

PROJECT FICHE BG9904.02.01

1.	Title:	Installation of optic cable Haskovo – (Kavala) and upgrading of local networks in Bulgaria southern border region					
2.	Location:	Bulgaria's Southern Border Region (Map enclosed)					
3.	Objectives:	<p>The general objectives of the project are;</p> <ul style="list-style-type: none"> To increase the telephone density in cross-border regions and improved quality of the telecommunication services through connection with digital exchanges of existing backbone network. To create a regional connectivity, which will provide a modern telecommunications between Bulgaria and Greece To provide an alternative route between both countries and also interconnection between Black sea and Mediterranean basin countries via Bulgaria and Greece. <p>The specific objectives of the project are:</p> <ul style="list-style-type: none"> To assure high reliability of telecommunication connections closing a part of an optical fibre ring between Bulgaria and Greece. To connect the Bulgarian and Greek telecommunication networks (Greek part of the link Haskovo – Kavala is completed since 1996). 					
4.	Description:	<p>The project comprises:</p> <p>A. A fibre optic cable laid between Haskovo and Bulgarian/Greek border (a distance of approximately 120 km). The cable will consist of 12 optical fibres and will be laid in HDPE duct. A spare duct, containing no cable, will be laid alongside the first duct.</p> <ul style="list-style-type: none"> One transmission system (STM-4) based on Synchronous Digital Hierarchy with three add-drop multiplexors in Haskovo, Kardjali and Podkova. Site Supervision during the works period. <p>B. Upgrading of local networks in Bulgaria southern border region – installation of a new Digital Long Distance Exchange/Digital Local Exchange (DLDE/DLE) with capacity of 5000 subscribers in Kardjali, including Remote Subscribers Unit (RSU).</p> <ul style="list-style-type: none"> At the end of project there will be: 7560 digital telephone channels between Haskovo – Kavala for international and national transit, terminating and regional traffic. It is anticipated that the construction period will be around 8 months. The Project shall be implemented as design build and turnkey contract. 					
5.	Institutional framework	Bilateral agreement for the installation, operation and maintenance of fiber optic transmission system Haskovo – Kavala, between OTE and BTC (Greek and Bulgarian national telecommunications operators).(20 Dec. 1994)					
6.	Budget:	Phare 1999					
		Investment:	Institution Building:	Total Phare 99 (=I+IB)	Recipient	Other Resources:	TOTAL (MEUR)
	Preliminary construction works	0	0	0	0.7	0	0.7
	Technical Assistance	0	0	0	0	0.071*	0.071
	Construction works	2.2	0	2.2	2.5	0	4.7
	Supervision	0.3	0	0.3	0	0	0.3
	TOTAL: (MEUR)	2.5	0	2.5	3.2	0.071	5.771
	* Phare CBC 1994						

7.	<p>Implementation Arrangements: Implementing Authority:</p> <p>CFCU role:</p> <p>Non-standard procedures:</p>	<p>The Project shall be managed under the Decentralized Implementation System (DIS). The Implementing Agency (IA) is the Ministry of Regional Development and Public Works (MRDPW).</p> <p>The Department of Network Projects Implementation (DNPI) within the Bulgarian Telecommunication Company (BTC) is responsible towards the CBC IA for the operational management of the project:</p> <p>Preparation of terms of reference, of other documents, of evaluation criteria, of evaluation of offers, of contracts, of invoices for payment. For the Contract under Phare and FIDIC rules, the Department of Network Projects Implementation acts as the Employer and invoices have to be certified by the independent Supervisor (Employers Representative) contracted and financed by the Programme.</p> <p>The Department reports monthly to the CBC IA (with direct copies to the EC Delegation) with monthly disbursement and commitment schedules and with sufficient detail to allow assessment of progress made and remaining work to be accomplished.</p> <p>The Department liaises directly with the EC Delegation for all issues related to the operational management of the project.</p> <p>The existing Project Implementation Unit is adequately staffed with 3 qualified full-time experts. Full support by other BTC's staff is available. Appropriate technical assistance to the project team is ensured, financed by the Programme.</p> <p>Works will be tendered to prequalified contractors with relevant financial capacity, and technical and FIDIC experience.</p> <p>The Pre-qualifications Dossier, the Tender Dossier and ToR for Supervision are already prepared and submitted to the EC Delegation.</p> <p>No</p> <p>No</p>
8.	<p>Implementation schedule:</p> <p>Installation of Optic Cable Financed by Phare) <u>Start of tendering:</u> Period of Pre-qualification: Period of tendering: <u>Start of project activity:</u> Completion:</p> <p>Upgrading of local networks in Bulgaria Southern Border Region (Bulgarian Contribution) <u>Start of project activity:</u> Completion:</p>	<p>12 November 1998 – 12 January 1999</p> <p>April 1999 – July 1999</p> <p>January 2000 September 2000</p> <p>January 2001 December 2002</p>

9.	<p>Environment</p> <p>Date Initial Screening completed:</p> <p>Report for Environmental Impact:</p> <p>In case of existence from which source it can be obtained:</p> <p>Major Environmental Effects:</p>	<p>1995</p> <p>Yes</p> <p>BTC</p> <p>The Environmental Effects of the Project are predicated to be very limited.</p>
10.	<p>Rates of Return:</p> <p>Financial:</p> <p>Economical internal rate of return:</p>	<p>Source: BTC</p> <p>Not applicable</p> <p>26 %</p>
11.	Investment criteria:	<p>This project meets investment criteria defined in new guidelines as follows:</p> <p><u>Catalytic Effect:</u> Bulgaria is currently in the process of conversion to a market led economic system. As an integral part of this process, Bulgaria is actively pursuing a policy of greeter accessibility to trade and economic links with its neighbors Greece, FYROM, Serbia, Romania and Turkey and other countries of Black Sea region and Europe. Its geographical position inevitably means that international telecommunications traffic will Considerable raises.</p> <p>To support in achieving its objective, Bulgaria, represented by the Ministry of Regional Development and Public Works (MRDPW), has applied for a grant from the Phare programme of the European Commission.</p> <p><u>Sustainability</u> The Southern Border Regions is acknowledged to be isolated by its geographical situation. This combined with a general lack of access has severely disadvantaged the Region.</p> <p>It is estimated that approx. one third of all Phare funding to Bulgaria is allocated to the Region. The increase and modernization of telecommunication services will stimulate the economic activity of the region. Especially the Greek side is very interested in this project because their optical fibre link is already done and is still waiting for the implementing of these liaisons to provide international and regional traffic.</p> <p><u>Competition:</u> It is confirmed that all aspects of the telecommunications project is open to competitive tender within European Union and Phare partner countries, and all Phare procedures regarding competition and transparency are fully complied with.</p>

12.	Conditionality and Sequencing:	<ol style="list-style-type: none"> 1. While Phare funding will support the installation of the optical cable Haskovo-Kavala, Bulgarian contribution will finance the upgrading of the local network in order to be homologated with the digital Haskovo-Kavala link. This will be accomplished by the installation of new digital exchanges in the population centres of the region and the upgrading of interconnexion channels. The Bulgarian contribution shall exceed the Phare contribution, so that the level of services (including number of telephones per capita, quality of communication of the links, availability of access to the network) in the region will be comparable with the average level of services of the country following modernisation to a full digital communications network. If the Bulgarian side fails to comply with its obligations regarding the upgrading of the local network by the disbursement expiry date of the programme, the reimbursement of the Phare grant to the project by the Bulgarian side will be considered by the EC in accordance with the provisions of article 6.1 of the Commission Regulation EC No.2760/98 of 18/12/98. 2. BTC must prepare detailed plans for the upgrades of regional networks as soon as possible. All revenues arising from use of the Haskovo-Kavala line until December 2002 must be "fenced" to upgrade local telecom networks. A procedure for recording and analyzing the overall flow of funds in this respect must be established. External independent expertise should be contracted to draw up the inventory and to agree on the principles of financial management as well as to support the negotiation on tariff structure mentioned in point 3 below. 3. It is recommended that BTC consider a special tariff structure for local traffic on the line between either side of the border in order to boost cross-border co-operation in the region. 4. Preliminary design and technical requirements are in full compliance with the European standards – ITU-T, ETSI, IEC, and Bulgarian law, and agreed with Greek partner - OTE. 5. Security arrangements at the border, especially for construction through the restricted area will be specified in the tender documents. 6. Access to the site will be assured by Bulgarian Telecommunication Company.

ANNEXES TO PROJECT FICHE

ANNEX I	LOG-FRAME
ANNEX II	DETAILED COST BREAKDOWN
ANNEX III	IMPLEMENTATION CHART
ANNEX IV	COMMITMENT AND DISBURSEMENT SCHEDULE
ANNEX V	RELATION WITH PREVIOUS AND ON – GOING PHARE ACTIVITIES
ANNEX VI	FEASIBILITY AND PREFEASIBILITY STUDIES
ANNEX VII	LIST OF RELEVANT LAWS AND REGULATION

LOGFRAME PLANNING MATRIX FOR PROJECT				Date of Drafting	15.02.1999
Project Number		BG9904.02.01	Project Title	Planning Period	Jan 00 - Dec 2002
			Installation of optic cable Haskovo-Kavala and upgrading of local networks in Bulgaria southern border region	Total Budget of Project	5.771 MEUR
Wider Objectives			Indicators of Achievement	Sources of Information	Assumption and Risks
<ul style="list-style-type: none"> - to promote economic and social cohesion in the CBC region - to promote co-operation with the CEEC regions bordering the European Union, and thus to help these border regions to overcome specific development problems stemming from their relative isolation in the national economy 			<ul style="list-style-type: none"> - increased GDP regional share - increased Greek and foreign investment in the region 	Government and international statistics	
Immediate Objective			Indicators of Achievement	Sources of Information	Assumption and Risks
<ul style="list-style-type: none"> • To assure high reliability of telecommunication connections closing a part of an optical fibre ring between Bulgaria and Greece. • To connect the Bulgarian and Greek telecommunication networks (Greek part of the link Haskovo – Kavala is completed since 1996). 			<ul style="list-style-type: none"> • Increasing of the telephone traffic between Bulgaria and Greece • Improvement of quality of telecommunication services between Bulgaria and Greece • Provision of new services based on most advanced technologies 	<ul style="list-style-type: none"> • BTC and independent reports • users 	<ul style="list-style-type: none"> - economic growth in other sectors - Bulgarian Government continues its current commitment to reform and to accession to the European Union
Results/Outputs			Indicators of Achievement	Sources of Information	Assumption and Risks
Completed telecommunications system –7560 digital channels between Bulgaria and Greece assuring international and national transit and regional traffic.			taking over certificates	- BTC, resident engineer, contractors	- no major contingency during construction
Inputs			Indicators of Achievement	Sources of Information	Assumption and Risks

<ul style="list-style-type: none"> - Phare CBC financing - project team in BTC acting as Employer - project Engineer - contractors 	<ul style="list-style-type: none"> - 5.771MEUR contracted and disbursed - team adequately staffed with 2 qualified full-time experts - project Engineer contract signed - works contract signed 	<ul style="list-style-type: none"> -reports from MRDPW, BTC, Delegation, resident engineer and contractors - MRDPW and BTC bank statements 	<ul style="list-style-type: none"> - continuity of staff and policy in BTC enabling implementation of project without delay - effective project Engineer - capable contractor
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ANNEX II
DETAILED COST BREAKDOWN

BUDGET	Investment:	Institution Building:	Total Phare 99 (=I+IB)	Recipient	Other Resources:	TOTAL (MEUR)
Preliminary construction works	0	0	0	0.7	0	0.7
Technical Assistance	0	0	0	0	0.071*	0.071
Construction works	2.2	0	2.2	2.5	0	4.7
Supervision	0.3	0	0.3	0	0	0.3
TOTAL: (MEUR)	2.5	0	2.5	3.2	0.071	5.771
* Phare CBC 1994						

ANNEX III

IMPLEMENTATION CHART

[illegible]

ANNEX IV
COMMITMENT AND DISBURSEMENT SCHEDULE
COMMITMENT SCHEDULE

	TOTAL MEUR	1999				2000				2001			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
A. Installation of optic cable Haskovo - Kavala	2.2					0.8	0.7	0.7					
Supervision	0.3					0.08	0.07	0.07	0.08				
B. Installation of DLE/DLE by BTC	2.5				0.80	0.10	0.10			0.13	0.65	0.62	0.10
Cum. Total	5.0				0.80	1.78	2.65	3.42	3.50	3.63	4.28	4.90	5.0

DISBURSEMENT SCHEDULE

	TOTAL MEUR	1999				2000				2001			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
A. Installation of optic cable Haskovo - Kavala	2.2					0.8	0.7	0.7					
Supervision	0.3					0.08	0.07	0.07	0.08				
Cum. Total PHARE-funds	2.5					0.88	1.65	2.42	2.5				
B. Installation of DLE/DLE by BTC	2.5				0.15	0.65	0.10	0.10		0.13	0.65	0.62	0.10
Cum. Total BIC-funds					0.15	0.80	0.90	1.10		0.13	1.78	2.40	2.5
Cum. Total	5.0				0.15	1.68	2.55	3.42	3.50	3.63	4.28	4.90	5.0

ANNEX IV
COMMITMENT AND DISBURSEMENT SCHEDULE

COMMITMENT SCHEDULE

		2000				2001				2002			
		TOTAL MEUR											
		I	II	III	IV	I	II	III	IV	I	II	III	IV
C. Installation of optic cable Haskovo - Kavala	Construction	2.2											
	Supervision	0.3											
D. Installation of DLE/DLE *	Construction	2.5				2.5							
		5.0											
Cum. Total		5.0				5.0				5.0			5.0

DISBURSEMENT SCHEDULE

		2000				2001				2002			
		TOTAL MEUR											
		I	II	III	IV	I	II	III	IV	I	II	III	IV
C. Installation of optic cable Haskovo - Kavala	Construction	0.8	0.7	0.7									
	Supervision	0.08	0.07	0.07	0.08								
D. Installation of DLE/DLE *	Construction	2.5											
		5.0	0.88	0.77	0.77	0.08							
Cum. Total		5.0	0.88	1.65	2.42	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

* Financed by Bulgarian Authorities

ANNEX V

RELATION WITH PREVIOUS AND ON – GOING PHARE ACTIVITIES

1. Relation with PHARE CBC-Programme

Technical Assistance (TA) to CBC BTC PIU for the relevant Project is financed by PHARE FM' 94.

Pre-qualification Documents, Tender Dossier for Turn-key Project and Terms of Reference for Supervision are prepared, checked by Consultant and submitted to EC Delegation in May 1998.

Consultant will participate in Pre-qualification and Tender evaluation processes.

2. National PHARE Programme

BG 9401 – Monitoring of fixed Assets of BTC

3. Multicountry PHARE Programme

ZZ 95060301 - Cost allocation of telephone services

ZZ 96140102 – Introduction on new telecommunication services

ZZ 87280104 - Cost allocation of telecommunication services

ZZ 97280102 – Telecommunication – quality of services

ANNEX VI

- 1. SUMMARY OF FINANCIAL ANALYSIS**
- 2. ENVIRONMENTAL IMPACT ASSESSEMENT**
- 3. LOCATION MAP**

FINANCIAL JUSTIFICATION

BULGARIAN TELECOMMUNICATIONS COMPANY

FEASIBILITY STUDY

OPTICAL FIBER LINK HASKOVO -BG/GR BORDER (KAVALA)

Assumptions

1. Number of transit 2 Mbits/s groups are direct requests of the operators for the year 1998-2000 . calculations are based on DDP mechanism on upfront payment for a period of 15 years and 10% per year for the maintenance.
2. The terminal traffic revenue hasn't been included in the calculations. During the year 1995 the detailed calculations of the terminal traffic revenues and cost of revenues for the same project, according to the PHARE requirements have been prepared. The expected liberalisation in the voice telephony from year 2002 results in the lower traffic growth rates.
3. Macroeconomics assumptions.
 - Tax rates - corporate tax rate and municipality tax rates are those effective from January 1st 1998 and the same rates are projected for the whole period, since there is no available information on the long term tax policy of the Government.
 - The exchange rates - USD/SDR, EURO/USD are kept the same during the whole period (expressed in the tables).
4. The results of the present calculations of the project feasibility shows a positive NPV and IRR=26%, based only on the net cash flows from the transit revenues.

Attachments:

Present calculations - Tables: 1,2

YEAR	Investment	Revenue Transit	Expenses Maintenance	Depreciation	Net cash Income	Net cash flow	Disc.factor 8%	Discounted net cash flow	NPV 1 073 877.31
	EURO	EURO	EURO	EURO	EURO	EURO		EURO	
1998	3 070 000					-3 070 000	1.0000	-3 070 000	
1999		2 883 861	36 607	89 286	2 776 119	2 776 119	0.9259	2 570 481	IRR
2000		1 232 440	45 759	89 286	1 156 281	1 156 281	0.8573	991 325	26%
2001		350 376	43 471	89 286	293 941	293 941	0.7938	233 340	
2002		350 376	36 873	89 286	299 099	299 099	0.7350	219 846	
2003		350 376	31 276	89 286	302 895	302 895	0.6806	206 145	
2004		350 376	26 529	89 286	305 327	305 327	0.6302	192 408	
2005		350 376	22 502	89 286	306 267	306 267	0.5835	178 704	
2006		350 376	19 087	89 286	309 683	309 683	0.5403	167 312	
2007		350 376	16 189	89 286	308 258	308 258	0.5002	154 206	
2008		350 376	13 732	89 286	304 234	304 234	0.4632	140 919	
2009		350 376	11 648	89 286	295 515	295 515	0.4289	126 741	

Table 1

CASH FLOW TABLES, BASED ON THE REVENUE FROM TRANSIT 2Mbit.s GROUPS
TERMINAL AND TRANSIT CHANNELS REVENUES FOR BULGARIA

TRANSIT REVENUE CALCULATIONS

YEAR	DIRECTION	TRANSIT DISTANCE KM	TRANSIT NUMBER 2Mbv/sBLOC KS	CHANNELS REVENUE IN GFc	TOTAL REVENUE IN SDR	TOTAL REVENUE IN EURO
1999	Gr.border/Varna	300	12	2 376 000	776 217	970 271
	Gr.border/Yugoslavia	300	12	2 376 000	776 217	970 271
	Gr.border/Romania	350	10	2 310 000	754 655	943 319
Total 1999				7 062 000	2 307 089	2 883 861
2000	Gr.border/Varna	300	12	2 592 000	846 782	1 058 478
	Gr.border/Yugoslavia	300		216 000	70 565	88 206
	Gr.border/Romania	350		210 000	68 605	85 756
Total 2000				3 018 000	985 952	1 232 440
2001	10% maintenance			858 000	280 301	350 376
2002	10% maintenance			858 000	280 301	350 376
2003	10% maintenance			858 000	280 301	350 376
2004	10% maintenance			858 000	280 301	350 376
2005	10% maintenance			858 000	280 301	350 376
2006	10% maintenance			858 000	280 301	350 376
2007	10% maintenance			858 000	280 301	350 376
2008	10% maintenance			858 000	280 301	350 376
2009	10% maintenance			858 000	280 301	350 376
				858 000	280 301	

Table 2

1. FOR TRANSIT CHANNELS REVENUE CALCULATIONS HAS BEEN USED DDP RATES 600 + 60 GFc
2. Ex. Rates: 1 EURO = 1.12 USD 1 SDR = 1.4 USD 1 SDR = 3.061 GFc

М. 05-00-4135
Вх. 1
Соф. 139

БЪЛГАРСКА ТЕЛЕКОМУНИКАЦИОННА КОМПАНИЯ ЕАД

1606 София, България
бул. "Тотлебен" № 8
Факс: (02) 875 885
Телекс: 24 199

ДО Г-жа Евдокия Манева

МИНИСТЪР НА ОКОЛНАТА
СРЕДА И ВОДИТЕ

На вниманието на
г-жа Ваня Григорова
н-к отдел "ОВОЗ"

04-00-61/19.11.98
В. Григорова
док. за изготвяне
Драго

Относно:

Проект за изграждане на оптична кабелна линия
Хасково – българогръцка граница (Кавала), финансиран от
Трансграничната програма на ФАР

Госпожо Министър,

Във връзка с изготвянето на изискваните от ФАР документи за
откриване на финансирането на проекта спешно ни е необходимо
становище относно влиянието на планирания обект върху околната среда.

Обектът включва полагане на оптичен кабел в съществуваща
подземна кабелна канална мрежа на БТК в градски условия и полагане в
земен изкоп на дълбочина от 0.8 м до 1 м в сервитутната ивица на пътя
Хасково-Кърджали-Маказа.

Прилагаме следните документи:

1. Чертеж No 1 – Напречен профил на изкопа
2. Чертежи No 14 до No 18 – Скица на трасето

С уважение:

М. Драгостинов- Председател на БТК-ЕАД

TRANSLATION

BULGARIAN TELECOMMUNICATIONS COMPANY-PIC

1606, Sofia,
8, Tottleben Blvd.
fax: 875 885
telex: 24 199

TO:

Mrs. Evdokia Maneva
Minister of Environmental and Water

To Attention of Mrs. Vania Grigorova
Head of Department
Evaluation of Environmental Impact

Subject: Project optical fiber link Haskovo-Bulgarian/Greece border
(Kavala) financed by the PHARE Cross-Border Cooperation
program

Mrs. Minister,

In connection with preparation of documents requested by PHARE referring to opening of financing of the project it is urgent necessary your stand point regarding environmental impact of this link.

The project includes laying of optical fiber cable in the existing underground duct system of BTC in urban districts and laying cable in trench at the a depth of 0.8 m to 1.0 m in the service area of motor road Haskovo-Kardjali-Makaza.

Please find attached the following documents:

1. Drawing No1 -Cross profile of the trench
2. Drawings No14 to No18 -cable route

Respectfully yours

(sign)

M. Dragostinov
President BTC

2

РЕПУБЛИКА БЪЛГАРИЯ
МИНИСТЕРСТВО НА ОКОЛНАТА СРЕДА
И ВОДИТЕ
№ 05.00-4135
София, 03.07.1998 год.

ДО
Г-Н М. ДРАГОСТИНОВ
ПРЕДСЕДАТЕЛ НА
БЪЛГАРСКА ТЕЛЕКОМУНИКАЦИОННА
КОМПАНИЯ - ЕАД
бул. "Томлебен" 8
София 1606

ОТНОСНО: Финансиране от Трансграничната програма на ФАР на проект за изграждане на оптична кабелна линия Хасково - българо-гръцка граница (Кавала)

Уважаеми г-н Драгостинов,

Във връзка с Вашата молба Ви уведомяваме, че проекти за изграждане на оптична кабелна линия не подлежат задължително на оценка на въздействието върху околната среда (ОВОС) по смисъла на чл. 20, ал. 1, т. 1 от Закона за опазване на околната среда.

За такива проекти следва да бъде процедурирано по реда на Наредба № 1/97 г. за преценяване на влиянието върху околната среда на проекти, обекти и дейности, неподлежащи на задължителна ОВОС (ДВ бр. 119/97 г.), чието изпълнение е в компетенциите на общините.

Предвид на това Ви препоръчваме да възложите изготвянето на становище по образеца на картата за преценка на влиянието върху околната среда на проекти, неподлежащи на задължителна ОВОС (Приложение № 1 към гореспоменатата наредба).

В нормативната уредба по околната среда и във функционалните характеристики на отделите в МОСВ не е регламентирано задължение за изготвяне на становища по такива проекти.

Приложение: представени чертежи - 5 бр.

ЗАМ. МИНИСТЪР:



(Н. Димов)

TRANSLATION

Republic of Bulgaria
Ministry of Environmental and Water
No: 05-00-4135
Sofia 03.07.1998

To: Mr. M. Dragostinov
President of BTC
8, Tottleben blvd.
1606 Sofia

Subject: Project Optical fiber link Haskovo-Bulgarian/Greece border
(Kavala) financed by PHARE Cross-Border Cooperation program

Dear Mr. Dragostinov,

In connection with your request I would like to inform you that projects for optical fiber link are not subject to *Evaluation of Environment Impact (EEI)* according to Clause 20, Paragraph 1, Section 1 of the Law for environment protection .

For these projects it has to be acted according to Regulation No 1/97 for Evaluation of Environment Impact of projects, objects and activities which are not subject to EEI (State gazette 119/97) which implementation is within the competence of the municipalities.

We recommend you to prepare a stand-point according to a card pattern of Evaluation of Environment Impact for projects which are not subject to EEI (Annex No 1 to the Regulation mentioned above).

Obligation for preparation of stand-point to such projects is not included either in the Regulation for Environment Impact or in the functional characteristics of the departments in the Ministry of environmental and water.

Please find enclosed drawings submitted -5 pcs

Deputy-Minister: (sign)

(N. Dimov)

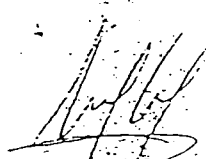
ECOWORLD FOUNDATION

CERTIFICATE

Ecoworld Foundation certifies that the measurements conducted in accordance with the research ordered by the Bulgarian Telecommunications Company (No. 1255/03/23/95) found out that the concentration of polychlorinated biphenyls (PCBs) in the working environment is below 0.3 ng/m^3 . (PSBs) concentration in the different kinds of equipment does not exceed $0.15 \text{ } \mu\text{g/kg}$.

The measurements were conducted following US EPA 525 standard that corresponds to NIOSH 5503 European standard.

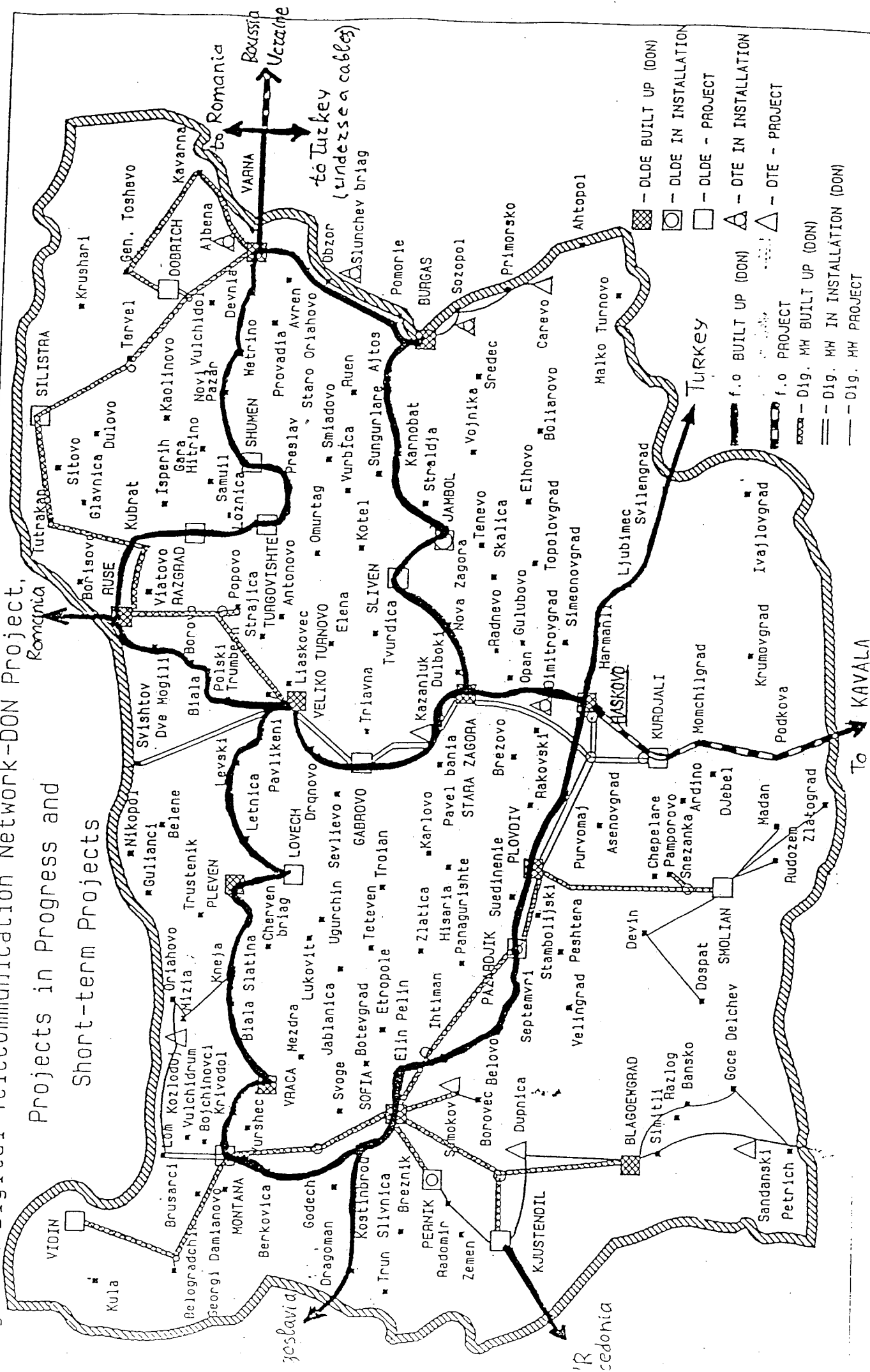
07.07.1995g.
Sofia

Chairman: 
/Ph. D. P. Hadjiev/



Bulgarian Digital Telecommunication Network-DON Project.

Projects in Progress and Short-term Projects



ANNEX VII

LIST OF RELEVANT LAWS AND REGULATION

A) Bulgarian Laws

1. Telecommunication Act (Law)
2. Law for Territorial and Urban Structures
3. Regulation No 6 for State Acceptance and Permission for Use of Constructions in Republic of Bulgaria

B) International Laws

1. International Telecommunication Union

Recommendations No: G652, G670, G702, G703, G707, G708, G709, G782, G803, G811, G812, G823, G825, G826, G957.

2. European Telecommunication Standards No: ETS 300147, ETS 300150, ETS 300119, ETS 300166, ETS DE/TH 101, ETS 300644.

3. International Electrical Committee No: IEC 304, IEC 340, IEC 703, IEC 793, IEC 794, IEC 874, IEC 1300.

C) Bilateral Agreements between Greece and Bulgaria

1. Agreement for the installation, operation and maintenance OF a new fiber optic transmission system between OTE and BTC Networks (Kavala - Haskovo)
(20 December 1994)
Attached

2. Minutes from bilateral meeting between BTC - Bulgaria and OTE – Greece, (Sofia 25 November 1994)

Attached

3. Minutes of Meeting - from bilateral meeting between OTE- Greece and BTC - Bulgaria in the presence of European Delegation and PHARE CBC PMU - MRDPW.
(Sofia, 2 June 1998)

Attached

1

AGREEMENT
FOR THE INSTALLATION, OPERATION AND MAINTENANCE OF A
NEW FIBER OPTIC TRANSMISSION SYSTEM BETWEEN OTE AND
BTC NETWORKS (KAVALA-HASKOVO)

Dated: December 20, 1994

Parties:

1. Bulgarian Telecommunications Company - Ltd., a company incorporated in Bulgaria, pursuant to Bulgarian law, having its address at 8 Totleben Blvd., 1606 Sofia, Bulgaria, represented by M. Dragostinov - President, hereinafter referred as BTC

and

2. Hellenic Telecommunications Organization S.A., a company incorporated in Greece, pursuant to Greek law, having its address at 99 Kifissias Ave Marousi, Athens, Greece, represented by P. Lambrou - Managing Director, hereinafter referred as OTE,

together referred as "The Parties"

whereas:

1. Each of the Parties is recognized as a national and international telecommunications carrier in the respective home country;
2. Both Parties recognize the necessity to provide adequate secure diverse telecommunication digital facilities between their countries;
3. OTE and BTC recognize the need to provide transit facilities to third countries;
4. OTE and BTC recognize the need to provide restoration facilities to existing and planned links in the Balkan Area;

They have agreed the following:

[Signature]

Article 1 - OBJECTIVES AND SCOPE OF THE AGREEMENT

The main objective of this Agreement is to proceed with all the necessary actions for the planning, installation, operation and maintenance of a digital fiber optic link between Greece (Kavala) and Bulgaria (Haskovo) and the international interconnection of the networks of OTE and BTC.

Article 2 - DURATION OF THE AGREEMENT

This Agreement shall become effective on the signing date and shall remain in effect until:

- a. it is terminated by mutual agreement; or
- b. a modified agreement between the Parties becomes effective, or
- c. it is terminated according to clause 9.4.

Article 3 - TECHNICAL PROVISIONS AND TERMS

- 3.1. The F.O. cable will comprise 6 single mode fiber pairs.
- 3.2. The target ready for service date will be within December 1995.
- 3.3. All the needed digital extension facilities for this link (towards Sofia, Varna and Athens, Krete) will be ready for service earlier than the RFS date of the link.

Article 4 - FINANCIAL AND IMPLEMENTATION PROVISIONS

Each Party shall be responsible for the financing and implementation of the link in their own respective territory.

Article 5 - PROPERTY RIGHTS

Each Party shall have all property rights of all equipment and materials of this link in its own territory.

Article 6 - CO-ORDINATION AND COMMISSIONING

The Parties shall assist each other in the implementation, interconnection, measurements and commissioning of the link.

Article 7 - OPERATION AND MAINTENANCE

7.1. BTC shall be solely responsible for the operation and maintenance of the Bulgarian part.

OTE shall be solely responsible for the operation and maintenance of the Greek part.

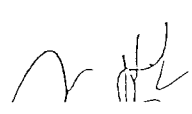
7.2. The Parties shall cooperate in the operation and maintenance of the link by establishing in due time the proper operation and maintenance methods.

Article 8 - LIABILITIES

8.1. Neither Party shall be liable to the other for any loss or damages sustained by the other, its interconnecting carriers or its end users, caused by failure or a breakdown in the communications facilities, no matter what the cause of such failure or breakdown is and however long it will last.

8.2. Both Parties shall indemnify and hold each other harmless against claims of third telecommunication carriers, arising from or connected to an eventual break by BTC/OTE of their contractual obligations in respect of the aforementioned agreements.

8.3. The Parties hereby agree that in the event of any breach by a Party of its obligations under this Agreement, the defaulting Party shall compensate the other Party for direct, but not consequential loss or damages.



Article 9 - FORCE MAJEURE

- 9.1. Circumstances of Force Majeure relieve the Parties of their obligations under this Agreement to the extent that the Force Majeure event makes the respective Party unable to perform its contractual obligations and only during such time as the effect of the event concerned lasts.
- 9.2. Circumstances of Force Majeure in this respect are for instance of fire, serious flooding, earthquake or other natural calamities, war, military actions or any like circumstances beyond the reasonable control of the Parties.
- 9.3. Parties affected by events of Force Majeure shall immediately notify each other in writing of the beginning and the end of the respective event of Force Major.
- 9.4. If the circumstances of Force Majeure continue for more than 3 months, each of the Parties shall have the right to set this Agreement aside, without any court approval.

Article 10 - ASSIGNMENT

Neither Party shall, without the prior written consent of the other, sell, assign, transfer or dispose of its rights or obligations under this Agreement, except to a legal successor or subsidiary, or a body of corporation controlling, or under the same control as such Party. Timely notification of any such assignment shall be given in writing to the other Party.

Article 11 - JOINT ACTIVITY

The relationship between the Parties shall not be that of partners. Nothing contained in this Agreement shall be deemed to constitute a partnership between and among them, to merge their assets, their fiscal or other liabilities and undertakings. The joint activities between the Parties shall be limited to the services provided under this Agreement. Nothing herein

11/

contained shall allow a Party to act as a mandatory or agent of the other Party.

Article 12 - CONFIDENTIALITY OF INFORMATION

This Agreement and any information which the Parties may exchange following this Agreement or in relation to this Agreement shall not be disclosed to third Parties unless agreed in writing otherwise.

Article 13 - DISPUTES

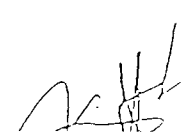
13.1. BTC and OTE shall make every effort to find settlements for disputes, controversies and claims that may arise in connection with the execution of this Agreement, by means of amicable negotiations.

13.2. All disputes arising between OTE and BTC in respect of the execution or interpretation of this agreement shall be settled under the rules of conciliation and arbitration of the International Chamber of Commerce in Geneva. All proceedings shall be in the English language.

Article 14 - MISCELLANEOUS PROVISIONS

14.1. If any provision of this Agreement is invalid, ineffective, unenforceable or illegal, such fact/decision shall not affect the validity or enforceability of the remained provisions of this Agreement. In such a case, Parties shall enter into good faith negotiations to amend such a provision in order to comply with the original intents of the Parties.

14.2. This Agreement has been drawn up in the English language and has been executed in two copies and each page of it has been duly initialized.



Article 15 - NOTICES

Any communication between the Parties shall be confirmed in writing and delivered by messenger or send by registered or certified post.

Facsimile transmission will be used to facilitate operational contacts and if necessary will be confirmed as written above.

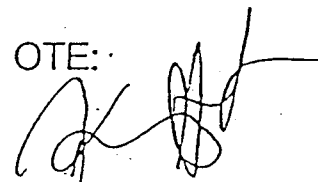
This Agreement shall be signed in two original copies for both Parties and it is in effect from the date of signing.

BTC:



M. Dragostinov
President

OTE:



P. Lambrou
Managing Director

MINUTES
FROM THE BILATERAL MEETING BETWEEN
BTC - BULGARIA AND OTE - GREECE
25 November, 1994; Sofia, Bulgaria

The meeting was attended by:

On behalf of OTE- Greece:

1. Mr. E. Charalampous
2. Mr. E. Karatzas
3. Mr. J. Vasilaras
4. Mrs. C. Papageorgiu

On behalf of BTC -Bulgaria:

1. Mr. J. Bachvarov
2. Mr. M. Grigorov
3. Mr. S. Iliev
4. Mr. A. Ayanov
5. Mr. St. Asparuchov

During the meeting the two Parties discussed the following subjects:

1. Technical aspects of the link Kavala - Haskovo.
2. Financing of the project.
3. Agreement for the installation, operation and maintenance of the link Kavala - Haskovo.

On the above matters was reached the following agreement:

- 1.1. The two sides confirmed that the Cross Border Point will be near the Border Pillar No. 3 I.

The interconnection of the Greek and Bulgarian cable parts will take place on the Cross Border Point. A common man-hole will be constructed for this purpose. The exact location of the manhole shall be determined after the arrangements with border-keeping authorities.

The construction of the man-hole will be done by BTC.

This man-hole will have one entrance with two keys - one for BTC and one for OTE technicians.

OTE will be responsible for the splicing (materials and constructions).

- 1.2. The initial capacity of the link will be 1 x STM-1 in configuration 1+1. This capacity will be upgraded to 1 x STM-4, according to the traffic needs, after a mutual agreement of the Parties.

The working window will be the third (1,55 μ m).

The transmission equipment will be installed in Kavala, Komotini, Podkova, Kardjaly and Haskovo and all stations up to Sofia.

Each Party will decide about the supplier of the needed equipment in its territory. The two Parties agreed that there is no need for a common supplier.

The Parties agreed to make every effort to establish the SDH management concept on this link, however for the time being each one will manage its own part of the link.

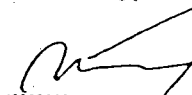
1.3. Concerning the acceptance tests, operation and maintenance of the link, the two sides agreed that prior the RFS date their experts have to prepare common acceptance test program as well as to establish the principles which will be applied for the link operation and maintenance.

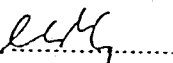
2. The BTC side informed OTE that the financing of the project (Bulgarian part) is secured using PHARE sources.

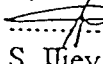
3. All open items of the Construction Agreement have been agreed and the final draft of the Agreement have been prepared. (Annex 1) The exact date of the signing of this Agreement by the respective responsible persons from BTC and OTE will be arranged by correspondence as soon as possible.

The two Parties agreed on the attached Time-table (Annex 2) for the realization of the link and all relative common activities.

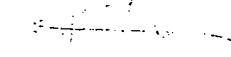
For BTC:

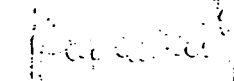

J. Bachvarov

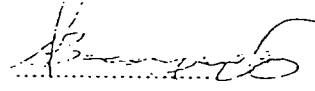

M. Grigorov

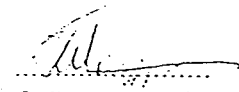

S. Iliev

For OTE:


E. Charalampous


E. Karatzas


J. Vasilaras


C. Papageorgiou

MINUTES OF MEETING

From the bilateral meeting between OTE - GREECE and BTC - BULGARIA,
in the presence of European Delegation and PHARE CBC PMU - MRDPW,
held in Sofia on 2 June 1998

The meeting was attended by:

On behalf of BTC Ltd.:

1. Mr. A. Ayanov
2. Mr. R. Raykov
3. Mr. D. Batchvarov

On behalf of OTE:

1. Mr. D. Gyftopoulos
2. Mrs. A. Moustaka

On behalf of European Delegation:

1. Mr. A. Alexandrov

On behalf of CBC PMU:

1. Mrs. V. Lubenova

A detailed presentation was made by the BTC and OTE sides on the history of the project Optical Fiber Link Haskovo - Kavala. An Agreement for the installation, operation and maintenance of a new fiber optical transmission system between OTE and BTC networks (Kavala - Haskovo) was presented. The Agreement was signed on 20 December 1994 from Bulgarian side by Mr. M. Dragostinov, President of BTC and from Greek side by Mr. P. Lambrou, Managing Director of OTE. According this agreement the link had to be ready for service until December 1995 (attached as Annex 1).

OTE confirms that from Greek side the link is installed and cable is available for connection with BTC cable near border Pillar № 31.

OTE underlines that the Tender Dossier for the works was provided to them for comments on 5 May 1998. As a result OTE stated that Technical Specifications for O.F. cable developed according International Standard CCITT(ITU)-G.652-IEC 792-2 and transmission equipment STM 4 developed according to International Standard CCITT(ITU)-G.703, included as a Technical Specifications in the Tender Dossier for PHARE CBC project BG 9402-04-03 are in full compliance with the cable and the equipment installed in Greek territory. They also fully comply with the agreed parameters included in the Minutes from the Bilateral meeting between BTC and OTE dated 25 November 1994 (attached as Annex 2).

Copies of the agreed Technical Specifications are provided to all Parties.

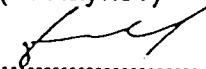
So no restrictions will exist for open tender procedure required by PHARE and FIDIC conditions.

OTE and BTC underline their interest the Bulgarian part of Optical Link Haskovo - Kavala to be installed as soon as possible.

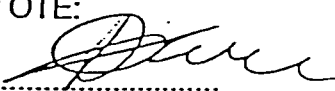
For BTC Ltd.:

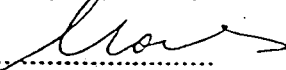
1. 
(A. Ayanov)

2. 
(R. Raykov)

3. 
(D. Batchvarov)

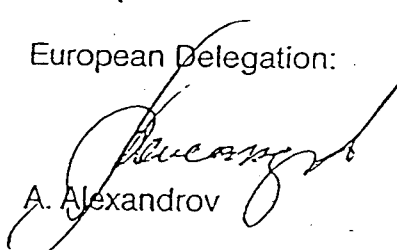
For OTE:

1. 
(D. Gyftopoulos)

2. 
(A. Moustaka)

In the presents of:

European Delegation:


A. Alexandrov

CBC PMU:


V. Iubenova