

Standard Project Fiche for Phare 2005

1. Basic Information

- 1.1 CRIS Number: **2005/017-456.01**
1.2 Title: **SUSTAINABLE DEVELOPMENT GRANT SCHEME**
1.3 Sector: Regional Development/ CBC
1.4 Location: Cross-border region between Bulgaria and the former Yugoslav Republic of Macedonia
1.5 Duration: **18 months**

2. Objectives

2.1 Overall Objective(s):

- Enhancement, exploitation and management of the territorial and infrastructural integrity of the cross-border area in accordance to the sustainable development principles and extension of contacts towards a new level of cooperation and widening of the sectors and participants currently active in cross-border cooperation.

2.2 Project purpose:

- Improvement of the infrastructure supporting cross-border cooperation in development of complementary economic activities.
- Promotion of the economic cohesion along the border in order to increase competitiveness of the border economy.

2.3 Accession Partnership (AP) and NPAA priority:

With reference to the Accession Partnership, this project aims to support an integrated approach for addressing regional disparities in the border region. By strengthening and development of joint initiatives across the border, the project stimulates real cross-border co-operation in the regions, seen as one single unit.

NPAA

The project is in accordance with the requirements of the Phare CBC/CARDS Neighbourhood Programme between the Republic of Bulgaria and the former Yugoslav Republic of Macedonia and priorities of the Bulgarian National Programme for Adoption of the Acquis.

The proposed project is in conformity with the short term and mid term NPAA priorities namely: researches and technologies, telecommunications, industry, transport, economic and social cohesion, social and employment policy, regional policy and cohesion.

2.4 Contribution to National Development Plan (and/or Structural Funds Development Plan/SDP):

The Project's objectives are parallel to the provisions of the Bulgarian National Development Plan 2000-2006:

- **Aim 1** Achieving of sustainable regional development
- **Aim 2** Creating of background for economic growth and high level of employment on the basis of the regional potential.
- **Aim 3** Strengthening of the economic and social regional societies in the process of the European integration.

The regional development strategy defines the following priorities:

- Priority 1.** Increasing of the regional and local economic activity
- Priority 2.** Improvement of the business infrastructure
- Priority 3.** Vocational skill development in support of the regional and local economic activity
- Priority 4.** Peripheral regions' development

2.5 Cross-border impact

The project is related to two measures of the Joint Programming Document for Phare CBC/CARDS Neighbourhood Programme between the Republic of Bulgaria and the former Yugoslav Republic of Macedonia (2004-2006) namely:

PRIORITY N. 1 SUSTAINABLE SPATIAL DEVELOPMENT OF THE CROSS-BORDER REGION

MEASURE 1.2. MODERNISATION AND EXTENSION OF THE EXISTING SMALL-SCALE INFRASTRUCTURE

Planning and development of small-scale infrastructure projects under this measure will not exclusively deal with transportation but will include also infrastructure development in a broader sense, e.g. business-oriented infrastructure and development of certain locations, above all in a cross-border context. This implies primarily the creation of conditions for an effective cooperation at all levels, which can be seen as a basic pre-requisite for economic development.

The measure will contribute to the achievement of JPD specific objectives n.1 and 3, i.e. improvement of the infrastructure supporting cross-border cooperation and development of complementary economic activities with the aim of creating jobs and generating additional wealth.

PRIORITY N. 2 PROMOTION OF CROSS-BORDER COOPERATION BETWEEN PUBLIC INSTITUTIONS AND BUSINESSES

MEASURE 2.2. COOPERATION IN THE FIELD OF BUSINESS ACTIVITIES

The cross-border area is characterised by an insufficient presence of business infrastructures and industrial facilities and, in addition, limited economic relations between the two border areas. The creation of cross-border links in the field of economic and social activities is one of the opportunities underlined in the analysis of the area.

Networking is then to be considered crucial in order to exchange experience and define common business development strategies. The strengthening of these relations will directly effect the social situation of the area, both on the business environment and on the increase of the employment rate.

The measure will contribute to the achievement of JPD specific objective n.3, i.e. development of complementary economic activities with the aim of creating jobs and generating additional wealth.

The proposed Grant Scheme will enable the development of joint or complementary projects with direct cross-border impact, which should be understood in terms of:

- joint development of project ideas;

- joint preparation of project application;
- joint implementation of project activities;
- joint co-financing of project activities on both sides of the border (Phare and CARDS) and assured sustainability by both cross-border partners of the results achieved.

3. Description

3.1 Background and justification:

As already underlined in the JPD analysis, the border area between Bulgaria and the former Yugoslav Republic of Macedonia is homogeneous from natural, geographical and environmental point of view and similarities can be highlighted also from the economical and cultural points of view. In this framework, and especially in the current process of EU integration, the setting up of integrated and coordinated interventions on both sides of the border are crucial for strengthening the links between institutions and people, increasing the sustainability of economic and social activities, and provision of a real basis for their further development.

The specifics in infrastructure development of the programming area, i.e.: a strategic location in the Trans-European Networks with presence of basic transport infrastructures and increasing traffic flow at cross-border points, but at the same time inadequate technical level and uneven distribution of roads throughout the territory supplemented by insufficient development of the main business infrastructure, made clear that the economies of the eligible territories needs to be strengthened.

As an indication, most of the interventions referring to the economic sphere will be related to the agricultural, tourism and environmental sector and will be aimed at exploiting local cross-border opportunities, mainly those offered by the enlargement of the markets. Priority will be given to projects that enhance the economic complementarities of the area. The overall interventions will have to effect also on the increasing of the employment potentials in the private sector and the mobility and adjustment of labour force to alternative economic and social activities, also by innovative systems.

The completion and integration of transport and business-related infrastructure on both sides of the border is a basic pre-requisite for an effective cooperation at all levels, and especially in the economic sphere, e.g. easier market access, enlarged labour markets, exchange of visitors etc. In addition, the programme will support investment activities that are directly linked to creation of new competitive advantages of the region.

3.2 Sectoral rationale

N/A

3.3 Results

The overall result of the project will be aimed at the establishment of sustainable co-operation networks between local and regional actors in the border region. The grant scheme will support joint projects in order to reach synergies in the cross-border cooperation development, thus providing for achieving the following specific results:

Window I

- Network links in the mountainous border areas, with focus on organisation and logistics in public passengers and cargo transport.
- Enabled peripheral areas access and exploitation of modern information technologies advantages.

- Created conditions for an effective cooperation at all levels, which can be seen as a basic pre-requisite for economic development.
- Improved tourism attractions based on local natural and/or cultural value and public utilities, including development and improvement of electricity networks.

Window 2

- Created business networks and setting up of marketing strategies, innovation and know-how transfer mechanisms
- Created cross-border links in the field of economic and social activities.
- Increased employment rate and developed business environment.
- Adjusted labour force to alternative economic and social activities by innovative systems.

The foreseen results will be achieved through the implementation of joint projects (with participation of both Bulgarian and the former Yugoslav Republic of Macedonia partners).

3.4 Activities

The following activities will be eligible under the Grant Scheme (*a detailed list of eligible activities will be developed in the “Guidelines for Applicants” that will precisely define all rules on the functioning of the GS*):

The project will be implemented in the form of a grant scheme:

Window 1

- Completion of missing communication network links in the mountainous border areas.
- Modernizing and equipping buildings for business cooperation.
- Development and improvement of tourism attractions and improvement of public utilities.
- Telecommunication links
- Joint strategies, cross-border transport plans, studies and concepts.

Window 2

- Creating business networks and business information and support activities;
- Identification and development of alternative economic activities, business strategies, data bases and training activities for the local entrepreneurs;
- Coordination of production;
- Improvement of regional labour skills and vocational qualification services;
- Business information and support activities;
- Establishment and maintenance of mutual traineeship programmes and development of joint curricula and training standards.

Eligibility criteria, eligibility of area, applicants and partners

Eligibility of area:

The Grant Scheme is applicable for the following cross-border areas:

In Bulgaria:

Districts of Kjustendil and Blagoevgrad.

In the former Yugoslav Republic of Macedonia:

- North-East region: 2 municipality groups – Kratovo and Kriva Palanka (including the municipalities of Kriva Palanka and Rankovce)

- South-East region: 2 municipality groups – Radovish (Radovis, Konche, Podares) and Strumica (Strumica, Bosilevo, Vasilevo, Murtino, Novo selo)
- East region: 7 municipality groups – Berovo (Berovo, Pehcevo); Vinica (Vinica, Blatec); Kocani (Kochani, Zrnovci, Oblesevo, Ceshinovo, Orizari); Probistip (Probistip, Zletovo); Stip (Stip, Karbinci); Delcevo (Delcevo, Makedonska Kamenica) and Sveti Nikole.

Eligibility of applicants:

Organisations eligible for support will be **non-profit** organisations:

Public authorities in the field of infrastructure (transport and communications, energy, public works), local authorities, municipalities, business support organisations (local enterprise agencies, development agencies and chambers, NGO's, tourism associations) and associations; vocational training organisations.

The organizations eligible for support must be registered (or to have a branch office) in the following cross-border districts: Kjustendil and Blagoevgrad (for Bulgaria) and for the former Yugoslav Republic of Macedonia: in Kratovo and Kriva Palanka (including the municipalities of Kriva Palanka and Rankovce), Radovish (Radovis, Konche, Podares) and Strumica (Strumica, Bosilevo, Vasilevo, Murtino, Novo selo), Berovo (Berovo, Pehcevo); Vinica (Vinica, Blatec); Kocani (Kochani, Zrnovci, Oblesevo, Ceshinovo, Orizari); Probistip (Probistip, Zletovo); Stip (Stip, Karbinci); Delcevo (Delcevo, Makedonska Kamenica) and Sveti Nikole

Size of the individual grants:

The minimum grant for a single application to be contracted (under Phare) is **€50 000** while the maximum one is **€300 000**.

Potential beneficiaries could apply for both windows of the project.

Activities covered under the Grant Scheme have to be in line with the national legislation and the EU requirements for Phare CBC/CARDS Neighbourhood Programmes. **The maximum project duration** of a single project under this grant scheme will be **18 months**.

The necessary minimum 25 % co-financing for the projects under Window 1 (Phare Programme) will be provided from the Bulgarian national budget.

The necessary minimum of 10 % co-financing for the projects under Window 2 (Phare Programme) will be provided by the beneficiaries.

The minimum co-financing requirements for the grant applicant from fYRoM (CARDS Programme) is 10 % co-financing for projects between €50 000 and €300 000.

Detailed eligibility criteria for participation in the grant scheme will be given within the Guidelines for Applicants. The applicant organisations must be registered in the eligible border region.

General criteria for eligibility:

Only the projects falling into one of the following categories should be considered eligible to the grant Scheme

- 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 impact;
- 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.

Eligibility and selection criteria

The following eligibility and selection criteria will be incorporated in the Guidelines for applicants.

The Grant Scheme is applicable for the following cross-border areas: district of Kjustendil and district of Blagoevgrad (for Bulgaria) and for the former Yugoslav Republic of Macedonia: in Kratovo and Kriva Palanka (including the municipalities of Kriva Palanka and Rankovce), Radovich (Radovich, Konche, Podares) and Strumica (Strumica, Bosilevo, Vasilevo, Murtino, Novo selo), Berovo (Berovo, Pehcevo); Vinica (Vinica, Blatec); Kocani (Kochani, Zrnovci, Obleshevo, Ceshinovo, Orizari); Probistip (Probistip, Zletovo); Stip (Stip, Karbinci); Delcevo (Delcevo, Makedonska Kamenica) and Sveti Nikole

Potential applicants: Organisations eligible for support will be **non-profit** organisations:

Public authorities in the field of infrastructure (transport and communications, energy, public works), local authorities, business support associations, municipalities, business support organisations (local enterprise agencies, development agencies and chambers, NGO's, tourism associations) and vocational training organisations.

Detailed eligibility criteria for participation in the grant scheme will be given within the Guidelines for Applicants. Profit oriented organisations are not eligible. The applicant organisations must be registered in the eligible border region.

Eligibility of projects

Size of project: Phare contribution of the project will be **50 000 – 300 000 €**

Duration of the project: **max 18 months** with the ending date of at least three months before the expiry date of the Financing Memorandum. The same project proposal must not receive more than one EC-funded grant.

Activities covered under the Grant Scheme have to be in line with the national legislation and the EU requirements.

3.5 Linked Activities:

Bulgaria has concluded agreements on cross-border cooperation with Greece (since 1994, €20 million per year) and Romania (since 1999, €8 per year) in the framework of programmes INTERREG IIIA and Phare-CBC. In anticipation of the future EU external borders, an External Border Initiative in Bulgaria of €4.12 million was allocated in 2003 to prepare new cross-border cooperation programmes from 2004 onwards between Bulgaria and Turkey, Serbia & Montenegro and the former Yugoslav Republic of Macedonia. In the framework of the Phare

CBC/CARDS Neighbourhood Programme 2004, €0.750 million were provided for the former Yugoslav Republic of Macedonia and € 1.500 million - for Bulgaria (2004-016-786.01.01 Grant Scheme Nature protection). The former Yugoslav Republic of Macedonia has also significant experience in the development of cross-border cooperation with its neighbours (especially the €37 million programme with Greece of 1996-1999), through line of different activities in which other international organisations have been involved, especially the Council of Europe and the European Union.

At the local level, there is a strong political will to develop cross-border projects and create new sustainable structures like "Euroregions" across the borders of Serbia, Greece, the former Yugoslav Republic of Macedonia and Bulgaria, between the cities of Nish, Skopje and Sofia and their neighbouring regions.

Both Bulgaria and the former Yugoslav Republic of Macedonia have already experience with the programming and implementation of the European Union Programmes. Such experience makes the two partner countries able at raising synergies and minding the utmost coherence with other ongoing Programmes financed by the EC.

3.6 Lessons learned:

The project is the second of this type to be implemented between the two neighbouring countries with joint EU funding (Phare and CARDS). In regard to that the experience is showing that there is a need for more focused approach on both sides, striving to reach synergies from activities implemented and results achieved so that there will be shared benefits within the CBC region. The previous experience of both countries under various other programmes could provide enough evidence for the achieved up to now.

Experience obtained from past and ongoing projects, especially experience from implementation of cross-border actions (and mostly those with grant schemes implementation), will be applied as much as possible. Experience gained from such programmes has shown that in-depth preparation of the Call for Proposals is needed. Further attention should be paid with the present Phare CBC/CARDS Neighbourhood Programme, when this should be done jointly between the two countries. The successful utilization of funds under grant scheme type of operation depends mostly on the efficient capacity built not only at central level, but also at local and regional level where the actual implementation is carried out.

The outcomes of the assessment of CBC programmes in Bulgaria (recently carried out by the ECOTEC) will be also taken into account. The need for coordination (preparation and publishing the timely adjusted joint Call for Proposal, joint evaluation of applications received and contracting) and supervision of project implementation has been taken into consideration during the programming phase and will be carefully watched in the course of programme implementation.

4. Institutional Framework

Key elements in the Neighbourhood Programme (NP) are the joint programming process, the combination of Phare CBC and CARDS funds, the joint management structures, the joint call for proposals and the joint selection process.

The GS institutional framework is based on the principle of both countries being equal partners and with both countries having an equal role in the management structures. The joint

management will ensure local ownership, wider involvement, better planning and will create the base for genuine cross-border activities.

As described in the JPD, the management structures will include: (a) the national authorities responsible for Programme co-ordination (Phare Programme Implementing Agency in Bulgaria, and Project Coordination Unit (PCU) in the former Yugoslav Republic of Macedonia; (b) the Joint Cooperation Committee and the Joint Steering Committee; (c) assisted by a Joint Technical Secretariat.

On the Bulgarian side, the responsibilities for Phare-CBC Programme are laid down with the Phare Programme Implementing Agency at the **Ministry of Regional Development and Public Works**. It will be acting as a Contracting Authority with the overall responsibility for the programme implementation, as well as administrative, technical and financial management of the grant scheme. MRDPW as a coordinator for CBC programme is obliged also to monitor the physical and financial implementation of this project including Phare and co-financing payments, and report to the EC in regularly reports. The MRDPW will ensure necessary human resources for the technical management of the GS and may delegate specific tasks to the **Joint Technical Secretariat** established in accordance with the JPD provisions and strictly following the PRAG rules.

On the Macedonian side, the PCU will be responsible for coordination of the country's participation in the Neighbourhood Programme, and will ensure that rules under CARDS are being respected, will support the JTS in its activities and ensure efficient systems for implementation of the projects in close cooperation with the IA.

5. Detailed Budget

5.1. Phare support

Year 2005 - Investment support jointly co funded	Phare/Pre-Accession Instrument support	Co-financing			Total Cost
€M		National Public Funds (1)	Other Sources (2)	Total Co-financing of Project	
Window 1	1.740	0.580		0.580	2.320
Investment support – sub-total	1.740	0.580*		0.580	2.320
<i>% of total public funds</i>	75 %	25 %			

(1) Contribution from national, regional, local, municipal authorities, FIs loans to public entities, funds from public enterprises.

(2) Private funds, FIs loans to private entities.

Year 2005 Institution Building support					
Window 2	0.690		**		0.690
IB support	0.690		**		0.690
Total project 2005	2.430	0.580			3.010

*The necessary minimum 25 % co-financing for the projects under Window 1 will be provided from the Bulgarian national budget (according to Guidelines for Phare CBC/CARDS Neighbourhood Programme).

**The necessary minimum of 10 % co-financing for the projects under Window 2 will be provided by the beneficiaries (according to Guidelines for Phare CBC/CARDS Neighbourhood Programme).

With regard to the Phare CBC/CARDS Neighbourhood Programme requirements for joint development, implementation and co-financing, the joint project ideas will be financed through both Phare and CARDS for the respective activities of the both sides of the border.

5.2. CARDS support

The CARDS allocation for this grant scheme will follow similar proportions per component as they are set out for the Phare ones.

The indicative CARDS allocations are as follows:

Year 2005 In €M	CARDS Support			IFI	TOTAL
	<i>Investment Support</i>	<i>IB</i>	<i>Total CARDS (=I+IB)</i>		
<i>Window 1</i>	<i>0, 600</i>		<i>0, 600</i>		<i>0, 600</i>
<i>Window 2</i>		<i>0,150</i>	<i>0,150</i>		<i>0,150</i>
TOTAL	0,600	0,150	0,750		0,750

* CARDS co-financing will be provided by the applicants. The minimum co-financing requirements for CARDS are as follows:

- 10% co-financing for projects between € 50,000 – € 300.000
- 25% for more than € 300.000
- 5% for less than € 50,000

6. Implementation Arrangements

The Republic of Bulgaria

Phare Programme Implementing Agency

Ministry of Regional Development and Public Works

Address: 17-19 Cyril and Methodius St. 1202 Sofia

Director: Tzvetomira Lacheva – Deputy PAO

Contact Person: Hristo Medarov, Head of Phare CBC Department

Phone: +359 2 9405-237,

Fax: +359 2 987 0737

E-mail: hmedarov@mrrb.government.bg

The former Yugoslav Republic of Macedonia

Contracting Authority

European Agency for Reconstruction

Makedonija 11/I, 1000 Skopje
Tel: + 389 2 328 6782
Fax: + 389 2 312 4760

The Grant Scheme will operate on the basis of single Call for Proposals and single selection process covering both sides of the border. Except when stated differently, the award procedures provided in the PRAG will be implemented.

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

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, drafts the Call for proposals, the Guidelines for applicants and the Application form and other documents related to the implementation of the grant schemes.
- BG IA and FYROM PCU submit the final version of the documents to the respective EC Delegation/EAR for approval

PUBLICATION OF THE CALL FOR PROPOSAL

The BG IA and the FYROM PCU, with the assistance of the Joint Technical Secretariat, take all appropriate measures to ensure that the nationally and regionally publicised call for proposals reaches the target groups in line with the requirements of the Practical Guide.

PROJECT SELECTION PROCESS

- The Joint Technical Secretariat collects and registers incoming project proposals.
- The BG IA and the FYROM PCU designate a Joint Evaluation Committee for the assessment of administrative compliance, eligibility and assessment of technical and financial quality of proposals.
- Members of the Joint Evaluation Committee are designated exclusively on the basis of technical and professional expertise in the relevant area.
- The EC Delegation and EAR endorse the Joint Evaluation Committee. The EC Delegation and EAR will participate as observer in the proceedings of the joint Evaluation Committee. Prior approval is needed from the Delegation/EAR for the participation of other observers.
- If necessary, the Evaluation Committee could be assisted by Assessors designated by the BG IA and the FYROM PCU and endorsed by the EC Delegation and EAR.
 - The joint Evaluation Committee assess each proposal on the basis of the published evaluation grid, draws up its recommendations and decisions in the form of an evaluation report and transmit it to the Joint Steering Committee
- The Joint Steering Committee formally approves the evaluation report and the award proposals and transmits them (with recommendations, as appropriate) to the BG IA and the FYROM PCU for onwards transmission to the EC Delegation and EAR. The JSC is not entitled to change the Evaluation Committee's scores or recommendation and must not alter the evaluation grids completed by the evaluators.
 - The EC Delegation and EAR approve the evaluation report on the selection process and the final list of grants to be awarded.
 - The JTS notifies each applicant in writing of the result of the selection process.

CONTRACTING

- The format of the grant contract is drafted according to the Practical Guide using the standard grant contract format and its annexes.
- The format of the grant contract is to be approved by the EC Delegation and EAR (in cases where the call for proposals results in the award of a large number of grants which all have the same grant contract conditions).

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 the Republic of Bulgaria:

- 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 IAs sign 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
- Copy of the signed grant contracts will be available at the Bulgarian IA

In the former Yugoslav Republic of Macedonia:

- The EAR formally confirms the decision of the Joint Steering Committee/PCU. In all cases, the EAR retains 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 from the side of the former Yugoslav Republic of Macedonia , normally within 3 months of the decision of the Joint Steering Committee

IMPLEMENTATION OF THE SELECTED PROJECTS BY THE BENEFICIARIES

- Beneficiaries subcontract suppliers of goods or services, in line with Phare procurement regulations annexed to the Grant Contract and under the Practical Guide (PRAG).
- The projects will be subject to ex-post control by the EC Delegation and EAR pursuant to the Practical Guide.

FINANCIAL MANAGEMENT OF THE SELECTED PROJECTS

The JTS will collect and verify the technical reports and requests for payments from the beneficiaries and forward them to the relevant Contracting Authority for payment (Bulgarian IA for Phare CBC and EAR for CARDS).

MONITORING OF THE PROJECTS IMPLEMENTED BY THE BENEFICIARIES

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. Attention is drawn to the special duty of the Joint Technical Secretariat with regard to the day-to-day monitoring of the selected projects.

The EC Delegation and EAR reserve the right to organise field visits and to monitor on a case-by-case basis the projects selected under the grants schemes.

6.1 Twinning

N/A

6.2 Non-standard aspects

There are no “non-standard aspects”. Implementing Guidelines for Phare CBC/CARDS borders will strictly be followed.

6.3 Contracts

The grant scheme will be implemented via one single (joint) Call for Proposals simultaneously launched in Bulgaria and the former Yugoslav Republic of Macedonia. The number of the individual grant-contracts to be signed will vary depending on the number of the proposals received for each window and the respective grant amounts approved for funding. The number of the contracts to be signed under each of the 2 windows will be limited to the maximum indicative amount as given in the project indicative budget allocation (item 5 of the project fiche).

7. Implementation Schedule

7.1 Call for proposals

February 2006

7.2 Start of project activity

June 2006

7.3 Project completion

November 2007

8. Equal Opportunity

Being focused on cohesion, interactions and networking, the project also aims at widening the range of development opportunities in favour to those categories of people that have a scarce access to them: women, young people, weaker spheres of population, minorities and groups. The stimulus to set up networks and interactions in a cross-border dimension together with the know-how exchange and dialogue among the local actors and institutions throughout the border is seen in the light of social cohesion and equal opportunities. Therefore, the project will contribute to the equal opportunities referring to gender.

9. Environment

All project identification and respective feasibility studies preparation of the grant scheme should comply with the environmental regulations of the EU. The resultant business development should have no negative impact on the environment.

10. Rates of return

The individual project applications submitted for grants shall determine the rate of return of individual investments in the form of indicators.

11. Investment criteria

11.1 Catalytic effect

The Phare contribution will help meet the development needs outlined in the Joint Programming Document (JPD) of the Bulgarian - Macedonian border region. Without Phare support, the steps and objectives included in the programme could be implemented only much later and at a much slower speed.

Support to *joint* co-operation projects will raise the awareness of common problems and possible solutions throughout the border region. It will also strengthen the positive attitude towards cooperation in solving common concerns and utilising potentials, and thereby catalyse common development efforts.

For increasing the concrete actions and ongoing co-operation in both sides of the region is the way for establishing an integrated and European-level competitiveness with a strong network in the cross-border region.

11.2 Co-financing

The grant scheme will be jointly co-financed between EU Phare and CARDS, while additional co-financing resources will be provided both by the Bulgarian and Macedonian partners. The rate of the generally available maximum support for Phare is 75% of the total cost of the investment projects and 90 % of the total cost of the IB projects to be supported. Respectively, 25 % has to be covered by national funds for investment projects, since 10 % of the cost of IB projects has to be provided as own resources by the beneficiaries.

11.3 Additionality

The grants awarded under this scheme will not displace any other financial sources. Supported investments and programmes will not displace private financial sources, as they do not generate financial profit.

11.4 Project readiness and size

A draft of the Cooperation Agreement, Call for Proposal, Application form, Guidelines for applicants and Grant Contracts will be elaborated by the JTS by the time of signing the Financing Memorandum. All documents shall be prepared according to the PRAG template and submitted to the ECD/EAR for endorsement prior to the launch of the Call for Proposals.

11.5 Sustainability

Long-term sustainability will be one of the selection criteria for projects. Only organisations being able to prove the sustainability of results achieved (financially, institutionally) will be supported.

11.6 Compliance with state aids provisions

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

12. Conditionality and sequencing

The project will start after signing of the Financial Memorandum between Bulgaria and the European Union for 2005. All documentation required for launching joint Call for Proposals (Application Pack) will be prepared by the JTS by December 2005 and will be submitted to the respective EC Delegation/EAR for approval. After obtaining the formal endorsement of the Application Pack the grant scheme implementation will start in accordance with the provision of item 6.1 of the project fiche.

Annexes to Project Fiche:

1. Logical Framework in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule

ANNEX 1

LOGFRAME PLANNING MATRIX FOR Project Title: SUSTAINABLE DEVELOPMENT GRANT SCHEME		Project number	
		Contracting period expires 30.11.2007	Disbursement period expires 30.11.2008
		Total budget: €M 3,010	Phare budget: €M 2,430
Overall objective(s)	Objectively verifiable indicators	Sources of Verification	
<ul style="list-style-type: none"> Enhancement, exploitation and management of the territorial and infrastructural integrity of the cross-border area in accordance to the sustainable development principles and extension of contacts towards a new level of cooperation and widening of the sectors and participants currently active in cross-border cooperation. 	<ul style="list-style-type: none"> Common actions to solve common concerns with the utilization of local business-related infrastructure between the neighbouring countries Increased economic valorisation of the border region Increased management capacities and tools 	<ul style="list-style-type: none"> Reports and studies Evaluation Reports 	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> Improvement of the infrastructure supporting cross-border cooperation in development of complementary economic activities. Promotion of the economic cohesion along the border in order to increase competitiveness of the border economy. 	<ul style="list-style-type: none"> Increase (%) of the formal/informal contacts, forums, cooperation agreements and structures in the cross-border area between organisations and local authorities Improvement of the participatory approach among border institutions and LDO 	<ul style="list-style-type: none"> EC Interim Evaluation Reports Monitoring Report 	<ul style="list-style-type: none"> Continued Government commitment to developing cross-border cooperation Favourable economic and social environment Unpredictable local hindrance impeding economic activity in the target area does not exist or will not emerge
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<i>Window1</i> <ul style="list-style-type: none"> ➤ Network links in the mountainous border areas, with focus on organisation and 	<ul style="list-style-type: none"> Number of interventions on modernisation and extension of the small scale infrastructure – 	<ul style="list-style-type: none"> Project progress reports Monitoring and evaluation reports 	<ul style="list-style-type: none"> Public organisations and economic actors realize the importance of cross-border

<p>logistics in public passengers and cargo transport.</p> <ul style="list-style-type: none"> ➤ Enabled peripheral areas access and exploitation of modern information technologies advantages. ➤ Created conditions for an effective cooperation at all levels, which can be seen as a basic pre-requisite for economic development. ➤ Improved tourism attractions based on local natural and/or cultural value and public utilities, including development and improvement of electricity networks. <p><i>Window 2</i></p> <ul style="list-style-type: none"> ➤ Created business networks and setting up of marketing strategies, innovation and know-how transfer mechanisms ➤ Created cross-border links in the field of economic and social activities. ➤ Increased employment rate and developed business environment. ➤ Adjusted labour force to alternative economic and social activities by innovative systems. 	<p>minimum 2</p> <ul style="list-style-type: none"> ▪ Number of completed missing links interventions in the field of transports – minimum 2 ▪ Number of intervention supporting tourism activities – minimum 2 ▪ Number of new business initiatives launched – minimum 2 ▪ Number of networks set up – average 10 ; ▪ Number of cross-border exchanges and events – average 4 ▪ Number of partnerships forms developed and implemented – average 6 ; ▪ Number of information offices functioning – minimum 2; ▪ Number of information centres equipped and information packages prepared – minimum 2 ; 		<p>cooperation</p> <ul style="list-style-type: none"> ▪ The beneficiaries complete the envisaged cross-border partnership-building programmes successfully ▪ Continued interest of local and regional authorities in the development of CBC ▪ Continued interest of the target group in region for joint cooperation across the border
---	---	--	---

Activities	Means		Assumptions
<p><i>Window 1</i></p> <ul style="list-style-type: none"> ▪ Completion of missing communication network links in the mountainous border areas. ▪ Modernising and equipping buildings for business cooperation. ▪ Development and improvement of tourism attractions and improvement of public utilities. ▪ Telecommunication links ▪ Joint strategies, cross-border transport plans, studies and concepts. <p><i>Window 2</i></p> <ul style="list-style-type: none"> ▪ Creating business networks and business information and support activities; ▪ Identification and development of alternative economic activities, business strategies, data bases and training activities for the local entrepreneurs; ▪ Coordination of production; ▪ Improvement of regional labour skills and vocational qualification services; ▪ Business information and support activities; ▪ Establishment and maintenance of mutual traineeship programmes and development of joint curricula and training standards. 	<p>Grant Scheme for min. €M 3.010 including €M 2.430 Phare contribution and €M 0.580 - National co-financing</p> <p>At average 12-18 individual grant contracts signed</p>		<ul style="list-style-type: none"> ▪ Sufficient number of good quality project proposals ▪ High quality project management ▪ Co-finance contributions available when required
			<p>Preconditions</p> <p>Operational structures for Grant Scheme implementation</p>

ANNEX 2

IMPLEMENTATION CHART

Project title: SUSTAINABLE DEVELOPMENT GRANT SCHEME

SUSTAINABLE DEVELOPMENT GRANT SCHEME																														
Components	2005						2006								2007															
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
								T	T	T	T	C / I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	
T = Tendering C = Contracting I = Implementation/works																														

ANNEX 3

CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER

CONTRACTING	Cumulative contracting schedule by quarter in €M (provisional)													
	2005				2006				2007				Total	
	I	II	III	IV	I	II	III	IV	I	II	III	IV		
Grant Scheme						3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010
DISBURSEMENT	Cumulative disbursement schedule by quarter in €M (provisional)													
	2005				2006				2007				Total	
	I	II	III	IV	I	II	III	IV	I	II	III	IV		
Grant Scheme - Phare funds						1,944	1,944	1,944	1,944	1,944	1,944	2,430	2,430	
Grant Scheme - national co-financing						0,464	0,464	0,464	0,464	0,464	0,464	0,580	0,580	
TOTAL						2,408	2,408	2,408	2,408	2,408	2,408	3,010	3,010	

The given project costs do not include the co-financing provided by the beneficiaries. The precise project budget can be defined after contracting.