1 Basic Information

1.1 CRIS Number PHARE/2005/017-538.01.01

1.2 Title: Local Economic and Social Development

1.3 Sector: 43040

1.4 Location:
Eligible areas on the Neighbourhood programme Romania - Serbia & Montenegro:
Timis, Caras-Severin, a part of Mehedinti Judets in Romania.
Severno-Banatski (Northern Banat), Srednje-Banatski (Central Banat), Juzno-Banatski (South Banat), Branicevski and Borski districts in Serbia & Montenegro.

1.5 Duration
This multi-annual project fiche covers the three annual Neighbourhood Programme cycles for the years 2004, 2005, 2006.

2 Objectives

2.1 Overall Objective:
To achieve closer economic and social integration and unity between both urban and rural communities in both countries.

2.2 Project purpose:
To establish sustainable joint cooperation in the development of business support activities, small infrastructure projects, educational opportunities, sustainable agriculture and tourism.

2.3 Accession Partnership and NPAA priority
Local Economic and Social co-operation will play a role in Romania’s preparation for the accession to the EU, primarily by building up capacities at local and regional level, and supporting the social and economic integration between one of Romania’s future external borders of the EU and its neighbour, Serbia & Montenegro. The project represents, therefore, an important element in the preparation of Romania for the adoption of Structural Funds and is fully in compliance with the priorities of the NPPA; in particular:

Regional Policy and Coordination of Structural Instruments
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.

Employment Policy

Improve labour market functioning at local level, especially by developing co-operation between local employment services (supply side) and enterprises requirements (demand side). The program has a transversal employment policy aimed at upgrading specific skills in key sectors for cross border development.

For Serbia & Montenegro this Priority in the context of the Neighbourhood Programme will give Serbian local authorities with valuable experience in developing and implementing EC funded projects. The main objective of CARDS assistance to Serbia and Montenegro is to contribute to the state's progress in the Stability and Association process (Sap). In order to deliver meaningful results that address the major objectives with as high an impact as possible, EC assistance is now concentrated in three main areas of intervention, all of which demonstrate coherence with the objectives of the Neighbourhood Programme:

1. Support for good governance and institution building, focusing on public administration reform, justice and home affairs (e.g. strengthening the rule of law) and customs and taxation.

2. Economic recovery, regeneration and reform, focusing on energy, transport, environment and economic development.

3. Social development and civil society, focusing on university education, enhancing regional co-operation, vocational education and training linked to employment generation and civil society strengthening.

2.4 Contribution to National Development Plan (Romania only)

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

This priority links the needs and expectations of the population of the border area in a wide range of development areas effecting the whole border region by creating possibilities for co-operation
towards achieving an overall objective of a balanced socio-economic development. By providing incentives for creating institutional partnerships to identify and develop joint approaches to addressing local economic and social issues will create new, or reinforce existing institutional frameworks to stimulate the exchange of ideas for co-operation activities in a neighbourly context. The potential benefits to the local economy of a growing tourism sector would benefit from a joint approach to strengthening organizations from both sides of the border.

Public services from both sides of the border share a number of common objectives which make effective co-operation a priority of the Programme. The NP will provide encouragement to local public services (including emergency and community assistance services) to share in planning common actions and jointly build institution capacity.

The joint examination of existing and planned infrastructure developments and environmental protection services, with the view to develop common approaches would significantly contribute to building local experience and institutional capacity in selected areas. Despite limitations to the available financial resources, this Priority of the Neighbourhood Programme will nevertheless provide a fresh impetus to achieving closer economic integration and unity between both urban and rural communities in both countries.

Applicants will justify project proposals in terms of their cross-border added value and of their relevance to the development priorities and measures detailed in the Joint Programming Document. Project selection will be carried out in a joint institutional framework and on the basis of a common methodology pre-defined in the JPD.

3 Description

3.1 Background and justification

1. For many centuries the border lands between modern-day Romania and Serbia & Montenegro have been the home to many people of diverse ethnic and cultural origins including Serbs, Romanians, Hungarians, Germans, Slovaks, Croats, Turks, Roma etc., where interaction and “cross border activity” was normal. Today, following the end of the communist period and the breakdown of the former Yugoslavia, the co-operation is far less, reflecting the recent turbulent history of the Balkan region.

It should be mentioned that before 1990 there was much unofficial cross border activity in the region especially by Serbian traders bringing goods unobtainable in Romania to markets in Caras-Severin and Mehedinti counties. As well it should be mentioned the so called “small traffic” near the frontier. According to the small traffic rules, peoples living nearby border were allowed to cross the border with a special card and to trade goods within a limit of 20 km. This mechanism allowed many families separated by the border to see each other. In the Northern Banat areas there is a long history of Romanian-Serbian co-operation. Today, minority groups of Serbs and Romanians still thrive in each country. Possibilities for active co-operation are limited although a Free Trade Agreement was signed and ratified by both countries (to be implemented by July 1, 2004).

EU interventions supporting cross border co-operation between Romania and Serbia & Montenegro are in their early stages of elaboration. In the first phase (2004-2006), the Neighbourhood Programmes is aimed at the more co-ordinated use of the existing instruments, PHARE CBC and CARDS. The Neighbourhood Programmes will permit a single application process, including a joint call for proposals covering both sides of the border. The funding for the NP will come from allocations already earmarked for existing programmes, and the formal decision processes would remain as at present.

The second phase (as of 2007) would imply a an integrated Cross-Border Co-operation instrument which would completely integrate the use of internal and external European Union funding to ensure an integrated approach to cross-border and interregional co-operation.
3.2 Sectoral Rationale

The Overall Objective of this Priority is to achieve closer economic and social integration and unity between both urban and rural communities in both countries. This Priority focuses on three sectors: Economic Development, Infrastructure and Environment, by providing incentives for:

- Opportunities to support the local SMEs and agricultural business sectors achieve greater levels of competitiveness;
- Opportunities for local public services to co-operate to benefit communities on both sides of the border;
- 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 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.

3.3 Identification of Projects

This Priority consists of four Measures:

Measure 1: Business and Agricultural Support co-operation;
Measure 2: Co-operation between local public services
Measure 3: Support for small-scale environmental and local infrastructure development
Measure 4: Co-operation in tourism development.

The Priority will be implemented through a single grant scheme which will be effective on both sides of the border. The joint evaluation and selection of projects will permit linkages and combined development opportunities to be identified. An imbedded logic of both institutional strengthening and appropriate small scale investments will ensure sustainability and long term benefits.

The proposed programme will support the identification and selection of "joint projects" which are defined as follows:

(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.

To be eligible for financing, project proposals shall fall within one of the above categories.

3.4 Expected Results

Overall results for this priority will be derived from developing projects jointly in partnership with authorities on both sides of the border. Results for individual projects will be elaborated in project applications however, at the Priority level it is expected that the following result will have been achieved by the end of the NP:
Joint frameworks for promoting neighbourhood co-operation established and multi-annual programmes will have been elaborated in each of the following areas:

- Business support cooperation;
- Environmental protection;
- Local agricultural sector support programmes;
- Local public services co-operation;
- Small scale infrastructure improvements;
- Local tourism development.

3.5 Activities

Individual projects within each measure will deliver results in the following indicative activity areas. Whilst it is expected that institution building projects provide greater opportunities for joint activities, small scale investment projects will also be considered based on their cross-border character (joint project in the meaning of this programme), and their impact (delivering change from the current situation) in the border areas. In compliance with Phare rules, joint training projects financed from PHARE CBC can include the participation of Serbian counterparts.

3.5.1 Description of Activities

Activities within each measure are summarized as follows:

3.5.1.1 Measure 1: Business and Agricultural Support co-operation

The actual 2005 allocation and the indicative 2006 allocation for this measure in € million (EC contribution only)

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

Individual grants (EC plus National Co-financing) for this measure will be from a minimum of €50,000 to a maximum of €500,000.

The purpose of this measure is to stimulate regular interaction between businesses (including agriculture) located across the entire border area, via sustainable business-to-business networks, quality business support services, professional assistance and other important services, especially for SMEs. This measure, therefore, is aimed at establishing network of various business oriented facilities, offering high quality business services, with special emphasis on cross-border business-to-business co-operation. It will facilitate co-operation and institution building between agricultural sector support services to sustain the sector’s viability.

Expected Results

- Increased accessibility to, organisation and use of joint cross border joint business support networks by the business community and its support groups;
• Cross border dialogue and forums of NGO networks to share experiences and jointly contribute to the long term sustainability of agriculture as a prime driver of the rural economy of the region.

**Eligible Activities**

• Development and extension of existing networks of non commercial business support networks, business oriented NGOs and other groups demonstrating interest in developing a cross border approach to growing the regional economy;

• Cross-border trade fairs and exhibitions designed to stimulate, promote and encourage the exchange of experiences and ideas in the field of business development and increasing regional competitiveness;

• Organising cross border competitions for innovation, design and marketing of local products and agricultural produce within the framework of promoting the regional economy;

• Development of IT infrastructure and the provision of other equipment required to sustain business or agricultural support networks, including the re-furbishing of existing premises as centres for hosting and coordinating joint co-operation activities;

• Facilitating the organisation by regional NGOs and business support organisations of joint training and business development activities focused on the needs of the business and agricultural communities, by organising conferences, training programmes and workshops, drawing on a wider range of available regional resources by providing travel and meeting facilities, as well as the associated printing, translation and advertising costs. Specific subjects could include the adoption of common quality and production standards across a range of agricultural products, information on preparing products for export, presentations on national regional or local government actions affecting regional businesses;

• Support to organisations offering re-training to redundant workers, and the better exchange of information on employment possibilities by co-operation between local job centres.

**Selection Criteria**

• Activities must be coherent with national policies, or demonstrate coherence with the relevant chapters of the National Development Plan, or the Stability and Association process;

• Activities should 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, and be implemented close to the border;

• Activities should complement, but not overlap, existing Community or National programmes in the field of business and agricultural support.

• All business development related projects must be supported at the outset by a viable business plan (which will notably define the services to be provided to SMEs and their tariff). A minimum of 15 of each individual grant shall be devoted to a) technical support for the provision of services to SMEs in the start-up phase; b) promotion campaign to ensure awareness of potential “client/users”.

• Support for investments to establish new business parks is not eligible.

• Compliance with state aid rules will be ensured.

*Final beneficiaries*
Potential beneficiaries will include district and county business support organisations (local enterprise agencies, development agencies and chambers of commerce), local authorities’ agricultural support agencies, agricultural NGOs, agricultural colleges and training establishments.

3.5.1.2 Measure 2: Co-operation between local public services

The actual 2005 allocations and the indicative 2006 allocations for this measure in € million (EC contribution only)

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

Individual grants (EC plus National Co-financing) for this measure will be from a minimum of €50,000 to a maximum of €300,000.

Following the workshops in the eligible areas, and subsequent consultations, representatives from communities on both sides of the border expressed the view that the concept of co-operation between some public services would benefit both communities. Co-operation of this kind is not new in the border region, and some limited experience already exists (notably flood protection and some emergency services), but the additional financial stimulus would create further opportunities in this field. This measure meets the need expressed by local stakeholders to provide additional opportunities for co-operation in both operational and institutional capacity building to integrate services, adopt common techniques and approaches to similar activities and possibly emergencies. Focusing initially on the two existing areas:

a. flood protection

b. emergency services (police fire and rescue services)

in future years this measure could be further extended to include other public service planning groups, such as environmental, river and waterways management authorities and veterinary services.

This measure will develop both operational and institutional capacity building to integrate services, adopt common techniques, purchase similar equipment to better respond to emergencies and in the delivery of other common services.

This measure will facilitate the co-operation between public services by funding joint training activities, establishing joint planning groups, regional promotion and media services, co-operation in specifying and procurement of small items of commonly used equipment, and establishing data bases of available resources.

Expected Results

- Channels of communication established between counterpart flood prevention and emergency services on both sides of the border, in which areas and modalities of co-operation are defined.

- Pilot projects launched to test the benefits of establishing integrated cross-border public service co-operation networks involving among others, police and fire services, veterinary services, water management, disaster response services.
**Eligible Activities**

- Setting up joint planning groups between the above mentioned public service organisations to organise and establish working relationships for joint co-operation;
- Studies and investigations into the potential cost savings and other benefits of launching collaborative actions or pooling of resources between public services on both sides of the border;
- Studies to determine shortfalls in equipment and practical barriers to co-operation, including the subsequent procurement of items identified;
- Methods of communicating information between services on a regular basis, including inventories of available resources, translation of basic guidelines, instructions and agreed operational procedures;
- Adaptation or refurbishment of suitable premises as joint operation centres to facilitate co-operation between public services;

**Selection Criteria**

- Activities must be coherent with national policies, or demonstrate coherence with the relevant chapters of the National Development Plan, or the Stability and Association process;
- Activities should 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, and be implemented close to the border;
- Activities should be targeted at achieving synergy with counterpart public service institutions;
- Activities should complement, but not overlap, existing programmes in the field of public services institution building.
- For equipment procurement, the applicants shall demonstrate that adequate maintenance and operating budgets are available.

**Final beneficiaries**

Potential beneficiaries of this measure might include local authorities’ river and water management, fire police and rescue and emergency services that are duplicated on both sides of the border. As the concept of co-operation is developed, in future years, additional bodies such as public services planning groups, waste management, environmental, veterinary services and public health departments could be potential beneficiaries of this measure.

### 3.5.1.3 Measure 3: Support for small-scale environmental and local infrastructure development

The actual 2005 allocations and the indicative 2006 allocations for this measure in € million (EC contribution only)

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

Individual grants (EC plus National Co-financing) for this measure will be from a minimum of €100,000 to a maximum of €800,000.

This measure will focus on providing small scale infrastructure improvements in the areas of environmental protection, transport and access to border crossing points.

Since the protection of the environment is a common issue between Romania and Serbia & Montenegro, mutual benefits can accrue from joint management systems and joint actions. This is especially applicable in the case of national and natural parks, rivers and other surface waters, where pollution or hazards have the potential for lasting impact in both countries.

This measure will selectively focus on development of the different types of infrastructure of the border regions, and the border crossing points to achieve a better level of integration on both sides of the border. Priority shall be given to projects contributing to a generally improved cross border accessibility.

**Expected Results**

- Sustainable co-operation agreements for the joint management and surveillance of national and natural parks in the border region, including pooling resources, information and experience.
- Greater ease of access to border crossing points and reduced crossing times by providing small scale infrastructure improvements leading to greater integrity on both sides;
- Reductions to journey times via the upgrading and rehabilitation of local roads and other transport infrastructure.
- Joint co-operation agreements between local authorities to identify and initiate local small-scale infrastructure improvements with cross-border character.

**Eligible Activities**

- Small scale infrastructure projects to improve access to border crossings and to establish integrity of facilities on both sides of the border;
- Multi-lingual signposts and information panels to provide travellers with greater ease of access to border crossings and local amenities;
- Support for the joint management systems for national and natural parks; feasibility studies, joint observation/monitoring/research programmes/rehabilitation of facilities (administration offices, information points, access improvement, etc.)
- Small scale improvements to local roads, bridges and other transport systems to alleviate bottlenecks, inconvenience and hazards, and to reduce journey times in the border areas. Specific actions could include road markings, shelters at bus stops, resurfacing or upgrading of roads and bridges, lay-bys, widening of narrow roads to create passing points;
- Small scale rehabilitation or modernisation of buildings used as operational centres for environmental monitoring and protection, waste or ground water, and flood protection involving partners from both sides of the border;
- Creation of cross border working groups to develop local knowledge and establish priorities for infrastructure improvements in the border area.

**Selection Criteria**
• Activities must be coherent with national policies, or demonstrate coherence with the relevant chapters of the National Development Plan, or the Stability and Association process;
• Activities should 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, and 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;
• Environmental activities should target the protection of natural assets, or improvements to public health on both sides of the border;
• Activities should complement, but not overlap, existing programmes in the field of environment and infrastructure development.

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.
• Investments for natural parks and forests have to be supported by proper joint management plans.
• Improvement of access to tourist sites as such (with the exception of access to natural parks - cf. above) is not eligible under this measure.

Final beneficiaries
The potential beneficiaries of this measure might include local authorities, regional development organisations, public bodies responsible for environmental protection, water management, solid waste management, waste water management, river protection and flood protection, and public institutions responsible for management of nature protection areas and national and natural parks.
Beneficiaries of small-scale infrastructure projects might include local authorities and their development organisations and public bodies responsible for the development, management and maintenance of roads and border crossings.

3.5.1.4 Measure 4: Co-operation in tourism development

The actual 2005 allocations and the indicative 2006 allocations for this measure in € million (EC contribution only)

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Individual grants (EC plus National Co-financing) for this measure will be from a minimum of €50,000 to a maximum of €500,000.
The area as a whole, but particularly the southern part possesses outstanding natural assets, including mountains, national parks, wildlife protected zones, rivers and lakes, all of which have significant development potential for tourism. In addition the area as a whole has an important cultural heritage of significance to both communities including important monuments and sites, some of which are in need of restoration and repair. This measure will encourage cooperation between stakeholders in the tourism industry on both sides of the border to cooperate in improving existing facilities and creating new ones that will attract larger numbers of visitors to the region.

**Expected Results**

- The emergence of tourism as a major factor in the cross-border economy;
- Greater awareness of and increased numbers of visitors to local the historical, cultural and natural assets of the eligible area.

**Eligible Activities**

- Support activities for developing cross-border tourism (e.g. cultural, historic, natural assets, environmental, health, outdoor activities), such as (i) multi-lingual brochures and literature promoting the various “themes” of tourism opportunities in the regions; (ii) development of local authority internet sites providing information and on-line links to specific attractions, (iii) non-commercial promotion of the eligible region’s potential for spa- and health tourism, (iv) joint production of non-commercial documentary videos and multi-media programmes highlighting and promoting the attractions, history and culture of the area
- Design and production of multi-lingual signposts, information points on the culture, flora and fauna, climate, geology or special features of the region situated at or near points of interest to tourists;
- Modernisation of tourist information centres to jointly promote the tourist attractions and benefits on both sides of the border.

**Selection Criteria**

- Activities must be coherent with national policies, or demonstrate coherence with the relevant chapters of the National Development Plan, or the Stability and Association process;
- Activities should 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, and be implemented close to the border;
- Activities in the field of tourism should contribute to improved 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.

**Final Beneficiaries**

Beneficiaries will include local non-commercial tourist authorities, museums, historical and cultural promotion organizations, nature and national parks, lakes and waterways authorities, and nature and wildlife preservation organisations.
3.6 Linked Activities

In Romania, the activities of this Priority - Local Social and Economic 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.

In Serbia and Montenegro, since October 2000, the EC broadened the scope of CARDS assistance to support the democratisation process, assist physical reconstruction, support economic recovery and lay the foundations for the advancement of the State in the Stabilisation and Association process (SAp).

There are a number of bi-lateral assistance programmes in Romania in the areas covered by the above measures that neither duplicate nor overlap activities foreseen in the NP. A full list can be seen on www.mie.ro.

Other EC assistance such as PHARE RICOP (Restructuring Industrial Companies and Workforce Retraining) and MAR (Mining Area Reconstruction) promote similar aims, but do not overlap or duplicate the NP.

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 Neighbourhood programme.

In the meaning of this 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.

Hence, only projects falling into one of the above categories should be considered eligible to the Neighbourhood Programme.

The following criteria apply to all projects: the eligible actions in the framework of this Priority should meet the following conditions:

• Meet the objectives and strategy of the Neighbourhood Programme;
• Have a strong and evident cross-border character (see above: joint projects, especially where co-financed jointly by Romania and Serbia & Montenegro project partners, will be particularly prioritised);
• Be financially assessed realistically and transparently;
• Be ready for implementation;
• Comply with the minimum and maximum level of project support
• Comply with co-financing rules: Minimum co-financing by beneficiaries will be 10% of the total cost of projects;
• 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, institution building before investment projects, joint training schemes etc.).

3.8 Lessons learned

The Neighbourhood Programme 2004-2006 is the first operation of a new initiative, however, during the preparation of this project proposal, the experiences of previous PHARE CBC projects in this field were duly taken into consideration. The recommendations of the OMAS Assessment concerning the necessity of verifiable indicators were adopted.

During the preparation of this project fiche, the experiences of previous Phare CBC programmes, especially in the field of cross border co-operation (ZZ9624, RO 0003-03-01 Joint Small Projects Fund) were considered. Previous Phare projects such as the Disaster Damage Reconstruction Programme (1997 & 1998) are seen as relevant implementation models for the small scale infrastructure and environmental components of this Priority.

The lessons learned can be summarised as follows:

• Assistance should be provided to the Implementing 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)

In addition, the “Interim Evaluation No. R/RO/CBC/03037- Interim Evaluation of the European Union Pre-Accession Instrument Phare Cross-Border Cooperation report” outlines the issue of delay in programme implementation and 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

Note: Technical Assistance will be provided for the Neighbourhood Programme as Priority 3 and is presented and justified in a separate Project Fiche.
4 Institutional Framework

This Neighbourhood Programme will be implemented with individual national annual Programmes. Measures will be implemented through Grant Schemes. Each year, following the adoption of a Financing Agreement, there will be a single call for proposals and a single selection process that will cover both sides of the border. The Grant Scheme objectives and core eligibility and selection criteria will be defined in the Financing Agreement.

The overall responsibility for the NP shall lie equally and jointly with the bodies responsible for coordinating their country’s participation.

4.1 Implementing Agency (IA)

**Romania**

- **IA (Implementing Agency):** The Ministry of European Integration (Cross Border Co-operation Directorate) retains full responsibility for programme implementation and acts as Contracting Authority for Phare funds.
- **PAO (Programme Authorising Officer):** Professional leader of the Implementing Agency, responsible for the programme implementation.

For the Romanian side, the Ministry of European Integration will delegate some of its responsibilities for implementing the NP to a specific CBC regional body, situated in the border area.

**Serbia & Montenegro**

- **PCU (Programme Co-ordination Unit):** is the national authority responsible for coordinating Serbia & Montenegro’s participation in the NP.
- **European Agency for Reconstruction (Belgrade office) (Or thereafter its duly appointed successor):** acts as the Contracting Authority for Cards funds.

4.2 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/EAR.

4.3 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/EAR which acts as observers.

4.4 Joint Technical Secretariat (JTS)

The JTS is located on the eligible area of the Romanian side of the border, and includes staff from Serbia & Montenegro. 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.
4.5 Rules, procedures and formats

The implementation of this project 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 7: Template for the Institutional framework/implementation arrangements in case of grant schemes).

5 Detailed Budget

(in million Euro)

<table>
<thead>
<tr>
<th></th>
<th>Phare/Pre-Accession Instrument support</th>
<th>Co-financing</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 2005 - 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>Project 1 Priority 1</td>
<td>4.200</td>
<td>1.400</td>
<td>0.625</td>
</tr>
<tr>
<td>Local ESD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total project 2005</td>
<td>4.200</td>
<td>1.400</td>
<td>0.625</td>
</tr>
<tr>
<td>% of total public funds</td>
<td>max 75%</td>
<td>min 25%</td>
<td></td>
</tr>
</tbody>
</table>

National co-financing and beneficiaries’ contribution follows the rules as set out in the Financing Agreement for the 2004 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 Implementing Arrangements

6.1 Implementing Agencies

| Romania                                                        | Serbia & Montenegro                                      |
|                                                               | For Serbia & Montenegro:                                  |
| For PHARE CBC Romania:                                         | Programme Co-ordination Unit (PCU)                        |
| Implementing Agency (IA) and Contracting Authority             | Ministry of International Economic Relations (MIER) of the Republic of Serbia |
| Ministry for European Integration (MIE)                        | Department of Donor Co-ordination and Programme Development |
| Cross Border Co-operation Directorate                         | Gracanicka 8, Belgrade                                    |
| 17, Apolodor street, Bucharest 5, ROMANIA                      | Republic of Serbia                                        |
| Dr. Daniela Chisiu, Director                                   | Mrs Gordana Lazarevic, Assistant Minister                 |
| Tel: +40 21 335 5374 E-mail: daniela.chisiu@dr.mie.ro          | Tel: +38 11 3346 112 e-mail: glazarevic@mier.sr.gov.yu    |
|                                                               | For CARDS Serbia & Montenegro: Contracting Authority (CA) |
|                                                               | European Agency for Reconstruction (EAR)                   |
|                                                               | Vasina 2-4, PO Box 717                                    |
|                                                               | 11 000 Belgrade                                           |
|                                                               | Serbia & Montenegro                                       |
|                                                               | Mr Wout Soer, Local Government and Regional Development   |
|                                                               | Tel: +381 11 3023 485 e-mail: wout.soer@ear.eu.int        |

6.2 Twinning:
Not applicable.

6.3 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.

6.4 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

<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>
</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. Environmental aspects will be assessed individually for each of the proposed projects. Particularly for environmental sensible areas (parks, protected areas, Unesco patrimony of humanity), admission and selection criteria should be strictly defined before the implementation of the Call for proposal.

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

Infrastructure project applications will be accompanied by business plans indicating the rate of return of investments, which will be a selection criterion during the evaluation process.

11 Investment criteria

11.1 Catalytic effect

The project will help meeting the development needs outlined in the Joint Programming Document (JPD) of the Romanian - Serbia & Montenegro Neighbourhood Programme 2004 - 2006. Without NP support, the steps and objectives included in the programme could be implemented only much later and at a much slower speed.
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 National Funds 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
All organisational preparations will have been completed, and the first funding operations will be carried out in March 2005.

For projects selected through this grant schemes, the PHARE CBC/CARDS plus National Co-financing contribution will be:

- Measure 1: from €50,000 to €500,000
- Measure 2: from €50,000 to €300,000
- Measure 3: from €100,000 to €800,000
- Measure 5: from €50,000 to €500,000

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 will respect the state aids and competition provisions of the European Agreement.

11.7 Contribution to National Development Plan:
The project proposal is in line with the priorities identified in the National Development Plan.

12 Conditionality and sequencing
No conditionalities are foreseen, the implementation will follow the implementation schedule.
13 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 - Reference to feasibility /pre-feasibility studies. For all investment projects, the executive summary of the economic and financial appraisals, and the environmental impact assessment should be attached (not applicable)

ANNEX 5 - List of relevant Laws and Regulations

ANNEX 6 - Reference to relevant Government Strategic plans and studies (may include Institution Development Plan, Business plans, Sector studies etc) (not applicable)

ANNEX 7 - Template for the institutional framework/implementation arrangements in case of grant schemes.
### ANNEX 1: LOGICAL FRAMEWORK MATRIX

#### LOGFRAME PLANNING MATRIX FOR

**Priority 1 Local Economic and Social Development**

<table>
<thead>
<tr>
<th>Programme name and number:</th>
<th>Neighbourhood Programme 2004 Romania - Serbia &amp; Montenegro</th>
<th>2005/017-538.01.01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting period expires:</td>
<td>November 2007</td>
<td>Disbursement period expires November 2009</td>
</tr>
</tbody>
</table>

#### Overall objective

To achieve closer economic and social integration and unity between both urban and rural communities in both countries

<table>
<thead>
<tr>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1 Purpose and Results Indicators at least 75% overall achievement level; -100% of Priority 1 allocation absorption</td>
<td>NP implementation data EC reports/NP evaluations Phare CBC/CARDS data</td>
</tr>
</tbody>
</table>

#### Project purpose

To establish sustainable joint cooperation in the development of business support activities, small infrastructure projects, educational opportunities, sustainable agriculture and tourism.

<table>
<thead>
<tr>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 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;</td>
<td>-NP data; - Publications and reports by participating institutions; - Media coverage of NP activities</td>
<td>Sustained support from all stakeholder institutions in promoting Neighbourhood Programme objectives, encouraging applications and supporting administrative processes.</td>
</tr>
</tbody>
</table>

#### Results

Joint frameworks for promoting neighbourhood co-operation established and multi-annual programmes will have been elaborated in each of the following areas:

- Business support cooperation;
- Environmental protection;
- Local agricultural sector support programmes;
- Local public services co-operation;
- Small scale infrastructure improvements;
- Local tourism development.

<table>
<thead>
<tr>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>- At least one project completed in each of the result areas by 2006; - One environmental project has measurable impact* - Measurable cross-border impact of at least one infrastructure project* - Measurable cross border impact of at least one public services co-operation project* - Measurable impact on tourism by at least one project* *(before and after indicators to be defined in individual project applications)</td>
<td>-NP reports - Reports by participating institutions and organisations - NP evaluation reports - media coverage and reports</td>
<td>-Awareness of and commitment to NP by participating institutions - Relevance of measures sustained on both sides throughout programme timeframe</td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>Assumptions</td>
</tr>
<tr>
<td>------------</td>
<td>-------</td>
<td>-------------</td>
</tr>
</tbody>
</table>
| Eligible projects will have been selected in the following indicative areas:  
- Organisation of joint business support networks;  
- Joint national, natural park management systems;  
- Joint environmental protection programmes;  
- Co-operation between joint agricultural NGO networks;  
- Establishing pilot projects for initiating integrated cross-border public service co-operation;  
- Identifying and initiating local small-scale infrastructure improvements with cross-border character  
- Establishment of joint tourism information services and marketing programmes |  
- Selected beneficiary institutions submitting successful project grant scheme applications  
- Joint Steering Committee selection processes  
- Joint Technical Secretariat providing day-to-day NP Programme management  
- Local authorities and institutions supported by STTA and Joint Technical Secretariat |  
- Local institutions have the available resources and competent staff to facilitate activities and comply with NP administrative processes;  
- No barriers to authorities or institutions making agreements established with counterpart institutions |
ANNEX 2: IMPLEMENTATION SCHEDULE

The implementation schedules are shown for the three annual programmes. It is assumed that the programming cycle will begin in the third quarter of each year.

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

<table>
<thead>
<tr>
<th>2005 PROGRAMME - Priority 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>RO</td>
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<td></td>
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<tr>
<td>SCG</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
# Contracting and disbursement schedule

## Grant Scheme Priority 1 by quarter (2005 Phare budget only)

<table>
<thead>
<tr>
<th>Components</th>
<th>in MEUR (planned)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1    Q2 Q3 Q4</td>
<td>Q1   Q2 Q3 Q4</td>
<td>Q1   Q2 Q3 Q4</td>
<td>Q1   Q2 Q3 Q4</td>
<td>Q1   Q2 Q3 Q4</td>
</tr>
<tr>
<td>Total contracted</td>
<td>4.20</td>
<td>4.20</td>
<td>4.20</td>
<td>4.20</td>
<td>4.20</td>
</tr>
<tr>
<td>Total disbursed</td>
<td>1.68</td>
<td>1.68</td>
<td>1.68</td>
<td>1.68</td>
<td>3.78</td>
</tr>
</tbody>
</table>
### EU DIRECTIVES AND ROMANIAN LEGISLATION

#### List of relevant laws and Regulations - Infrastructure related regulations and directives

<table>
<thead>
<tr>
<th>No</th>
<th>EU Directives</th>
<th>Respective Romanian Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EC Directive 96/53/EC on Weights and Dimensions</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Decision No 1692/96/EC of the European Parliament and of the Council of 23 July 1996 on Community guidelines for the development of the trans-European transport network</td>
<td>Law no. 203/16.05.2003 (MO no. 361/27.05.2003) on establishing, developing and modernising the transport network of national and European interest</td>
</tr>
</tbody>
</table>

#### Environment related regulations and directives

<table>
<thead>
<tr>
<th>No</th>
<th>EU Directives</th>
<th>Respective Romanian Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>Directive</td>
<td>Reference</td>
</tr>
<tr>
<td>-----</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>5</td>
<td>Council Directive 91/676 on the protection of waters against pollution caused by nitrates from agricultural sources</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Council Directive 80/69 on the protection of groundwater against pollution caused by certain dangerous substances</td>
<td>Governmental ordinance 119/2002 on Water Pollution Prevention by Several Dangerous Substances and Its Control</td>
</tr>
</tbody>
</table>
**Economic Development**

**ROMANIAN LEGISLATION**

1. Law 31/1990 regarding commercial companies;
2. Commercial Code;
3. Law 571/2003 regarding the Fiscal Code;
5. Law 509/2002 regarding commercial agents;
6. Governmental Ordinance 51/1997 regarding leasing operations;
7. Governmental Ordinance 130/2000 regarding the legal status of long – distance contracts;
8. Law 193/2000 regarding abusive provisions concluded between traders and consumers;
9. Governmental Ordinance 21/1992 regarding consumer protection;
10. Law 84/1992 regarding free zones;
11. Governmental Decision 449/1999 regarding the setting – up of Free Zone Curtici-Arad and RA „Administration of Free Zone Curtici-Arad”;
12. Governmental Decision 682/1994 regarding the approval of the Methodology for land and building concessions in the free zone;
13. Order 1431/2002 for the approval of the Instructions regarding the granting of work licences and access permits in the Free Zone;
14. Governmental Ordinance 24/1998 regarding the disadvantaged areas;
15. Governmental Ordinance 65/2001 regarding the setting up and functioning of the industrial parks;
16. Law 21/1996 regarding competition;
17. Law 11/1991 regarding the unfair competition;
18. Law 141/1997 regarding Customs Code;
19. Governmental Decision 1114/2001 regarding the approval of the Rules regarding the implementation of the Customs Code;
21. Decision 471/2002 regarding the implementation of the common transit on the Romanian territory;
22. Methodological Norm regarding the implementation of the suspension of the VAT duty in customs for equipment, installations, industrial and agricultural machines, that are imported for the purpose of carrying out investments (M.O. 327/1997);
23. Law 64/1995 regarding judicial reorganisation and bankruptcy;
25. Law 32/1994 regarding sponsorship;
26. Governmental Ordinance 80/1999 regarding the amendment of Law 56/1990 regarding the border of Romania.
ANNEX 7: TEMPLATE FOR INSTITUTIONAL FRAMEWORK/IMPLEMENTATION ARRANGEMENTS IN CASE OF GRANT SCHEME

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 Cards 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/Cards.

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 EU 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 Serbia & Montenegro 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 Delegation/European Agency for Reconstruction (EAR). EC Delegation/EAR representatives will participate as observer in the proceedings of the Evaluation Committee. Prior approval is needed from EC Delegation/EAR 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 SCG PCU and endorsed by the EC Delegation/EAR.

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 Delegation/EAR 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 SCG 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 Delegation/EAR 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 Cards:

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 Serbia & Montenegro

- The European Agency for Reconstruction formally confirms the decision of the Joint Steering Committee/PCU. In all cases, the EAR will retain the right of final approval of projects (or part of projects) co-financed by Cards. In doing so, it will ascertain that the conditions for Community financing are met
- The EAR issues the grant contracts with the selected beneficiaries, 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 Cards 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 Delegation/EAR 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 EU 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 Cards side of the border to take account of specific circumstances (e.g. differences between Phare CBC and Cards 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 Cards.

Minimum requirements are as follows:

**Phare CBC:**
Cofinancing National co-financing and beneficiaries’ contribution follows the rules as set out in the Financing Agreement for the 2004 Cross border Cooperation programmes of Romania

**Cards**

- projects up to 50,000 Euro: min 5% co-financing by the beneficiary
- projects from 50,000 to 300,000 Euro: min 10% co-financing
- projects over 300,000 Euro: min 25% co-financing

In the context of the NP Romania-Serbia & Montenegro, the following rules will apply (Cards):
For all projects, 10% co-financing by the beneficiary is required.
The remaining 90% of the project’s eligible costs will be co-financed by 75% Cards funds and 25% SCG national funds

### 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.