

EN

ISPA Measure No:
2002 BG 16 P PE 016

FINANCING MEMORANDUM

**Agreed between the European Commission and
the Republic of Bulgaria**

**Concerning the Grant of Assistance from the Instrument for Structural Policies for
Pre-accession to the Following Measure**

**Varna Integrated Water Project
in Bulgaria**

FINANCING MEMORANDUM

The European Commission, hereinafter referred to as "the Commission", acting for and on behalf of the European Community, hereinafter referred to as "the Community" represented by the Acting Director General for Regional Policy, Mr. Meadows, for the Commission

on the one part, and

The Government of Bulgaria, hereinafter referred to as "the beneficiary"

on the other part,

HAVE AGREED AS FOLLOWS:

Article 1

The measure referred to in Article 2 below shall be implemented and financed out of the budgetary resources of the Community in accordance with the provisions set out in this Memorandum. The measure referred to in Article 2 below shall be implemented in line with the General Conditions annexed to the Framework Agreement signed between the Commission and the beneficiary and supplemented by the terms of this Memorandum and the provisions annexed hereto.

Article 2

Identification of the measure

The Instrument for Structural Policies for Pre-accession shall contribute, by way of a grant, towards the financing of the following measure as described in Annex I:

Measure number: 2002 BG 16 P PE 016

Title: Varna Integrated Water Project

Duration: **Start date:** The date of signature of the financing memorandum by the Commission

End date: 31 December 2008

Location: Varna, Bulgaria

Group: Black Sea Basin

Article 3

Commitment

1. The maximum public or equivalent expenditure which may be taken into account for the purpose of calculating assistance shall be € 25 432 000;
2. The rate of Community assistance granted to the measure is fixed at 75 % of total public or equivalent expenditure as indicated in the financing plan in Annex II;
3. The maximum amount of assistance from the Instrument for Structural Policies for Pre-accession is fixed at € 19 074 000;
4. An amount of € 15 259 200 is committed from the 2003 budget under budgetary line B7-020. Commitments in respect of subsequent instalments shall be based on the initial or revised financing plan for the measure, subject to the state of implementation of the measure and to budgetary availability.

Article 4

Payments

1. Community assistance shall cover payments on the measure for which legally binding commitments have been made by the beneficiary and for which the requisite finance has been specifically allocated. These payments must relate to the works described in Annex I.
2. Payments made before the date of signature of financing memorandum by the Commission shall not be eligible for assistance from the Instrument for Structural Policies for Pre-accession.
3. The measure described in Annex I and payments by the body responsible for the implementation of the measure shall be completed no later than the 31 December 2008.
4. The report required for the payment of the final balance should be submitted not later than 6 months after this date (date mentioned below (3) first paragraph).
5. The advance payment is fixed at € 3 814 800, which shall be transferred as follows:
 - An amount of € 1 907 400 is paid out after signature of this memorandum by the beneficiary;
 - The remainder is paid out after signature of the first substantial works contract to be agreed between the beneficiary and the Commission, and after fulfilment of the other conditions specified in Article 8 (3) hereunder.
6. In accordance with Annex III 1, Section III, point 5, the Commission will accept for this measure a total amount of advance and intermediate payments of 90 % of the total assistance granted.

Article 5

Respect of Community law and policies

The measure shall be carried out in compliance with the relevant provisions set out in the Europe Agreements and shall contribute to the achievement of Community policies, in particular those concerning environmental protection and improvement.

Article 6

Intellectual property

The Beneficiary and the authority responsible for implementation mentioned in Annex I point 3 shall ensure that they acquire all necessary intellectual property rights to studies, drawings, plans, publicity and other material made in conjunction with planning, implementation, monitoring and evaluation of the project. They shall guarantee that the Commission, or any body or person delegated by the Commission shall have access and the right to use such material. The Commission will only use such material for its own purpose.

Article 7

Permits and authorisations

Any type of permits and or authorisations required for the implementation of the measure must be provided by the competent authorities of the Beneficiary in due time and in accordance with national law.

Article 8

Specific conditions related to the measure

Without prejudice to the general provisions specified in Annex III the Community grant for the measure is subject to the following conditions:

1. Condition on the assumptions and the status of the assets:

The Commission reserves the right to revise the amount of the assistance for ISPA set out in Article 3 if, within five years of the date of the completion of works, the operating conditions (tariffs, revenues, etc.) vary significantly relative to the original assumptions made in determining the level of the grant and/or there is a substantial modification:

- a) affecting the nature of the operation or its implementing conditions, or giving to a private or public body an undue advantage; and
- b) resulting either from a change in the nature of the ownership of any part of the financed infrastructure, or a cessation or material change in the operating arrangements.

The beneficiary country shall inform the Commission of any such change, and shall seek the ex-ante agreement of the Commission to these changes.

2. Condition on viability:

The Community grant for the measure is subject to the authorities concerned making available sufficient resources in order to ensure the effective operation and maintenance of the assets.

3. The second advance payment shall be subject to the appointment for the measure of a project manager and a project implementation unit under terms acceptable to the Commission to be located in the regional water company and assisted by a technical assistant financed by the measure.

4. The final payment shall be subject to:

a) the presentation of evidence that:

(i) Industrial wastewater is pre-treated in compliance with EC Directives and/or recycled as appropriate.

(ii) The pre-treatment and/or the recycling of industrial wastewater is monitored and enforced by the appropriate environmental authorities.

(iii) The industrial loads are not harmful to the designed technology of the treatment plant.

(iv) An appropriate charge will be introduced for industries, that is acceptable to the Commission, based on the quantity and quality of effluent produced and on the cost of treatment.

b) The presentation of a final programme for the treatment, reuse and disposal of the screenings, grit and grease from the Asparhuovo mechanical plant as well as sludge from Varna WWTP under terms acceptable to the Commission

c) The presentation of an updated master-plan [DQC56] for water management in compliance with the relevant EC water legislation.

Article 9

The implementation provisions described in the Annexes to this financing memorandum form an integral part of it.

Non-compliance with the conditions and implementation provisions shall be dealt with by the Commission according to the procedure stipulated in Annex III.1. Section VIII.

Article 10

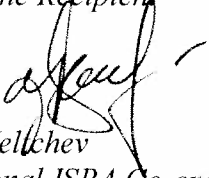
The authentic text of this financing memorandum is the present document as signed hereunder.

Done at

Done at Brussels, 18 DEC. 2003

10. 02. 2004

For the Recipient

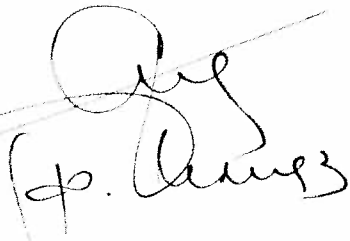


Mr Velchev
National ISPA Co-ordinator

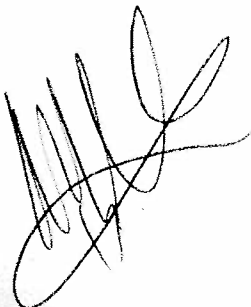
For the Community



Mr Meadows
Acting Director General



J. P. Durieux



List of Annexes

Annex I Description of measure

Annex II Financing plan

Annex III

Annex III.1 ISPA Financial Implementation provisions

Annex III.2 Provisions governing eligibility of expenditure for measures assisted by ISPA

Annex III.3 Model for submission to the Monitoring Committee and request for modification

Annex III.4 Management and control systems for assistance granted from ISPA and the procedure for making financial corrections

Annex III.5 Agreement with respect to irregularities and recovery of sums wrongly received under ISPA

Annex III.6 Information and Publicity requirements

**Description of measure
Varna Integrated Water Project**

Commission code No: 2002 BG 16 P PE 016

1. MEASURE TITLE

Varna Integrated Water Project

2. AUTHORITY MAKING THE APPLICATION (National ISPA Co-ordinator)

2.1. Name: Ministry of Finance, Mr Lyubomir Datzov, Deputy Minister

2.2. Address: 102 Rakovski Str., 1040 Sofia, Bulgaria

E-mail: l.datzov@minfin.bg

3. AUTHORITY RESPONSIBLE FOR IMPLEMENTATION (as defined at Section II (2) of Annex III.2)

3.1. Name: EU Funds for Environment (EUFE) Department, Ministry of Environment and Water (MoEW)

3.2. Address: 67 W.Gladstone Str., 1000 Sofia, Bulgaria

E-mail: marianasir@moew.government.bg

4. FINAL BENEFICIARY (IN CASE IT IS A DIFFERENT BODY FROM THE AUTHORITY MENTIONED UNDER 3)

4.1. Name: Municipality of Varna

4.2. Address: 43 Osmi Primorski Polk Av., 9000 Varna, Bulgaria

E-mail: kyordanov@varna.bg

5. LOCATION

5.1. Beneficiary country: Bulgaria

5.2. Region: Municipality of Varna, Black Sea Basin

6. DESCRIPTION

The measure forms part of a group of projects along the Black Sea Basin proposed for ISPA financing in 2002 and 2003 and is a part of the Bulgarian National Programme of priority construction of Waste Water Treatment Plants in towns of population above 10 000 population equivalent.

6.1. Background

Varna is the one of the most important Bulgarian municipalities with a population of approximately 320 000 people. Varna is an internationally recognised tourist resort situated on the Varna Lake connected directly with the Black Sea via a short channel. The lake is a major waterway used for commercial shipping and recreational water sports and bathing.

Asparuhovo, with a current estimated population of 23 500 persons, is one of the residential districts of the city of Varna. The collector sewers network in Asparuhovo is approximately 40 years old and has been extended and improved over the years. The waste water from Asparuhovo, after primary treatment in Imhoff tanks, is discharged into the Varna lake and then directly onto very popular bathing beaches close to the main Port of Varna. The current pollution load measured in terms of Biochemical Oxygen Demand (BOD5) is approximately 650 tonnes per year. Asparuhovo also has some industrial effluents that currently discharge to both the collector sewer network and directly to the environment.

This collector sewer network will be fully utilised in the future and the population connected to the network in Asparuhovo will increase to 40 000 in 2022. This network needs to be connected to the main Varna collector network and to the Varna WWTP.

6.2. Components of the measure

The measure comprises the following components:

- (a) Transformation of the old Asparuhovo preliminary WWTP into a new transfer pumping station with mechanical treatment and a 2.25 km long transfer pipeline underneath Varna lake to be connected to the main Varna sewer network and to the main Varna plant;
- (b) Refurbishment of part of the main collector sewer in Asparuhovo with connection to the new main pumping station (referred in item a);
- (c) Upgrading of the current main Varna WWTP (secondary plant) to full secondary treatment inclusive of nitrogen removal and prepared for biological phosphorous reduction;
- (d) Refurbishment of part of the existing drinking water system;
- (e) Refurbishment of part of the existing sewerage system;
- (f) Technical assistance for implementation;
- (g) Supervision.

6.2.1. Component 1: The Varna main Waste Water Treatment Plant

The existing main Varna plant was built as a secondary treatment plant with Bulgarian funds, is operational since 1988 and operated by the Varna Regional Water company. In 1999, a project for “Rehabilitation of WWTP – Varna” commenced through the Bulgarian-Danish co-operation for environmental protection and the first stage of the project was completed in 2000. Reconstruction of the Screen Buildings was performed and the equipment for mechanical sludge dewatering (centrifuges) was installed and put into operation. The start-up took place at the end of August 2003. The project is co-financed by the Bulgarian and the Danish entities (DEPA).

The new wastewater treatment plant, refurbished with the ISPA measure, will include biological nitrification/de-nitrification in the process via the stabilisation of sludge in the activated sludge tanks. Provision for biological phosphorus removal will be made so that full tertiary treatment can be introduced in a cost-effective manner when required. The plant will be operated to provide treatment of wastewater to full secondary level inclusive nitrogen removal and for a period of at least three years thereafter. Full tertiary level treatment (meaning the biological reduction of Phosphorus compounds) will be introduced after this period, if required, and if the operator demonstrates sufficient technical and financial capacity.

The main Varna WWTP will still have adequate spare capacity to accommodate the additional flow coming from the projected flow from the Asparuhovo district.

In accordance with the preliminary studies carried out by DEPA and reviewed by an international independent consultant, the upgrading of the existing main plant will consist, indicatively, of the following components:

- Reconstruction of the aeration system and incorporation of appropriate technology for nitrogen removal;
- Reconstruction of digesters and biogas utilization;
- Introduction of an automated system for process control and management (SCADA).

An indicative description of the sub-components of the measure (to be finalised when the design and build tender is completed) is as follows:

- Removal of existing equipment and redesign of the tanks to create a better hydraulic flow;
- New diffuser system plus air pipes;
- New blowers;
- Removal of existing equipments and redesign of the digestors;
- Biogas utilisation system;
- SCADA system.

With this part of the measure, the main Varna plant will be upgraded to fulfil nitrogen reduction to the EC requirements for agglomerations with p.e. above 100 000 and refurbished to exchange the worn out and very energy consuming machinery. The plant will, as well, be prepared for upgrading in the future to tertiary treatment using biological phosphorous reduction (see Table below) .

Design parameters for the Varna main WWTP

Parameters	Unit	Situation before ISPA measure	Situation with ISPA measure
		2022 (Inlet parameters)	2022 (Outlet parameters)
Total daily average flow	m ³ /d	110 000	
Population equivalent	PE	450 000	
BoD	mg/l	245	25
CoD	mg/l	560	125
Suspended solids (SS)	mg/l	286	35
Nitrates - (N total)	mg/l	40	10 *
Phosphates - (P total)	mg/l	7	1 **

* The nitrogen value will be achieved from the moment the construction of the refurbished plant will be completed.

** The phosphorous value will be achieved only in the future when the plant will be upgraded with a second intervention, but it will be designed for the full tertiary upgrading (but not constructed) with the current measure.

6.2.2. Component 2: The Sewerage Network

The component will include a set of interventions on the existing sewerage network aimed at tackling the most important and urgent needs in terms of infiltration:

6.2.2.1. Construction of a 2.25 km transfer pipe comprising:

- A land based pipe section of 700 m, 600 mm to transfer the wastewater from the new Asparuhovo pumping station to the border of the lake;
- [DQC85]An underwater pipeline of 1 550 m, 600 mm passing under the Varna Lake and further from the opposite border of the lake to the main sewer network.

6.2.2.2. *Sewers to be refurbished due to the very high infiltration in the following sections:*

- (1) New collector between and Sewerage Pumping Stations SPS 1 and 2 and pressure conduit of SPS2 (2 sections: 800 m of 500 mm and 400 m, 400 mm);
 - (2) Replacement of collector in “Morski bani”, 700 m , 400 mm.
- A. Collector between SPS 1 and SPS 2 in the Asparuhovo Region and Pressure Pipeline from SPS 2

The existing collector between the two SPSs consists of old concrete pipes. The pipe joints are not waterproof and underground water can easily infiltrate. The collector is laid below sea level. The pressure pipeline is asbestos-cement and steel with frequent emergency fractures. The collector serves residential areas with about 15 000 inhabitants while the SPSs pump the wastewater from between 22 000 and 23 000 inhabitants.

B. Sewage Collector “Morski bani”

The existing collector, which serves one of the most low lying parts of Varna, is constructed with concrete pipes and is laid below sea level. Deterioration during the operational life in such conditions has led to a situation where underground water infiltrates through the pipe joints and causes excessive flows in the sewerage system.

6.2.2.3. *Sewage pumping station in the district of Chaika (including three new pumps)*

The existing collector for municipal effluents in Chaika has a diameter of 300 mm and passes through an area affected by active landslides. Therefore, it has frequently been completely broken in the coastal area. In such cases, the freely escaping wastewater has caused collapse of private properties and severe erosion of the beach sand. With this measure, it will be necessary to bypass such parts of the collector and to convey the wastewater via a sewage pumping station to a higher level collector with sufficient capacity and reliability.

6.2.2.4. *Transformation of the Asparuhovo preliminary WWTP into a pumping station plus mechanical treatment*

The new pumping station with mechanical treatment is proposed to consist of the following main elements:

- Inlet chamber;
- [DQC97]Emergency overflow;
- [DQC98]Automatic 60 mm coarse screen with by-pass;
- [DQC99]Inlet building containing duty/standby automatically 5 mm fine screens with by-pass;
- [DQC100]Screening, washing and compacting plant with collection skip;
- Aerated grit and grease removal channel;
- Grit classifier with collection skip;
- Flow meter;
- Overflow to balance tanks;
- Balance tanks, capacity 1000 m³, existing to be modified;
- Gravity return from balance tanks to transfer pumping station;
- Transfer pumping station with duty and standby (minimum 33 %) pumps;
- Transfer pressure pipeline;
- Liquid oxygen storage tank with evaporator;
- Oxygen injection plant.

The new pumping station in Asparuhovo will serve a population of 40 000 for the year 2022 and will have an overall design capacity of 9 366 m³/day in average.

Parameters of the new Asparuhovo pumping station and mechanical Plant

Parameters	Unit	Situation without ISPA measure (Direct discharge to the lake)	Situation with ISPA measure
Overall design capacity	m ³ /d	9.366	
BoD	mg/l	317	Complete elimination of direct discharge; Transfer of sewage to the Varna WWTP
CoD	mg/l	626	
Suspended solids (SS)	mg/l	287	
Total Nitrogen	mg/l	45	
Total Phosphorus	mg/l	11	

6.2.3. Component 3: The drinking water network

The existing drinking water network needs an important rehabilitation given the very important ex-filtration occurring in some of the water pipes. This part of the measure will try to tackle the most urgent needs and will prepare, with technical assistance an in depth survey of the water system in order to have a second ISPA project proposed by the Bulgarian authorities in the near future.

Indicatively, the main subcomponents in the rehabilitation of the drinking water network will be:

6.2.3.1. *Reconstruction and modernization of water main to 1st water supply zone in the Asparuhovo district: 2 175 m, diameter 1 000 mm of steel pipe to be replaced.*

6.2.3.2. *Reconstruction of distribution water supply network in quarter - "VI. Varnenchik"- II micro - region: five sections of steel pipes to be replaced.*

The water supply network in this sub-region utilizes steel pipes and the consumer connections are galvanized pipes. There are frequent damages, which lead to extended disconnections of the water supply. There are about 30 000 inhabitants living in this area.

6.2.3.3. *Replacement of 12 km asbestos cement pipes in the Asparuhovo district*

This subcomponent will benefit approximately 50 000 people and will include the house connections.

6.2.3.4. *Reconstruction of the Main water supply conduit from zone V quarter "Briz" - Varna City.*

The objective is to supply the water to the population living in the higher areas of the town.

The area of higher ground levels in this zone are frequently without water as a result of insufficient pressure head and the small diameter of the distribution pipes which cause high friction losses in the system.

6.2.4. *Component 4: Technical Assistance*

The technical assistance component will be mainly used to:

- As normal ISPA practice, hire independent technical expertise to participate in the international tendering process for supervision and works;
- Provide management support to the project implementation unit created in the Varna Regional Water Company (RWC) to assist in the implementation of the measure and to improve the financial and operational performance of the RWC;
- Prepare an in-depth review of the drinking water system in order to identify a potential second project financed by the Bulgarian authorities in the town;
- Provide the RWC with the necessary equipment to monitor the entire water system and to improve the maintenance of the assets built (i.e. equipment for leakage detection);
- Carry out the necessary information and publicity activities for the measure;
- Prepare any other necessary studies to complement the implementation of the tender for the monitoring equipments.

Finally, concerning the institutional arrangements, all new constructed water and wastewater assets will be owned by the Municipality of Varna. The operation and maintenance of the assets will be provided by the Varna Regional Water Company. The shareholders structure of the Varna RWC is as follows:

- 51 % State ownership;
- 35 % Varna municipality ownership;
- 14 % Nine smaller municipalities situated in the Varna region.

If the Bulgarian authorities decide to select a new water operator, this operator will have to:

- Be selected through an open and transparent tendering procedure, under terms acceptable to the European Commission;
- Present a specific operation and maintenance programme under terms acceptable to the Commission.

The Bulgarian authorities will present by 31 December 2004 an operational plan for monitoring the broader environmental impacts of the project during both construction and the operation phases and an Energy management plan.

7. OBJECTIVES

The overall objective of the measure is to protect Varna Lake, the nearby bathing beaches and the Black Sea from polluting discharges of untreated sewage and industrial wastewater, as well as to minimise the environmental impacts and the risks to human health for the population living in the target areas served by the new WWTP and collector sewers and in the Black Sea coastal area.

In particular, the measure will:

- Enable the city of Varna to achieve compliance with the Urban Waste Water Directive;
- Provide connection to the main WWTP for a population of 40 000 in year 2022 whose waters are currently untreated;
- Reduce the pollution load discharged to Varna lake to less than 65 Tonnes/yr;
- Reduce the pollution in the trans-border region (Black Sea);
- Build-up an effective environmental infrastructure to facilitate economic activity;
- Protect the developing tourism industry in the Black Sea Coast area;
- Improve the conditions for the development of regional economic activities in the Black Sea area;
- Create new employment opportunities – temporary and permanent - and stimulate local and regional development.

8. WORK SCHEDULE (INDICATIVE)

Category of work	Commencement	Completion
Feasibility study:	January 2001	September 2003
Economic analysis:	January 2001	September 2003
Financial analysis:	January 2001	September 2003
Environmental impact assessment:	July, 2001	November 2001
Design studies:	September 2001	November 2003
Tender documents:	September 2001	April 2004
Land acquisition	Completed	Already in Municipality ownership
Construction:	December 2004	December 2007
Operational phase:	January 2008	

9. ECONOMIC AND SOCIAL COST-BENEFIT ANALYSIS

An economic internal rate of return has not been calculated due to the difficulties in quantifying many of the economic benefits of the project. These benefits include in particular: (i) environmental benefits resulting from improved water quality in the Varna Lake and in Black Sea; (ii) health impacts resulting from reduction of waterborne diseases, (iii) the long term commercial implications of improved wastewater treatment facilities related to development of the tourist industry.

A cost effectiveness analysis was carried out to consider the technical and financial impact of alternative solutions and to help select the optimal solution.

10. MAIN ELEMENTS OF FINANCIAL ANALYSIS

A financial analysis of the project has been carried out to ensure its viability and affordability. This shows that the investment is able to meet the projected operating and maintenance costs over its expected lifespan. Without ISPA grant at the proposed 75 % the project would not be viable and would not be able to proceed.

An overall assessment of the ability of the area concerned to support this project and other related investments in the water sector was also undertaken. The results of this global analysis demonstrate that the project is affordable to the local population under agreed assumptions relating to tariffs, likely income growth and the impact of other essential investments.

11. ENVIRONMENTAL IMPACT ANALYSIS

The investment falls within the scope of Annex II of the Directive 85/337. The national authorities have discretion to decide if the EIA is required and decided to carry out the EIA. The competent authority is the Ministry of Environment and Water.

The Decision on EIA for the WWTP was taken in May 2002 with three distinct categories of detailed recommendations which will have to be followed before the start of the measure, during the construction and during the operation period of the new wastewater treatment plant. The public consultation was held on March 2002.

In Bulgaria the municipalities are obliged to take into account each individual EIA recommendation.

The measure will meet the requirements of the following EC Directives:

- (1) EC Directive 91/271 on Urban Wastewater Treatment by ensuring that the wastewater discharges will comply with the requirements for discharges into less sensitive waters for agglomerations exceeding 100 000 p.e.;
- (2) EC Directive 76/464 on the pollution caused by certain dangerous substances discharged into the aquatic environment;
- (3) EC Directive 76/160 concerning the quality of bathing water;
- (4) EC Directive 75/440 concerning the quality required of surface water intended for the abstraction of drinking water;
- (5) EC Directive 80/778 relating to the quality of water intended for human consumption;
- (6) Water Framework Directive 2000/60 establishing a framework for Community action in the field of water policy.

12. COSTS AND ASSISTANCE (IN €)

Indicative Cost breakdown

Item	Total Eligible cost (Euro)	Expenditures incurred before application (Euro)
Land acquisition* and previous expenditure	-	184 841
Works and Equipment:	20 654 000	
– Main Varna WWTP	7 670 000	
– Sewerage	8 383 000	
– Drinking water	4 601 000	
TA for implementation support in Varna RWC	450 000	
TA for monitoring equipments	725 000	
TA for water survey and tender evaluation support	300 000	
Contingencies for civil works and mechanical equipments	1 650 000	
Supervision	1 653 000	
TOTAL (Euro)	25 432 000	184 841

Total cost	Private sector contribution	Non eligible expenditure	Total eligible cost	ISPA grant	Grant Rate %
25 616 841	0	184 841	25 432 000	19 074 000	75

The national counterpart financing will be provided by the State Budget, National Fund.

13. INVOLVEMENT OF IFIs

No IFIs are involved in the co-financing of this measure at this stage. However, discussions are ongoing with the World Bank and EBRD for the possible future co-financing of this measure.

14. SPECIFIC CONDITIONS RELATED TO THE MEASURE

See Article 8 of the Financial Memorandum.

15. PROCUREMENT PLAN

The indicative procurement strategy is as follows:

- For the Asparhuovo pumping station with mechanical treatment, transfer pipe under the Varna lake and refurbishment of the Varna main plant, there will be one tender according to FIDIC design-build conditions of contract (“Yellow Book”);
- For the drinking water and the remaining sewerage components, there will be one tender, which will be done according to FIDIC conditions of contract for construction (“Red Book”);
- For the other sub-components, there will be separate service tenders and a supply tender for the monitoring equipments.

The works and services will be implemented according to the procurement plan appended as Annex I.a.

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Provisional Procurement Plan

Tender N°	Description of works and services to be tendered	Type of contract	Provisional month of launch of tender	Rate of reimburs. of invoices relating to specific contract
1	Technical assistance for implementation support in the Varna RWC	Services	1 st Semester 2004	75 %
2	Other TA elements	Services	1 st Semester 2004	75 %
3	Supervision during implementation	Services	1 st Semester 2004	75 %
4	Construction of WWTP and completion of main collector elements according to Yellow FIDIC design and build Conditions of Contract	Works	2 nd Semester 2004	75 %
5	Construction of the drinking water and the other sewerage elements according to Red FIDIC Conditions of Contract for construction	Works	1 st Trimester 2005	75 %
6	Monitoring equipments for the Varna RWC	Supplies	1 st Trimester 2004	75 %

The specific terms for the award of contracts will be made available in the Official Journal of the European Communities and/or the Internet.

FINANCIAL PLAN (based on commitments from EU budget)

Title of measure: Varna Integrated Water Project
 ISPA No: 2002 BG 16 P PE 016

Year	Total Cost	Non Eligible Cost	Eligible Cost										
			Total		ISPA		National authorities						
			3	4 (%)	5	6 (%)	7	8	9	10			
	1	2											
	=2+3		=5+7+8+9+10	=3/1		=5/3							
2000	-	-	-	-	-	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-	-	-	-	-	-	-
2003	20.345.600	-	20.345.600	100	15.259.200	75	5.086.400	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-	-	-	-	-
2005	2.543.200	-	2.543.200	100	1.907.400	75	635.800	-	-	-	-	-	-
2006	2.543.200	-	2.543.200	100	1.907.400	75	635.800	-	-	-	-	-	-
<i>non annualised</i>	184.841	184.841	-	-	-	-	-	-	-	-	-	-	-
Total	25.616.841	184.841	25.432.000	99	19.074.000	75	6.358.000	-	-	-	-	-	-

Euro

Loan from IFI*	
11	12 (%)
-	=11/1
-	-
-	-
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* to be specified