Neighbourhood Programme 2004 – 2006 Romania - Serbia & Montenegro
2005 fiche for Project 2
– Priority 2 ‘People-to-people’ Joint Small Project Fund

1 Basic Information
1.1 CRIS Number PHARE/ 2005/017-538.01.02
1.2 Title: CBC Romania and Serbia&Montenegro ‘People-to-people’ Joint Small Project Fund
1.3 Sector: 15050
1.4 Location: Eligible Romanian – Serbian border area:
Romanian NUTS III administrative units three counties Timis county, Caras-Severin county and Mehedinti county.
Serbian and Montenegro districts: Severno-Banatski (Northern Banat), Srednje- Banatski (Central Banat), Juzno-Banatski (South Banat), Braničevski and Borski.
1.5 Duration
This project fiche covers the annual Neighbourhood Programme cycle for 2005.

2 Objectives
2.1 Overall Objective:
The overall aim of the common programme between Romania and Serbia & Montenegro, to realize by this project, is to achieve closer economic and social integration and unity between both urban and rural communities in both countries and to promote institution building and partnership developments amongst individuals and groups in the border region.

2.2 Project purpose:
Priority 2: People to People Actions: To encourage communities on both sides of the border in playing a joint role in addressing common challenges and promoting long-term cooperation in social, economic, educational, cultural and sporting activities.

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 project 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 cooperation, vocational education and training linked to employment generation and civil society strengthening.

2.4 Coherence with 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 cooperation 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.

2.5 Cross Border Impact

Priority 2: Planned activities will facilitate people-to-people contacts amongst the inhabitants of the cross-border region. The character of the individual projects and the general direction of the Priority guarantee a high degree of cross-border relevance. All projects focus on personal and communal contacts across the Romanian – Serbia & Montenegro border. Special attention will be given to joint PHARE CBC/CARDS projects and to projects with a strong cross-border co-operation character which are planned in close cooperation with local authorities in the border areas and which include the establishment or institution development of shared management structures intended to widen and deepen cross-border co-operation between public and non-profit organisations. This will contribute to the alignment of co-operative actions in the border area.

People-to-people projects will raise the awareness of opportunities to address common concerns on both sides of the border, and encourage a positive attitude to sharing information and ideas, utilising the resources of both communities. Applicants will have to justify project proposals in terms of relevance to the development priorities and measures detailed in the Joint Programming Document.

3 Description

3.1 Background and justification

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).

EC 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.

With a low level of common experience of programme and project management in Cross Border Co-operation, a robust Technical Assistance facility is an important Priority of the Neighbourhood Programme.

The aim of Technical Assistance is to ensure efficient, effective and transparent management as well as a smooth implementation of the Programme. The smooth and efficient administration of the programme strictly depends on the capacity in management and in properly dealing with procedures in order to prevent and avoid bottlenecks. Hence, a limited percentage of the EC resources can be used for technical assistance.

The NP's management structures needs financial assistance to cover the administrative costs of implementing the programme, and technical support for the preparation and implementation of call for proposals, project evaluation and selection, etc. Level of familiarity by potential beneficiaries of working within the rules and procedures of grant schemes within EC funded programmes is relatively low, so it is important at the outset to provide assistance for awareness raising and information of potential beneficiaries.

Technical Assistance is an essential resource for effective delivery of the Neighbourhood Programme.

3.2. Sectoral Rationale

The Priority 2 is primarily aimed at encouraging cross-border contacts and co-operation at regional and local level, mainly in the fields of cultural, social and sports co-operation, as well as institution building.

One of the key objectives of the strategy is to get people working closer to each other. It is also important that a new external EU border is not seen as a barrier to existing contact and co-operation at the local level. This can only be achieved, if co-operation is perceived as a natural part of the everyday life of people living in the border area. This requires people-to-people actions: specific occasions for people to get to know each other, to work together and to take part in various other forms of joint activities on a regular basis.

3.2.1. Identification of Projects

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. The selected projects shall fall within the priority fields set out in the Joint Programming Document for the period 2004-2006. The projects will encourage new forms of cross-border co-operation and strengthen existing ones.

3.2.1.1. Concerning Priority 2: People to People Actions

This Priority consists of only one measure, a ‘People-to-people’ Joint Small Project Fund. The measure 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 people-to-people opportunities to be identified.

Eligible beneficiaries

Eligible beneficiaries are non-profit-making decentralised, locally based organisations, such as:

- Non-profit and non governmental organizations
- Local (municipalities) and regional (county) governments/authorities
- Alliances with a legal entity
- Organisations owned or managed by municipalities and county councils
- Organisations owned or managed by environment authorities
- Professional bodies and chambers
- Chamber of commerce
- Educational and research institutions
- Foundations
- Not for profit cultural and sporting societies and Associations
- Public administration authorities
- Natural reserves and park authorities and protected areas management bodies
- County and regional development agencies
- Institutions and organizations for enterprise promotion
- Profit making organisations and national organisations without a distinctive role in the border region will not be eligible

General criteria for eligibility

- Projects have to be "joint" in the meaning of the Neighbourhood Programme (cf. §3.2.1. above).
- The project cannot concern profit-making activities.
- Results of the proposal are in line with the objectives of the grant scheme.
- Only applicant from the eligible border regions.
- Applicant organisations must have at least one project partner from the other side of the border.
• The project has to be implemented in the eligible border area.
• 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**

The Application form in the Call for proposal will specify the basic information (applicants’ identification and contact details) and project details required. Projects details could include, as appropriate:

- If applicable, studies (feasibility study, cost-benefit analyses, environmental impact study) justifying the rationale for investment components;
- If applicable, availability of the necessary permits and construction plans.
- Training/curricula/research plan when applicable

**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

**Relevance:**

- Relevance to the particular needs and constraints of the cross-border region (including conformity with regional development plans and the Joint Programming Document);
- Compliance with the objectives of this grant scheme. Applicants must justify the cross border character of the proposed projects.

### 3.3. Results

**Priority 2:** The results of the individual funding operations will depend on the outcome of the planned Call for Proposals, however, it is expected that 20 to 30 People-to-People Actions consistent with the priorities of the 2004-2006 *Joint Programming Document* have been completed during the duration of the NP.

### 3.4. Activities

#### 3.4.1. General Criteria for Eligibility (applicable 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.).

3.4.2. Priority 2

The Joint Small Project Fund shall provide grants in an amount of 10,000 - 50,000 Euro (Phare CBC/Cards contribution)

The Joint Small Project Fund will support institution building, "soft" actions and small scale investments not generating substantial revenues. The grants will only be made for projects whose immediate objective is non-commercial and strictly non-profit making.

*Eligible Activities* include:

- Joint promotion of the region's common cultural heritage;
- Co-operative scientific and cultural research projects;
- Educational exchange programmes, including arranging seminars of joint interest to schools and universities;
- Exhibitions on local or regional themes;
- Architecture and urban planning studies;
- Planning of joint events between neighbouring communities
- Establishing communication networks between communities
- Meeting specific training needs for minorities or handicapped persons,
- Cultural and sporting events,
- Festivals of culture, music, celebration of local history;
- Biological and biodiversity studies;
- Environmental education programmes
- *joint institution-building projects (training, re-training, developing partnerships, exchanges etc.)*;
- *people-to-people co-operation between local communities across the whole scope of this Neighbourhood Program etc.*
Feasibility studies or project preparation activities for larger projects with a strong cross border impact could be financed under this measure.

Selection Criteria

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

- Involve direct interactions of people at least from two of the eligible border areas;
- Build upon and/or strengthen the multicultural traditions of the eligible border area;
- Involve and mobilise a large number of people;
- Prepare/lay the foundation of a long-term co-operation;
- Directly linked to other intervention of the programme;
- Activities must be coherent with national policies, or demonstrate coherence with the relevant chapters of the National Development Plan, or the Association process (when appropriate with the nature of the project proposal);
- 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 (joint projects, especially where co-financed jointly by Romanian and Serbian project partners, will be particularly prioritised), preferably be implemented close to the border;
- If possible, contain innovative approaches (e.g. pilot projects).
- Expected economic impact on both sides of the border. 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.
- Relevance of the project to the measure rationale.

On this basis, detailed selection criteria will be included in the Call for proposals/Guidelines for applicants.

3.5. Linked Activities

In Romania, the activities of Priority 2 People-to-People actions form an integral part of Neighbourhood Programmes. They create a flexible mechanism for the support of small-scale activities and in some cases will be the starting point for preparing future larger scale NP projects. The 2004 programme will build on the experience of the People to People actions, including Small Project Funds supported by previous PHARE CBC programmes.

In Serbia & Montenegro, country-based People to People Actions are funded by CARDS, although no cross border interventions have taken place. To build experience in this area, joint projects will be supported with a high priority in the NP.

3.6. 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

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 Memorandum, 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 Memorandum.

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):** 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.

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

**Serbia & Montenegro**

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

• **European Agency for Reconstruction (Belgrade office):** 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. Specifically, the JCC adopts the strategic documentation of the programme – notably the Joint Programming Document and the Project Fiche(s).

4.3 **Joint Steering Committee (JSC)**

The JSC is the operational body of the NP. Its main role is to oversee the drafting of 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  Budget
(in million Euro)

<table>
<thead>
<tr>
<th>Year 2005 Institution Building support</th>
<th>Phare support</th>
<th>Co-financing</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Public Funds (*)</strong></td>
<td>0.550</td>
<td>0.184</td>
<td>0.082</td>
</tr>
<tr>
<td><strong>Other Sources Benef’y contr’n</strong></td>
<td>0.082</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Co-financing of Project</strong></td>
<td>0.266</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total project 2005</strong></td>
<td>0.550</td>
<td>0.184</td>
<td>0.082</td>
</tr>
</tbody>
</table>

5.1 Co-finance

National co-financing and beneficiaries’ contribution follows the rules as set out in the Financing Memorandum 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 Memorandum 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

<table>
<thead>
<tr>
<th>Romania</th>
<th>Serbia &amp; Montenegro</th>
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<tbody>
<tr>
<td><strong>For PHARE CBC Romania:</strong> <strong>Implementing Agency (IA) and Contracting Authority</strong> Ministry for European Integration (MIE) Cross Border Co-operation Directorate 17, Apolodor street, Bucharest 5, ROMANIA Dr. Daniela Dumitrescu, Director Tel: +40 21 335 5374 E-mail: <a href="mailto:daniela.chisiu@dr.mie.ro">daniela.chisiu@dr.mie.ro</a></td>
<td><strong>For Serbia &amp; Montenegro:</strong> <strong>Programme Co-ordination Unit (PCU)</strong> Ministry of International Economic Relations (MIER) of the Republic of Serbia Department of Donor Co-ordination and Programme Development Gracanicka 8, Belgrade Republic of Serbia Mrs Gordana Lazarevic, Assistant Minister Tel: +38 11 3346 112</td>
</tr>
</tbody>
</table>
5.1 Twinning:
Not applicable.

5.2 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.

5.3 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 or national legislation.

6 Implementation Schedule:

<table>
<thead>
<tr>
<th>Financing Memorandum</th>
<th>Publication of Call for Proposals</th>
<th>Start of project activity</th>
<th>Project completion</th>
</tr>
</thead>
</table>

7 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.

Only such projects will be selected that do not contain discriminatory elements and that are open for women and men on an equal basis.

8 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.

9 Rates of return
Not applicable

10 Investment criteria

10.1 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. Support to people-to-people co-operation projects will raise the awareness of common concerns and opportunities across the border region. It will also strengthen the positive attitude towards co-operation and utilise potentials and thereby catalyse common development efforts.

10.2 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 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.

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

10.4 Project readiness and size

Priority 2
The Fund will provide PHARE/CARDS grants to projects in an amount of € 10,000- 50,000.

10.5 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.

All beneficiary institutions will be required to prove that they are able to operate their projects effectively in the long run or over a clearly defined period.

10.6 Compliance with state aids provisions:
All actions financed will respect the state aids and competition provisions of the European Agreement.
11 Conditionality and sequencing

No conditionalities are foreseen, the implementation will follow the implementation schedule.
12 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

### PLANNING MATRIX FOR
Programme Romania - Serbia & Montenegro 2004-2006

| Programme name and number: Neighbourhood Programme 2004-2006 Romania - Serbia & Montenegro | 2005/017-5 |
| Contracting period expires: 30 November 2007 | Disbursement expires: 30 November |
| Total budget: €6.58 Mill | Phare budget |

### Objective Verifiable Indicators

<table>
<thead>
<tr>
<th>Description</th>
<th>Sources of Verification</th>
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<tbody>
<tr>
<td>Improvement of the common programme between Serbia &amp; Montenegro, to realize by this to achieve closer economic and social unity between both urban and rural areas in both countries and to promote funding and partnership developments and support partnerships and groups in the border region.</td>
<td>NP implementation data EC reports/NP evaluations Phare CBC/CARDS data</td>
</tr>
<tr>
<td>- Improved level of development in the CB regions of RO and Serbia as indicated by economic &amp; quality of life indicators</td>
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<td>People to People Actions: To encourage on both sides of the border in playing a role in addressing common challenges and long-term cooperation in social, economic, cultural and sporting activities.</td>
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<tr>
<td>- Project applications throughout duration of NP (2004-2006) sufficient to absorb 120% of NP budget;</td>
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<td>- Number of participating local institutions and authorities increases each year;</td>
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<td>- NP data;</td>
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<td>- Publications and reports by participating institutions;</td>
<td></td>
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<td>- Media coverage of NP activities</td>
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### Assumptions
Sustained stakeholder engagement promoting Neighbourhood Programme encouraging and support administratively
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<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 2007;</td>
<td>- NP reports</td>
<td>-Awareness of and commitment to NP by participating institutions</td>
</tr>
<tr>
<td>- One environmental project has measurable impact*</td>
<td>- Reports by participating institutions and organisations</td>
<td></td>
</tr>
<tr>
<td>- Measurable cross-border impact of at least one infrastructure project*</td>
<td>- NP evaluation reports</td>
<td>-Relevance of measures sustained on both sides throughout programme timeframe</td>
</tr>
<tr>
<td>- Measurable cross-border impact of at least one public services co-operation project*</td>
<td>- media coverage and reports</td>
<td></td>
</tr>
<tr>
<td>- Measurable impact on tourism by at least one project*</td>
<td>*(before and after indicators to be defined in individual project applications)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Submission of sufficient quality of evaluations and reports by participating institutions</td>
</tr>
<tr>
<td></td>
<td>- Establishment &amp; operation of transparent and straightforward project selection mechanisms</td>
</tr>
<tr>
<td></td>
<td>- Timely provision of co-funding and adequate TA for overall management</td>
</tr>
</tbody>
</table>

**Programme name and number**

**Priority 2 - People to People Actions**

**Contracting period expiration date**

30 November 2007

**Total budget**

€0.73 million

**Overall objective**

To promote institution building and partnership developments amongst individuals and groups in the border region;

**Objectively Verifiable Indicators**

- More than 25 Neighbourhood Programme People-to-people actions completed by 2007;

**Sources of Verification**

NP implementation data and Phare CBC/CARDS (IA/E)
<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>To encourage communities on both sides of the border in playing a joint role in</td>
<td>- 20 formally constituted cross-border neighbourhood partnerships or other long-term cooperation</td>
<td>- NP data;</td>
</tr>
<tr>
<td>addressing common challenges and promoting long-term cooperation in social,</td>
<td>arrangements by 2007</td>
<td>- Publications and reports;</td>
</tr>
<tr>
<td>economic, educational, cultural and sporting activities.</td>
<td></td>
<td>- Media coverage of NP People-to-People actions</td>
</tr>
<tr>
<td>Results</td>
<td>- More than 80% of initiated projects completed with successful monitoring and evaluation reports</td>
<td></td>
</tr>
<tr>
<td>20 to 30 People to People Actions consistent with the priorities of the 2005-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td></td>
</tr>
<tr>
<td>• joint promotion of common cultural heritage</td>
<td>Selected beneficiary institutions submitting successful project applications.</td>
<td></td>
</tr>
<tr>
<td>• co-operative scientific and cultural research projects</td>
<td>Joint Steering Committee selection processes (including establishing a Small Project Fund, if necessary, according to PRAG Guidelines)</td>
<td></td>
</tr>
<tr>
<td>• educational exchange programmes, including arranging seminars of joint</td>
<td>Joint Technical Secretariat</td>
<td></td>
</tr>
<tr>
<td>interest to schools and universities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• exhibitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• architecture and urban planning studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• planning of joint events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• establishing communication networks between the communities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• meeting specific training needs for minorities or handicapped persons,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cultural and sporting events,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>fairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• biological and biodiversity studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• environmental education programs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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>RO</th>
<th>2005 PROGRAMME - Priority 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>D</td>
<td>D/C</td>
</tr>
</tbody>
</table>

ANNEX 3: CONTRACTING AND DISBURSEMENT SCHEDULES

Contracting and disbursement schedule People-to-People by quarter (2005 Phare budget only)

<table>
<thead>
<tr>
<th>Components</th>
<th>in MEUR (planned)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Total contracted</td>
<td>0.55</td>
</tr>
<tr>
<td>Total disbursed</td>
<td>0.44</td>
</tr>
</tbody>
</table>

ANNEX 5

List of relevant laws and Regulations

Infrastructure related regulations and directives

EU DIRECTIVES AND ROMANIAN LEGISLATION

<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</td>
<td>Law no. 203/16.05.2003 (MO no. 361/27.05.2003) on establishing, developing and modernising the transport</td>
</tr>
<tr>
<td>nNo</td>
<td>EU Directives</td>
<td>Respective Romanian Legislation</td>
</tr>
<tr>
<td>-----</td>
<td>-------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td><strong>Council Directive 90/313/EEC</strong> on Access to Environmental Information</td>
<td>Governmental Ordinance 115/2002 on free access to Environmental information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Law 404/2003 approving GO 107/2002 on the National Water Management Company</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MWEP Order 1146/2002 on surface water quality</td>
</tr>
<tr>
<td>5</td>
<td><strong>Council Directive 91/676</strong> on the protection of waters against pollution caused by nitrates from agricultural sources</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td><strong>Council Directive 80/69</strong> 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>
<tr>
<td></td>
<td><strong>Council Directive</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>---</td>
<td>----------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>7</td>
<td>76/464</td>
<td>on discharge of dangerous substances and 7 daughter directives</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>99/31</td>
<td>on the landfill of waste</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>89/369</td>
<td>Municipal waste incineration</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></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.
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 Memorandum, 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 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 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.

3. 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 Memorandum.
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 MEI/EAR 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.

All grant contractors shall be visited on-site, normally before the commencement of contracted activities.

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 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 Memorandum for the 2005 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

**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.