

Standard Project Fiche for Phare 2005

1. Basic Information

1.1 CRIS Number: 2005/017-454.01.01

1.2 Title: Rehabilitation of Road II-86 Sokolovtsi – Smolyan – Srednogortsi from km 94+240 to km 125+364

1.3 Sector: Infrastructure – Transport (IN)

1.4 Location: Bulgaria, Southern region

1.5 Duration: 42 months

2. Objectives

2.1 Overall Objective(s):

- Facilitation of cross-border co-operation between Bulgaria and Greece by improving the communication infrastructure and promotion of local and regional cohesion in the border regions.

2.2 Project purpose:

- Improved road transport conditions along Road II -86 and thus facilitating the increased traffic flows between Bulgaria and Greece through the new BCCP Rudozem – Xanthi.

2.3 Accession Partnership (AP) and NPAA priority (and implementing measures envisaged by the Action Plan for AP priorities related to strengthening administrative and judicial capacity)

- Development and implementation of complex regional structures, programmes and projects for the integrated development of problem areas in the country – underdeveloped, rural, depressive and cross-border areas;
- Preparation of Bulgarian regions for the implementation of the structural policies applied by the EU Member States through the development of strategies and programmes for sustainable social and economic development.

2.4 Contribution to National Development Plan

CBC regions, a part of which is the area of the project, are treated in the National Development Plan (NDP) as a high priority target. The proposed project fully complies with the objectives defined in the NDP, which classifies CBC regions in a separate target group.

2.5 Cross Border Impact

- Support road infrastructure works in order to foster cross border co-operation at a local and national level.
- Facilitate sustainable development, tourism industry and cultural links between the local communities.
- Encourage the economic development on both sides of the border in the region.

3. Description

Road II-86 Plovdiv - Smolyan - Rudozem is the only existing high class road, which goes south and ends at the Bulgarian-Greek Border. It is located in the districts of Plovdiv and Smolyan in the south-eastern part of Rhodopi Mountain. The anticipation is that the majority of the traffic will use road II-86 as a main link to the new Rudozem Border Crossing Check Point.

The length of the direction from the town of Plovdiv (Trakia Motorway) to the border with Greece is about 144 km along road II-86, consisting of section "Plovdiv – Asenovgrad – Smolyan" – 100 km; section "Smolyan" – Rudozem" - 35 km and section "Rudozem – BCCP Rudozem" - 10 km. The construction of the last section "Rudozem – BCCP Rudozem" will start in May 2005 under CBC Programme.

The road section to be rehabilitated and reconstructed is located only in Smolyan region, begins from Sokolovtsi village at km 94+240 and ends at Srednogortsi village at km 125+364. The approximate length of the proposed road section is 29 km. It can be divided in the following two subsections:

- From km 94+240 (beginning of Sokolovtsi village) to km 104+760 (entrance of Smolyan town, Ustovo customs), length: 10,52 km;
- From km 107+200 (town of Smolyan) to km 125+364 (end of Srednogortsi village), with length 18,164 km;

3.1 Background and justification:

The Government of the Republic of Bulgaria is currently in the process of improving the country's infrastructure with respect to transport. As candidate country for accession to the European Union Bulgaria is seeking to comply with the requirements of the EU transport and border crossing acquits. The road network carrying the international traffic therefore needs to be upgraded to provide a safe and efficient system that is capable of carrying future anticipated traffic volumes.

The Phare CBC Programme with Greece is set against a background of good bilateral relations between the two countries and is recognised by both Governments as an instrument to overcome specific problems and to develop the socio-economic potential of the bordering regions. At present, two operational border crossing points exist at Kulata and Novo Selo, the accesses to which were upgraded by rehabilitation works to the existing E79 and E85 roads under the PHARE funded Southern Border Regions Road Project. In addition, a new Border Crossing Check Point at Ilinden and new access road were completed during 2002. The construction of a 147m out of 450m cut & cover tunnel in Bulgaria at the Bulgarian-Greek border at Ilinden is finished. This is also mirrored by similar new construction on the Greek side.

The project is with strong cross border cooperation character and is planned in close cooperation with the regional and local authorities. The population is allowed to obtain thorough understanding of the envisaged construction activities. The aim of the project is to improve the exploitation safety and comfort of the existing and increasing future traffic. The rehabilitated section will comply with the EU standards, and in particular as regards the maximum authorized weight of 11.5 T per axle.

3.2 Sectoral rationale

The project implementation will have long-term beneficial impact on the cross-border commerce and regional cooperation, and is in line with governmental sector strategy to open new border crossing links with Greece and improve the access to border crossing infrastructure between the two countries. The road to be rehabilitated is continuation of the access road to the new BCCP Rudozem-Xanthi.

According to the strategies for development of cross-border regions, the Bulgarian side is characterized by poor condition of the road network. The principal problems of transport infrastructure are as follows: low category of the existing roads; low density of the road network; difficult access through the border between Bulgaria and Greece – the number of cross-border checking points is insufficient; the existing road pavement is in bad condition; the road directions of national and regional importance are not corresponding with the European requirements for safety and comfort while travelling.

The Phare CBC Programme with Greece is focused on investment, for infrastructure projects of mutual interest in the transport and environment sectors, therefore contributing to develop the co-operation with Greece and the accession preparation of the Republic of Bulgaria.

3.2.2 Sequencing

The Detailed Design for the Project “Rehabilitation of Road II-86 Sokolovtsi – Smolyan – Srednogortsi - Rudozem from km 94+240 to km 135+574” will be prepared till the middle of year 2006 through the PHARE CBC Project Preparation Facility, FM 2003 BG/GR.

On a later stage it is intended to rehabilitate and reconstruct the remaining road section /36,5km/ along Road II-86 up to the Smolyan/Plovdiv regional boundary in order to achieve homogeneous direction with a design speed and bearing capacity according to the related road class.

3.3 Results

- Rehabilitated road section II-86 from Sokolovtsi to Srednogortsi (road with approximately 29 km length).

The pavement of the road from Sokolovtsi to Srednogortsi is in poor condition and has low road operational characteristics. It is anticipated that significant traffic volumes will use Road II-86 as a main link to the new Rudozem BCCP and the project implementation aims to improve the road transport conditions along the direction. The majority of road rehabilitation involves strengthening of the existing pavement by means of asphalt overlays of varying thickness depending upon the condition of the pavement structure. The road rehabilitation also includes

surface water drainage works, shoulder surface upgrading, road markings, the replacement, refurbishment or provision of new traffic signs, guardrails and kerbs.

The Project will be split into Construction Supervision Services Contract and Construction Works Contract.

3.4 Activities (including Means)

Construction Supervision Services (0.800 MEUR)

- preparation of Tender Dossier for Service Contract (no additional funding will be required);
- tender procedure;
- contract monitoring and management during project implementation.

Construction Works (6.400 MEUR)

- preparation of Tender Dossier for Works Contract - under FIDIC Conditions of Contract 1999 (no additional funding will be required);
- tender procedure;
- contract monitoring and management during project implementation;
- rehabilitation of 29 km of Road II-86;
- taking-over of the works.

3.5 Linked Activities:

Since Phare Cross-Border Co-operation Programme Bulgaria/Greece has started in Bulgaria five road projects at the amount of 52 MEUR have been successfully completed (150km of rehabilitation and 15km new construction).

Some of the major road construction projects, which Phare CBC Programme currently supports, are:

- Under CBC BG/GR 2000 – 18,60 MEUR for the construction of the 18 km access road (Podkova-Makaza) to the new Border Crossing between Greece and Bulgaria (Makaza - Nimfea);
- Under CBC BG/GR 2001 - 10,2 MEUR for Rehabilitation and partial reconstruction of Road II-19 section “Simitli – Razlog”;
- Under CBC BG/GR 2002 - 10,3 MEUR for Rehabilitation and partial reconstruction of Road II-19 section “Razlog – Bansko – Gotse Delchev – Sadovo”;
- Under CBC BG/GR 2002 – 4,6 MEUR for Construction of the second tube of the tunnel on road E-79 (Dupnitsa By-Pass);
- Under CBC BG/GR 2003 – 7 MEUR for the Construction of Access Road to the Rudozem border crossing between Bulgaria and Greece;
- Under EIB loan - Lot 1 “Rehabilitation, strengthening and improvement of Road E79 Daskalovo – Dupnitsa”, 40 MEUR

3.6 Lessons learned:

Problems were highlighted in recent evaluation reports (ECOTEC Interim Evaluation Report on TRA – R/BG/TRA/0402 dated 7 December 2004):

“Large investments from Phare and the Bulgarian national budget are necessary for achieving the wider project objectives for the sector and sustaining the outcomes of the transport projects, if

there is to be substantial improvement in the long-term. CBC projects still suffer from contractual delays and poor design. However, in comparison to the previous evaluation, there have been some improvements in the transport sector.”

Here are some of the main conclusions made:

- Financial justification of the transport infrastructure projects seems weak because the IRRs of the projects’ results were not based on contemporary studies;
- Monitoring reports are of poor quality and are not perceived as a management tool by the stakeholders;
- Land for infrastructure projects is provided comparatively on time, although not strictly according to what has been committed in the project fiches. However, subsequent land acquisition that is requested because of design changes has been slow.

The following recommendations are to be observed:

- Local REA district offices should give more support to the implementation of Phare CBC infrastructure projects;
- Phare IA (MRDPW) and the REA should complete all contract documents for infrastructure projects, including design and environment impact assessment by the time of signature of the financing memoranda;
- Future planning of projects on the borders should include positive management actions during at their programming stages that will avoid the problems in coordination, found in the implementation of earlier infrastructure projects;
- REA should undertake a comprehensive review of the REA PIU human resource requirements for the next two years. On the basis of this it should prepare a human resources strategy that identifies:
 - The number of additional staff that will be required to ensure that Phare projects are well-managed, taking into account new tasks that will have to be undertaken by the REA PIU during this period (e.g. management of ISPA projects).
 - How and when additional staff will be recruited.
 - Training requirements.
 - Additional budget requirements and source of funds.

Omissions and errors in designs have been a serious problem during a number of previous Phare contracts (mainly due to obsolete designs; identified in the Interim Evaluation Reports (R/BG/TRA/02.011). To mitigate the consequent delays and cost implications the beneficiary will conclude a consultancy contract with the designer of the project to ensure his presence on site and the timely issue of additional designs and redesigns. If it proves necessary meetings between Employer/Engineer/Designer will be held to define design problems and respective solutions.

4. Institutional Framework

- ***Recipient country*** – Republic of Bulgaria
- ***Beneficiary Institution*** – Road Executive Agency (REA) which will act as Employer under FIDIC Conditions of Contract.
- ***Engineer*** – the Engineer will be appointed after restricted International Tender Procedure for the supervision contract according to “Practical Guide to contract procedures financed by the general budget of the EC”.

- **Contracting Authority** - Ministry of Regional Development and Public Works (Phare CBC IA, hereafter).
- **Owner of the asset after project completion:** Road Executive Agency

The Regional Road Administration will bear the responsibility to cover all operational, administrative and maintenance costs.

The project is in full relevance with government regional policy to promote and support the population in the border regions and with relevant Legal Framework.

It is also in compliance with all existing relevant bilateral agreements between Bulgaria and Greece, concerning Border links and relationships (agreements achieved between Prime Ministers of Bulgaria and Greece during the meeting on 31 October – 1 November 2002).

5. Detailed Budget

	Phare/Pre-Accession Instrument support	Co-financing			Total Cost
€M		National Public Funds (*)	Other Sources (**)	Total Co-financing of Project	
Year 2005 - Investment support jointly co funded					
Construction Supervision Services and TA for Independent Evaluator	0.600	0.200	-	0.200	0.800
Construction works	4.800	1.600	-	1.600	6.400
Investment support – sub-total	5.400	1.800		1.800	7.200
% of total public funds	75 %	25 %			

(*) contributions from National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises

(**) private funds, FIs loans to private entities

6. Implementation Arrangements

6.1 Implementing Agency

CBC Implementing Agency

The CBC Implementing Agency is the Ministry of Regional Development and Public Works (MRDPW), which retain overall responsibility for the implementation of the project (signature of contracts, authorisation and payments of invoices).

Ministry of Regional Development and Public Works

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Beneficiary Institution

The project beneficiary institution is Roads Executive Agency (REA). It is responsible towards the CBC Implementing Agency for the operational management of the project: preparation of terms of reference, of tender documents, of evaluation criteria, of evaluation of offers, of contracts and approval of variations and invoices for payment.

For Work Contracts under FIDIC 1999 rules, an official of the REA acts as the Employer and the invoices have to be certified by an independent Engineer contracted and financed by Phare Programme. REA reports monthly to the CBC Implementing Agency (with direct copies to the EC Delegation) with monthly disbursement and commitment schedules and with sufficient detail to allow for assessment of progress made and remaining work to be done. Works will be tendered to contractor with appropriate financial capacity, technical and FIDIC experience.

Road Executive Agency (REA)

Bul. Macedonia 3

Contact person: Ms. Galina Vassileva

Head of EU Phare Programme Department

Tel: 00359-2-952-11-47; Tel: 00359-2-952-61-37

Engineer – the Engineer will be appointed after restricted International Tender Procedure for the supervision contract according to “Practical guide to contract procedures by the general budget of the European Communities in the context of external actions”

6.2 Twinning
N/A

6.3 Non-standard aspects

There are no “non-standards aspects”. The “Practical guide to contract procedures by the general budget of the European Communities in the context of external actions” will strictly be followed.

6.4 Contracts

Two contracts are anticipated:

Service Contract for Construction Supervision.

Estimated value of contract: **0.800 MEUR**.

The duration of the Supervision Contract is expected to be 42 months:

1 month - mobilization, 24 months – supervision during construction, 12 months - Defect Notification Period, 5 months – Final Payment

Works Contract for Construction Works.

Estimated value of contract: **6.400 MEUR**.

The duration of the Works Contract is expected to be 41 months:

24 months - construction, 12 months - Defect Notification Period, 5 months – Final Payment.

7. Implementation Schedule

Construction Works

Start of tendering	Start of project activity	Project Completion
September 2006	May 2007	May 2009 – construction works September 2010 – end of Contract

Supervision Services

Start of tendering	Start of project activity	Project Completion
August 2006	April 2007	May 2009 - construction September 2010 – end of Contract

8. Equal Opportunity

The project implementation procedures will ensure that the project brings benefits to men and women and to ethnic groups in equal measure. Special attention will be paid to guarantee that women and members of ethnic groups are included in the project activities.

9. Environment

Environmental screening as well as Environmental Impact Assessment Report is not envisaged. The road sections will be rehabilitated and partially reconstructed and consequently no Environmental Impact Assessment is necessary.

10. Rates of return

The socio-economic analysis shows project benefit from the sections to be rehabilitated average 18 % IRR.

11. Investment criteria (applicable to all investments)

11.1 Catalytic effect

Without PHARE assistance the project will not be implemented in the near future, because of lack of funds. Thus EU Phare funds are appearing as the economic assistance to the country and will mobilise economy during Pre-Accession period achieving better socio-economic effect.

11.2 Co-financing

The project is to be co-financed by the Bulgarian Government - National Fund who will provide at least 25 % of the total cost of the project. PHARE contribution will finance up to 75 % of the total cost of the project.

11.3 Additionality

No other financing sources from the private sector or from IFIs will be available for financing of the project.

11.4 Project readiness and size

The Detailed Design will be prepared till the middle of year 2006 through PHARE CBC Project Preparation Facility, FM 2003 BG/GR.

Land acquisition for the section to be rehabilitated is not required. The project complies with minimum project size requirements.

11.5 Sustainability

This project is in line with the priorities indicated in the bilateral agreement between the Governments of Greece and Bulgaria, which is a basis for the development of border region between the two countries. Further, it complies with the Council Regulation 1266/1999 on co-ordination of pre-accession assistance.

The project will facilitate the increased traffic flows arising from the construction of the new BCCP Rudozem – Xanthi and thus will foster economic cooperation and sustainable development of the region. No adverse effects on the environment resulting from construction activities are expected.

11.6 Compliance with state aids provisions

The project complies with the state aids provisions.

12. Conditionality and sequencing

In case the total cost of the project exceeds the amount envisaged in the project fiche the shortfall will be covered by additional national co-financing.

In order to minimize consequent delays REA will ensure design compatibility prior to contract conclusion. Designers' superintendence will be provided on site and financed by REA if design problems arise during construction.

The Detailed Design for the Project “Rehabilitation of Road II-86 Sokolovtsi – Smolyan – Srednogortsi - Rudozem from km 94+240 to km 135+574” will be prepared by mid 2006 through PHARE CBC Project Preparation Facility, FM 2003 BG/GR.

On a later stage it is envisaged to rehabilitate and reconstruct the remaining road section /36,5km/ along Road II-86 up to the Smolyan/Plovdiv regional boundary in order to achieve homogeneous direction with a design speed and bearing capacity according to the related road class.

ANNEXES TO PROJECT FICHE

1. Logframe in standard format (compulsory) for each project - *see Annex 6 of this Guide for guidance* – plus (optional) sector monitoring sheet for sector programmes
2. Detailed implementation chart (compulsory for year 1, optional for future years)
3. Contracting and disbursement schedule, by quarter, for full duration of project (including disbursement period) (compulsory for year 1)
4. Map of the project proposal

Annex 1 – Logical framework matrix in standard format <i>“Rehabilitation of Road II-86 Sokolovtsi – Smolyan – Srednogortsi from km 94+240 to km 125+364”</i>		Contracting period expires: 30 Nov. 2007	Disbursement period expires: 30 Sep. 2010
		Total Budget: 7.200 MEUR	Phare Budget: 5.400 MEUR
Overall Objective	Objectively verifiable indicators	Sources of Information	
<ul style="list-style-type: none"> - Facilitation of cross-border co-operation between Bulgaria and Greece by improving the communication infrastructure and promotion of local and regional cohesion in the border regions. 	<ul style="list-style-type: none"> - Commerce between Bulgaria and Greece - Gross Regional Product - Bearing capacity of the road – 11,5 ton/axel 	<ul style="list-style-type: none"> - Trade statistics - Regional GDP statistics - Measurements by Central Laboratory, road network statistics 	
Project Purpose	Objectively verifiable indicators	Sources of Information	Assumptions
<ul style="list-style-type: none"> - Improved road transport conditions along Road II -86 and thus facilitating the increased traffic flows between Bulgaria and Greece through the new BCCP Rudozem – Xanthi. 	<ul style="list-style-type: none"> - Reduction of travel time along Road II-86 - Reduction in accidents on the road section - Enhancement of road safety 	<ul style="list-style-type: none"> - Traffic surveys carried out by the Central Laboratory for Roads and Bridges; - Police road accidents statistics; - HDM model runs by Central Laboratory for Roads and Bridges 	

Results	Objectively verifiable indicators	Sources of Information	Assumptions
- 29 km rehabilitated road section along Road II-86	- Improved technical characteristics and parameters of the road section	- Measurements by CRBL (Central Roads' and Bridges' Laboratory) Studies - REA studies and reports	- Adherence to work schedules construction standards and rules.
Activities	Means	Sources of Information	Assumptions
<p>Construction Supervision Services</p> <ul style="list-style-type: none"> • preparation of Tender Dossier; • tender procedure; • contract monitoring and management during project implementation. <p>Construction Works</p> <ul style="list-style-type: none"> • preparation of Tender Dossier; • tender procedure; • contract monitoring and management during project implementation; • rehabilitation of 29 km of Road II-86; • taking-over of the works. 	<ul style="list-style-type: none"> - Availability of funds to cover Engineer's and Contractor's costs. <p>Phare: 5.400 MEUR National co-financing: 1.800 MEUR</p> <ul style="list-style-type: none"> - Own inputs from MRDPW and REA 	<ul style="list-style-type: none"> - Tender Evaluation Reports - Project Progress Reports - Project Final Report - Technical Specification and As-built documents 	<ul style="list-style-type: none"> - Continuity of staff and policy in the REA and MRDPW enabling implementation of the project without delays. - Construction companies have sufficient capacity.

Annex 2 – Detailed implementation chart

Project: “Rehabilitation of Road II-86 Sokolovtsi – Smolyan – Srednogortsi from km 94+240 to km 125+364”

Components	2006												2007												2008												2009												2010	
	J	F	M	A	M	J	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	J	F												
1. Supervision Services								T	T	T	T	T	T	T	T	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I										
2. Construction Works								T	T	T	T	T	T	T	T	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I										
D = Design/Tender preparation C = Contracting I = Implementation/works T = Tender procedure																																																		

Annex 2 – Detailed implementation chart

Project: “Rehabilitation of Road II-86 Sokolovtsi – Smolyan – Srednogortsi from km 94+240 to km 125+364”

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Annex 3 – Contracting and disbursement schedule by quarter
Project: “Rehabilitation of Road II-86 Sokolovtsi – Smolyan – Srednogortsi from km 94+240 to km 125+364”

Components	Cumulative contracting schedule by quarter in MEUR (planned)															Total Allocation €M
	2007				2008				2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
1. Supervision Services (Phare)		0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600
2. Construction Works (Phare)		4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800
Total Phare Contracting		5.400	5.400	5.400	5.400	5.400	5.400	5.400	5.400	5.400	5.400	5.400	5.400	5.400	5.400	5.400
1. Supervision Services (NF)		0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
2. Construction Works (NF)		1.600	1.600	1.600	1.600	1.600	1.600	1.600	1.600	1.600	1.600	1.600	1.600	1.600	1.600	1.600
Total National Co-financing		1.800	1.800	1.800	1.800	1.800	1.800	1.800	1.800	1.800	1.800	1.800	1.800	1.800	1.800	1.800
Total contracting:		7.200	7.200	7.200	7.200	7.200	7.200	7.200	7.200	7.200	7.200	7.200	7.200	7.200	7.200	7.200
Components	Cumulative disbursement schedule by quarter in MEUR (planned)															Total Phare Allocation €M
	2007				2008				2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
1. Supervision Services (Phare)		0.060	0.129	0.197	0.266	0.334	0.403	0.471	0.540	0.540	0.540	0.540	0.540	0.540	0.600	0.600
2. Construction Works (Phare)		0.480	1.029	1.577	2.126	2.674	3.223	3.771	4.320	4.320	4.320	4.320	4.320	4.320	4.800	4.800
Total Phare disbursement		0.540	1.158	1.774	2.392	3.008	3.626	4.242	4.860	4.860	4.860	4.860	4.860	4.860	5.400	5.400
1. Supervision Services (NF)		0.020	0.043	0.066	0.089	0.111	0.134	0.157	0.180	0.180	0.180	0.180	0.180	0.180	0.200	0.200
2. Construction Works (NF)		0.160	0.343	0.526	0.709	0.891	1.074	1.257	1.440	1.440	1.440	1.440	1.440	1.440	1.600	1.600
Total National Co-financing		0.180	0.386	0.592	0.798	1.002	1.208	1.414	1.620	1.620	1.620	1.620	1.620	1.620	1.800	1.800
Total disbursement		0.720	1.544	2.366	3.190	4.010	4.834	5.656	6.480	6.480	6.480	6.480	6.480	6.480	7.200	7.200

REPUBLIC OF BULGARIA

Programme PHARE CBC Bulgaria - Greece

