financial overview of the operation of the NP. The JCC includes an appropriate representation of the European Commission.

**The Joint Steering Committee (JSC)**

The JSC is the operational body of the NP. Its main role is to draft the project fiches (bottom-up approach) and to oversee the project selection process and the project implementation. It will consist of members from national, regional and local authorities. JSC includes an appropriate representation of the European Commission which acts as observers.

**Joint Technical Secretariat (JTS)**

The JTS is located on the eligible area of the Romanian side of the border, and includes staff from Moldova. The JTS will be responsible for the day-to-day management tasks related to the NP, with due account of the roles and responsibilities of the IA and PCU.

**Rules, procedures and formats:** The implementation of this project fiche will be carried out according to the "NP Implementing Guidelines for Phare CBC/Tacis and Phare CBC/Cards borders", issued by the Commission on 15 July 2004, and the Grant section of the Commission Practical Guide (see details in **Annex 5:** Template for the Institutional framework/implementation arrangements in case of grant schemes)

### 5. Budget (in M€):

<table>
<thead>
<tr>
<th></th>
<th>Phare support</th>
<th>Co-financing</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 2005 -</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investment support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>jointly co funded</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Project 1 Priority 1 – Economic &amp; Social Development : Grant Scheme</strong></td>
<td>5.900</td>
<td>1.967</td>
<td>0.875</td>
</tr>
<tr>
<td><strong>Total project 2005</strong></td>
<td>5.900</td>
<td>1.967</td>
<td>0.875</td>
</tr>
<tr>
<td><strong>% of total public funds</strong></td>
<td><strong>max 75 %</strong></td>
<td><strong>min 25 %</strong></td>
<td></td>
</tr>
</tbody>
</table>

### 5.1 Co-finance

National co-financing and beneficiaries’ contribution follows the rules as set out in the Financing Agreement for the 2005 Phare Cross border Cooperation programmes of Romania. The grant scheme will be jointly co-financed between Phare and government resources, plus a contribution from the beneficiaries following the rules set out in the Financing Agreement on the 2005 Phare Cross border Cooperation programmes of Romania.

National co-financing may be made by contributions from National, Regional, Local, Municipal authorities, FIs loans to public entities or funds from public enterprises **NB only in those cases where the public organisation providing funds is not also the beneficiary of the specific project concerned. This is to say that the beneficiary contribution shall be a separate – and in any case additional - amount.**
The Beneficiary Contribution minimum shall be calculated as total of Phare and national co-finance, multiplied by 0.1111. The remaining eligible costs will be shared by Phare support up to a maximum of 75% with the Romanian government contributing the remaining costs.

6. Implementation arrangements

6.1 Implementing agency

The Romanian CBC Implementing Agency is the Ministry of European Integration, Department for Cross-Border-Co-operation (MIE), which retains overall responsibility for the implementation of the project (approval of: terms of reference, of tender documents, of evaluation criteria, of evaluation of offers; signature of contracts, authorisation and payments of invoices).

Ministry of European Integration
Cross Border Cooperation Directorate
Bdul Libertatii nr 12, sector 5
Bucuresti, Romania.

6.2. Non-standard aspects

There are no non-standard contracts or tender procedures envisaged within this project. The "NP Implementing Guidelines for Phare CBC/Tacis and Phare CBC/Cards borders" and the "Practical Guide to contract procedures financed from the general Budget of the European Communities in the context of external actions (PRAG)" will be strictly followed.

6.3. Contracts:

The Grant Scheme will be implemented through a single call for project proposals according to the stipulations of the NP Implementing Guidelines and the PRAG. For Projects co-financed by Phare funds, beneficiaries will sign Grant Contracts with the PAO laying down the rules of the project implementation based on the list of supported projects approved by the IA and endorsed by the EC Delegation. Tendering and contracting of the required services, works and supplies will comply with the PRAG manual.

7. Implementation schedule

The activities scheduled for Year 1 (using CBC 2005 funds) are the presented in the tables below. The timing and activities for Years 2 and 3 will be similar but remain to be confirmed in the 2005 and 2006 updates to the fiche.

<table>
<thead>
<tr>
<th>Financing Agreement</th>
<th>Publication of Call for Proposals</th>
<th>Start of project activity</th>
<th>Project Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2005</td>
<td>May 2006</td>
<td>October 2006</td>
<td>November 2009</td>
</tr>
</tbody>
</table>

8. Equal opportunity

The implementation of this project does not support discrimination based on gender or any other kind. Equal opportunity principal and practices in ensuring equitable gender participation in the projects supported by the programme will be ensured. At the same time the project implementation procedures will ensure that the project brings benefits to both men and women, and other categories as well to ethnic groups, involving them to the same extend in the project activities.

9. Environment

Only projects complying with the environmental regulations of the EU will be eligible. Projects supporting activities in the fields of environment protection, using or developing environmentally friendly technologies or products will be preferred during the whole selection process.

In the field of environmental impact assessment the Romanian legislation is in full conformity with related EC legislation (Council Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment as amended by Council Directive 97/11/EC). Only investment projects already having all necessary permits and authorisations are eligible for support under the grant scheme.
The environment protection is one of the top priorities and adequate support will be required under all EC support. The measures implemented under the project will therefore be complementary to the measures implemented with EC pre and actual structural instruments. Phare will only co-finance works when responding to EU environment standards.

10. Rates of return

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

The financial rate of return of projects proposed to be co-financed by Phare cannot exceed 10%. The calculation of the economic rate of return will be realistic and estimated benefits should be achievable as an effect of the project alone/not depending on other action with resources and means not yet identified.

11. Investment criteria:

11.1. Catalytic effect:

Romania and Moldova, according to their geographical position share a common infrastructure and economic problems. The implementation of projects within the ESD is extremely important to improve the relations between both countries and to promote cross-border co-operation from both countries as well as preparation of projects ready for financing in the future.

11.2 Co-financing:

The grant scheme will be jointly co-financed between Phare and government resources. The rate of Phare support within the total support will be 75%, while the Romanian government will contribute 25%. The ratio between the Phare and the national amount is binding and has to be applied to the “final contract price”. The rate of the generally available maximum support (Phare and national co-financing) is 90% of the total cost of the projects to be supported, and at least 10% has to be provided as own resources by the beneficiaries in cash.

11.3 Additionality:

The grants awarded under this grant scheme will not displace any other financial sources.

It is specifically noted that all grant proposals shall, wherever applicable, be required to demonstrate their additionality to the results of other related actions financed from other sources, notably earlier CBC programmes.

Also, the Managing Authority and subordinate agencies shall take particular care to ensure that all actions under this programme shall be recorded, for example in PERSEUS, in such away as to make readily identifiable the specific sub-measure and budget year under which they are contracted.

Moreover, that specific registration shall be organised in such a way as to facilitate a readily traceable connection with the results of each contract, including notably the demonstration in terms of results of the abovementioned additionality.

11.4 Project readiness and size:

A draft of the Co-operation Agreement, Call for Proposal, Application form, Guidelines for applicants and Grant Contracts will be elaborated by all concerned organisations by the time of signing the Financing Agreement. All documents shall be prepared according to the PRAG template and submitted to the Delegation for endorsement prior to the launch of the Call for proposals. Only projects ready for tendering can be supported.

11.5. Sustainability:
The beneficiaries will be responsible for the sustainability of the project and will provide the administrative staff and the necessary funds for the operational costs. The ability of the applicant to finance the long-term operation and maintenance of the establishments or programmes shall be proved in the application and checked at the project selection phase.

11.6 Compliance with state aids provisions:

All actions financed by Phare will respect the state aid and competition provisions of the European Agreement.

12. Conditionality and sequencing:

ANNEXES TO PROJECT FICHE

1. Logical framework matrix
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter
4. Feasibility studies and preparatory work
5. Template for the Institutional framework/ implementation arrangements in case of grant schemes
6.
## ANNEX 1 - LOGFRAME PLANNING MATRIX

### Logframe planning matrix – Neighbourhood Programme Ro – Mo 2005

<table>
<thead>
<tr>
<th>Overall Objectives</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Contracting period expires: 30 November 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>The overall objective of the Neighbourhood Programme 2004 - 2006 is to achieve the sustainable socio-economic development on the border area between Romania and Moldova by developing the principle of cross-border co-operation.</td>
<td>Improved level of development in the CBC regions of Romania and Moldova as indicated by economic &amp; quality of life indicators</td>
<td>NP implementation data; EC reports/NP evaluations; Phare CBC/TACIS data</td>
<td>Execution of contracts period expires: 30 November 2009</td>
</tr>
</tbody>
</table>

### Project Purpose

- The purpose of the project is to promote cross border development between Romania and Moldova through the social and economic development and promotion of people to people actions in the eligible region.

### Results

1. Economic and Social Development
2. People to people actions

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved border area infrastructure</td>
<td>- NP data; - Publications and reports by participating institutions; - Media coverage of NP activities - NP Monitoring and Evaluation reports - Phare CBC/TACIS (IA/PCU) data</td>
<td>- Sustained support from all stakeholder institutions in promoting Neighbourhood Programme objectives, encouraging applications and supporting administrative processes. - Sustained interest of the border region's population in development and cooperation</td>
</tr>
<tr>
<td>Improved environment quality &amp; protection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved spatial, physical and infrastructure conditions in the Ro-Mo region</td>
<td>- Reports by participating institutions and organizations</td>
<td>- Relevance of measures sustained on both sides throughout programme timeframe</td>
</tr>
<tr>
<td>Improved cross border and economic cooperation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>- media coverage and reports</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>-------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>1.1 Environmental and natural protection;</td>
<td>Source</td>
<td></td>
</tr>
<tr>
<td>1.2 Territorial and border management</td>
<td>Phare</td>
<td></td>
</tr>
<tr>
<td>1.3 Local Economic Development</td>
<td>Ro</td>
<td></td>
</tr>
<tr>
<td>1.4 Tourism development</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>1.5 Education and social services development</td>
<td>Prior 1</td>
<td>5.90</td>
</tr>
<tr>
<td>2.1 Joint small Project Fund</td>
<td>Prior 2</td>
<td>0.75</td>
</tr>
<tr>
<td>3.1 Programme management and implementation</td>
<td>Prior 3</td>
<td>0.35</td>
</tr>
<tr>
<td>3.2 Programme publicity and evaluation, Project preparation</td>
<td>Total</td>
<td>7.87</td>
</tr>
<tr>
<td>Source Phare Ro Total</td>
<td>0.23</td>
<td>0.98</td>
</tr>
<tr>
<td>0.35</td>
<td>0.35</td>
<td>9.20</td>
</tr>
<tr>
<td>Source Phare Ro Total</td>
<td>0.23</td>
<td>0.98</td>
</tr>
<tr>
<td>0.35</td>
<td>0.35</td>
<td>9.20</td>
</tr>
</tbody>
</table>

Logframe planning matrix – Economic and Social Development 2005

Programme name and number
Neighbourhood Programme Romania-Moldova 2004-2006
Contracting period expires: 30 November 2007
Execution of contracts period expires: 30 November 2009

<table>
<thead>
<tr>
<th>Overall Objectives</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>To achieve closer economic and social integration and unity between both urban and rural communities in both countries</td>
<td>-Priority 1 Purpose and Results Indicators at least 75% overall achievement level; -100% of Priority 1 allocation absorption</td>
<td>NP implementation data</td>
</tr>
<tr>
<td>Project Purpose</td>
<td>Objectively verifiable indicators</td>
<td>Sources of verification</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EC reports/NP evaluations</td>
</tr>
</tbody>
</table>
• to increase the overall level of integration in cross-border social and economic co-operation, and

• to improve the level of integration in cross border infrastructure as it contributes to the populations’ quality of life.

- Project applications throughout duration of NP (2004-2006) sufficient to absorb 120% of NP budget;
- Number of participating local institutions and authorities increases each year;
- NP data;
- Publications and reports by participating institutions;
- Media coverage of NP activities

Sustained support from all stakeholder institutions in promoting Neighbourhood Programme objectives, encouraging applications and supporting administrative processes.

### Overall results

<table>
<thead>
<tr>
<th>Results of project</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Environmental and natural protection; Territorial and border management</td>
<td>- One environmental project has measurable impact*</td>
<td>- Reports by participating institutions and organisations</td>
<td>- Relevance of measures sustained on both sides throughout programme timeframe</td>
</tr>
<tr>
<td>- Local Economic Development</td>
<td>- Measurable cross-border impact of at least one infrastructure project*</td>
<td>- NP evaluation reports</td>
<td></td>
</tr>
<tr>
<td>- Tourism development;</td>
<td>- Measurable cross border impact of at least one Local Economic Development project*</td>
<td>- media coverage and reports</td>
<td></td>
</tr>
<tr>
<td>- Education and social services development;</td>
<td>- Measurable impact on tourism by at least one project*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Measurable impact on education and social services by at least one project*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>*(before and after indicators to be defined in individual project applications)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Measure level results

<table>
<thead>
<tr>
<th>Results of project</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure 1: Environmental and natural protection</td>
<td>• natural resource assessment, monitoring</td>
<td>• available EC funds for co financing activities</td>
<td></td>
</tr>
<tr>
<td>Measure 1: Environmental management and Economic Growth</td>
<td>Measure 2: Territorial and Border management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improvement of facilities in water management (including flood prevention)</td>
<td>• Growth in cross-border flow of passengers and goods (number of persons / value of goods)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Development of effective monitoring of the quality of air, water and soil (including anti hail)</td>
<td>• Average reduction of cross-border travel time attributable to NP transport investments on either side of the border</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Development of and up grading of waste disposal, sewage, waste water, sludge</td>
<td>• monitoring program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improved joint-management and supporting infrastructure in cross border natural protection</td>
<td>• new studies about cross border traffic and travel time for public passengers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• inventory, natural capital inventory, study about reforestation of bad lands</td>
<td>• available EC funds for co financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• forestation of afforested county zone</td>
<td></td>
<td>• availability of qualified staff and institutional support;</td>
<td></td>
</tr>
<tr>
<td>• 1-3 common (where possible) small scale infrastructure initiatives during the project period</td>
<td></td>
<td>• Continued Government support and regulation conducive to proposed activities</td>
<td></td>
</tr>
<tr>
<td>• 1-2 common HRD activities – with accompanying investments - relating to environmental and natural protection management capacity during the project period</td>
<td>• administration about all activities: -new forestation;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 1-2 common initiatives in strengthening the joint management structures in the eligible area</td>
<td>• new studies about biodiversity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• network report of monitoring and controlling</td>
<td>• inventory, natural habitats inventory, reforestation solutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• wild life periodic reports</td>
<td></td>
<td>• availability of qualified staff and institutional support;</td>
<td></td>
</tr>
<tr>
<td>• administration about all activities: -new forestation;</td>
<td></td>
<td>• co-operation of the local stakeholders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• available EC funds for co financing activities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

22
| Measure 3: Local Economic Development | • Rehabilitation of secondary (non national) roads | • Number of joint initiatives; increase in connections to utilities; reduction in journey times |
| | • Development of public transport with definitive support toward cross border development | • 1 common (where possible) small scale infrastructure transport initiatives during the project period |
| | • Preparation of major infrastructure development projects facilitating improved cross border trade and traffic and territorial development. | • 1 common HRD activities – with accompanying investments - relating to cross border management capacity during the project period |
| | • Developing and increase competence and human capacity in border management | • Annual National Transport and Communications report |
| | | • Central Statistical Office |
| | • Business-related infrastructure and supporting HRD, such as business incubators, business centres, exhibition centres | • Analysis of Phare evaluation reports |
| | • Growing number of initiatives in the field of innovation, R and D in cross border economic activity (new products, services, technologies, etc.) | • Reports prepared by the Chambers |
| | • 1+2 implemented trainings, conferences, seminars during the project period with total 200-300 participants | • Central Statistical Office |
| | • Growth in the number of technological transfer actions in three years' time | • Chambers of commerce and industry |
| | • Identification and the development of new economic activities e.g. ecological production, the service sector, traditional arts and crafts | • At least 1 implemented project in production and labelling improvements, with corresponding increase in export of domestic produce |
| | • Government regulations conducive to innovative activities | • Complimentary business resources (labour, finance) available for the application of improved business know-how |
| | • Sufficient project management skills on behalf of the beneficiaries | • Complimentary business resources (labour, finance) available for the application of improved business know-how |
- Business information and support activities, (inc. Actions which fight against corruption and fraud)
- Coordination of production, EU labelling and quality standards

**Measure 4: Tourism**

- Support to and development of cross border Tourism-related infrastructure and facilities
- Joint research of new cross border tourism activities, and the promotion and information provision regarding existing and new cross border tourism activities

<table>
<thead>
<tr>
<th>Business</th>
<th>Support</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Growth in the number of exchange visits realised in three years’ time in line with local tourism strategies</td>
<td>• 1-2 common initiatives during the project period</td>
<td>• Analysis of Phare evaluation reports</td>
</tr>
<tr>
<td>• Growth in the newly established tourism services in two years’ time in line with local tourism strategies</td>
<td>• 1-2 Publications dealing with tourism, research, innovation, etc. during the project period</td>
<td>• Reports prepared by the Tourist offices and Chambers</td>
</tr>
<tr>
<td>• Support to and development of cross border Tourism-related infrastructure and facilities</td>
<td>• 1-2 Common marketing plans of the border region in the field of tourism during the project period</td>
<td>• Central Statistical Office</td>
</tr>
</tbody>
</table>

**Measure 5: Education and Social Services**

- Increase cooperation between social service providers in eligible area
- 1-2 common initiatives on disadvantaged groups, including trafficked women and minors during the project period

<table>
<thead>
<tr>
<th>Business</th>
<th>Support</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Analysis of Phare evaluation reports</td>
<td>• Reports prepared by the Chambers</td>
<td>• Complimentary resources (labour, finance) available for the application of improved education and vocational training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Government regulations conducive to innovative activities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business</th>
<th>Support</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Complimentary Human Resources (labour, finance) available for the implementation of projects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Additional project management skills on behalf of the beneficiaries</td>
<td></td>
</tr>
</tbody>
</table>

**County Labour Centres**

- Chambers of commerce and industry
- County Labour Centres
• Transfer of know how and information between cross border education and social services actors

• Small scale infrastructure, facilities, services or activities for socially disadvantaged groups

• Development, improvement of the educational and vocational training facilities or services

1-2 common initiatives in vocational training policy related to common areas of economic and intellectual development in the eligible area

• Central Statistical Office

• Chambers of commerce and industry

• County Labour Centres

• Tourist offices

ANNEX 2: IMPLEMENTATION SCHEDULE

D = Design  C = Contracting  I = Implementation  R= Review / evaluation

2005 PROGRAMME Priority 1- Economic and Social Development

<table>
<thead>
<tr>
<th>Components</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>MO</td>
<td>D</td>
<td>D/C</td>
<td>C/I</td>
<td>I</td>
</tr>
</tbody>
</table>

ANNEX 3: CONTRACTING AND DISBURSEMENT SCHEDULES

Cumulative contracting and disbursement schedule Priority 1 by quarter (2005 Phare budget only)

<table>
<thead>
<tr>
<th>Components</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total contracted</td>
<td>5.9</td>
<td>5.9</td>
<td>5.9</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>Total disbursed</td>
<td>1.18</td>
<td>1.18</td>
<td>1.18</td>
<td>1.18</td>
<td>5.31</td>
</tr>
</tbody>
</table>
ANNEX 4  Feasibility Studies and Preparatory Work  Not applicable

ANNEX 5.  Template for the Institutional framework/ implementation arrangements in case of grant schemes

The Neighbourhood Programme (NP) will operate on the basis of single calls for proposals and single selection process covering both sides of the border. Under this approach, individual projects to be financed are identified through the grant scheme mechanism.

The following should be considered as joint projects:

• Simple projects with a cross-border effect taking place mostly or exclusively on one side of the border but for the benefit of both partners;
• Complementary projects where an activity on one side of the border is accompanied by a similar activity on the other side;
• Integrated projects where partners on either side of the border contribute different elements to a single project

Hence, only the projects falling into one of these categories should be considered eligible to the NP.

Once the Commission has adopted the yearly Financing Agreement, the relevant project fiches will be implemented through calls for proposals. The grant scheme objectives and core eligibility/selection criteria will be defined in the Financing Memoranda, whereas detailed eligibility and selection criteria, evaluation procedures and implementation arrangements are laid down in the project fiches.

The Commission developed specific Neighbourhood Programmes Implementing Guidelines in order to harmonise the Phare and Tacis award procedures of the PRAG. This Implementing Guidelines, in conjunction with the PRAG, shall govern the implementation of the Neighbourhood Programme.

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

Except when stated differently, the award procedures provided in the PRAG will be implemented, as amended by the Neighbourhood Programme Implementing Guidelines Phare CBC/Tacis

1. PREPARATION OF THE PACKAGE OF CALL FOR PROPOSAL, GUIDELINES FOR APPLICANTS AND APPLICATION FORM ACCORDING TO THE PRACTICAL GUIDE

➢ The JTS, under the supervision of the JSC, will draft the call for proposals and the Application Pack;
➢ The IA and PCU submit the Application Pack to the respective Commission Delegations for approval prior to publication.

2. PUBLICATION OF THE CALL FOR PROPOSAL

The IA and the PCU, with the assistance of the JTS, take all appropriate measures to ensure that the nationally and regionally publicised call for proposals reaches the target groups.

In certain circumstances, a Call for proposals might be launched with suspensive clause, if the EC funding is not yet available (e.g. prior to Commission Decision approving the Financing Proposal).

The IA and the PCU should ensure adequate publicity of call for proposals to attract as many as possible qualified proposals from potential beneficiaries and trying to ensure proposals quality.

Potential eligible beneficiaries will submit project proposals according to project fiches settings, i.e. eligible actions, co-financing rules and budgets. Projects application will have to indicate for what specific measure is competing.
The JTS will be responsible for answering questions from potential applicants. JTS will provide advice to potential project applicants in understanding and formulating correct application forms.

3. PROJECT SELECTION PROCESS

- The JTS collects and registers incoming project proposals.
- The Romanian IA and the Moldovan PCU designate a joint Evaluation Committee for the assessment of administrative compliance and eligibility and the technical and financial quality of proposals. In its tasks, the Evaluation Committee is assisted by the JTS.
- Members of the joint Evaluation Committee come from both countries. A balanced membership from either side of the border is required. Members of the Evaluation Committee are designated exclusively on the basis of technical and professional expertise in the relevant area.
- The composition of the Evaluation Committee must be submitted for prior approval to the EC Delegations. EC Delegations' representatives will participate as observer in the proceedings of the Evaluation Committee. Prior approval is needed from EC Delegations for the participation of other observers.
- The Evaluation Committee will adopt its rules of procedure.
- If necessary, the Evaluation Committee could be assisted by Assessors designated by the RO IA and the MO PCU and endorsed by the Commission.
- The joint Evaluation Committee (with the support of Assessors, as appropriate), will assess each proposal on the basis of the published evaluation grid (approved by EC Delegations as part of the Application Pack), draws up its recommendations and decisions in the form of an evaluation report and transmit it to the Joint Steering Committee.
- Proposals will be processed ensuring, inter alia:
  - Eligible beneficiaries source
  - Eligible regions source
  - Coherence and relevance with overall program and targeted measure
  - Programme-measure-fiche budget constraints
  - Other budget constraints and co-financing requirements
  - Eligible planned actions according to targeted measure.
- The application format should allow:
  - An easy and timely admission-selection process
  - Readability for potential applicants
- The Evaluation body will have to use an appropriate evaluation methodology ensuring:
  - Independent and objective evaluation
  - High efficiency and timing
  - Readability of outcomes also for non-experts.
- The Joint Steering Committee formally ratifies the Evaluation Report and the award proposals and transmits them, with recommendations, as appropriate, to the RO IA and MO PCU for submission to the EC Delegations. Under no circumstances the JSC is entitled to change the Evaluation Committee's scores or recommendation and must not alter the evaluation grids completed by the evaluators.
- The EC Delegations approve the Evaluation Report and the final list of grants to be awarded.

4. CONTRACTING

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

In Romania:

- The EC Delegation only approves the evaluation report, the list of proposed
projects (budget, duration, beneficiaries etc as per Practical Guide), and the standard contract format, not the contracts themselves irrespective of their budget.

- The IA signs the grant contracts with the selected beneficiaries based on the final list of Phare CBC grants approved by the EC Delegation. The language of the grant contract is English.

- The grant contracts should normally be issued within 3 months of the decision of the Joint Steering Committee.

In Moldova

- The EC Delegation formally confirms the decision of the Joint Steering Committee/PCU.

  In all cases, the Delegation will retain the right of final approval of projects (or part of projects) co-financed by Tacis. In doing so, it will ascertain that the conditions for Community financing are met

- The EC Delegation issues the grant contracts with the selected beneficiaries, normally within 3 months of the decision of the Joint Steering Committee.

The JTS will notify in writing the successful and unsuccessful applicants of the result of the call for proposals.

The implementation of selected projects by final beneficiaries through the procurement of works, supplies and services, shall be subject to EC external aid procurement rules or as otherwise defined in the Financing Agreement.

5. MONITORING AND CONTROL OF THE SELECTED PROJECTS

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

The JTS will collect and verify the technical reports and requests for payments from the beneficiaries and forward them to the relevant Contracting Authority for payments.

The EC Delegations reserve the right to organise field visits and to monitor on a case-by-case basis the projects selected.

6. ELIGIBILITY OF PROPOSALS

6.1 Eligibility of Applicants

The list of eligible applicants should be established in the Application Pack (Guidelines for Applicants) according to circumstances (objective of the Call for proposal, local administrative structure, etc.). It should generally include: national, regional, local public authorities; regional and local public organisations; municipalities and communities within the defined border area; professional associations; chambers of commerce; regional associations; non-governmental bodies; trade unions; etc.

The grant cannot have the purpose or effect of producing a profit for the beneficiary. In order to implement the project, grant beneficiaries may need to procure services, supplies or works. To this effect, private companies may be sub-contracted.
Participation from third countries is also possible as project partners on the basis of own funds contributions and as subcontractors, in line with the terms of the legal requirements stipulated in the legal bases of the EC external funding.

6.2 Size of projects (Community Contribution)

- For people-to-people projects: up to 50,000 Euro
- For other projects (selected through Call for proposal): no less than 50,000 Euro.

In keeping with the above limits, min-max threshold of projects selected through call for proposals will be indicated in the Application Pack in conformity with the Project Fiche, on a case-by-case basis, according to circumstances (objectives of the measure, etc.). Within the same measure, min-max threshold could be differentiated according to the Phare and Tacis side of the border to take account of specific circumstances (e.g. differences between Phare CBC and Tacis available funds).

For any scheme, and particularly with regards to people-to-people, it will be important to set the min-max thresholds so as to keep the overall number of projects manageable.

6.3 Co-financing rules

Different co-financing rules apply for Phare CBC and Tacis. Minimum requirements are as follows:

**Phare CBC:**
- people-to people projects: 10% co-financing by the beneficiary;
- institution building projects: as a general rule, 10% co-financing by the beneficiary and/or public funds
- investment projects: at least 25% co-financing from public funds.

Additionally, in the context of the NP Romania-Moldova, the following rules will apply:
The grant schemes will be jointly co-financed between Phare and government resources. The rate of Phare support within the total support will be 75%, while the Romanian government will contribute 25%. The ratio between the Phare and the national amount is binding and has to be applied to the "final contract price". The rate of the generally available maximum support (Phare and national co-financing) is 90% of the total cost of the projects to be supported, and at least 10% has to be provided as own resources by the beneficiaries.

**Tacis***
- Individual projects financed under the People-to-People / JSPF Grant Scheme (priority 2) projects: min 5% co-financing by the beneficiary
- Individual projects financed under the main (ESD) Grant Scheme (priority 1)
  - projects from 50,000 to 300,000 Euro: min 10% co-financing by the beneficiary
  - projects over 300,000 Euro: min 25% co-financing by the beneficiary

* Clarification pending

6.4 Length of Projects
The average duration of projects is expected to be between 12-24 months, depending on the overall size and objectives of the project.