

Standard Project Fiche

1. Basic Information

- 1.1 CRIS Number (Year 1): **BG2004/016-711.11.02**
- 1.2 Title: **SUPPORT TO MOBILISING BOTTOM-UP DEVELOPMENT AND PROJECT CAPACITY AS PART OF STRUCTURAL FUNDS PREPARATIONS IN BULGARIA**
- 1.3 Sector: Economic and Social Cohesion
- 1.4 Location: Republic of Bulgaria
- 1.5 Duration: FM 2004, FM 2005

2. Objectives

2.1 Overall Objective(s):

Ensuring advanced capability to undertake EU membership obligations in the area of regional policy and co-ordination of structural instruments for economic and social cohesion aiming to support regional and economic development.

2.2 Project purpose:

To develop appropriate skills and expertise among sufficient number of regional stakeholders in elaborating qualitative needs-oriented regional strategic documents in line with the partnership principle, in order to fully justify future SF measures and result in mature ready-to-go project applications for ERDF and ESF funding.

2.3 Accession Partnership (AP) and NPAA priority

The project addresses the priorities identified under the **Accession Partnership** and the implementing measures envisaged by the **Action Plan** for strengthening administrative and judicial capacity related to:

- Continuing to develop the capacity to discuss, prepare and select development priorities and projects both at the national and regional level to be financed by the different structural funds,
- Bringing administrative capacity of the units designated or to be designated as future managing or paying authorities and intermediate bodies up to the level required for efficient and correct implementation of SF assistance

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

A Strategy for participation in the EU Structural funds has been prepared and adopted by the Bulgarian Government (CoM Decision No 312 of 28 May 2002). The Strategy determines the scope and the administration of the operational programmes under the National Development Plan, among which the **Regional Operational Programme** states that *“The institutional capacity of the institutions engaged in the coordination of activities and partnership promotion needs to be reinforced in order to raise the efficiency of their operation, with the gradual*

experience gains also helping to this end. They should be capable to carry out activities consistent with the requirements and underlying principles of EU Structural Funds.”

Furthermore, the Regional Operational Programme sets out a number of priorities among which “*Increasing the role of regions in the formulation and implementation of regional development policy*” is a key priority: “*The strengthening of the institutions involved in regional policy formulation and implementation and the enhancement of their capacity at all levels, the introduction and fine-tuning of the procedure and mechanisms for their interoperability and coordination, the improvement of IT environment and regional statistics are conditions precedent of each target-oriented regional policy and for efficient and effective utilisation of the resources*”.

2.5 Cross Border Impact

N/A

3. Description

3.1 Background and justification:

The 3-years programming period remaining for achieving full readiness of Bulgaria to EU Structural Funds utilisation is of short duration even for the most optimistic estimates. Apart from strengthening the management and payment structures, establishment and/or refinement of delivery mechanisms, mobilisation of development actors and partners, preparation of projects and other development initiatives will all take considerable efforts. In this sense, the period is a time to lay down the foundations for more substantial investments after 2007.

This situation poses both constraints and provides opportunities:

- Constraints refer principally to the volume, nature and complexity of future projects since mobilisation of all actors and conditions in Bulgaria is unlikely to be possible until Structural Funds are really in place.
- Opportunities are presented since interest will reach new levels: it will be opportune and possible to intensify efforts at building a real development and absorption capacity that in the longer term is necessary for sustainable, effective and inclusive development.

In order to increase absorption capacity, the Commission has proposed to focus on major infrastructure and other projects that hopefully will form part of a ready-to-go project pipeline in compliance with the OPs measures to be proposed for future SF assistance. But even if such a pipeline can be developed, it will not of itself result in a development process that sustains employment, addresses internal social and economic disparities or necessarily levers investment for growth.

Support will target the potential final beneficiaries of the future SF OPs, and will result in a reservoir of “ready-for-funding” project applications large enough to enable Bulgaria to efficiently use a substantial part of the ERDF and ESF funds available in the period after 2007. In all cases, assistance will lead to project dossiers that contain all elements necessary for a positive funding decision by the respective Managing Authority, and the implementation of the public procurement procedures needed for the completion of the project.

The broader view is that project development and implementation capacity is crucial factor among the many conditions and capacities for effective and sustainable development. In key investment areas of Structural Funds, the process of project development itself demands a series of technical and non-technical skills or pre-conditions. Among these count a process of working in cooperation with key project partners. This is especially the case with human resource development, advisory and information services, incentive schemes and infrastructure support related to business, tourism or industrial re-conversion. This kind of cooperation is a function of effective partnership, and if sufficiently developed, this lead “partners for projects”- i.e. an ability within a given situation for key partners to come together to identify, propose and implement projects that provide for a broader economic or social return and benefit.

Two levels of relevant partnership can be presumed:

- an regional-based partnership of key actors focused on strategic analysis of the current need, mobilisation and enhancement of capacities within their communities and planning of a framework in which particular projects and development initiatives can be supported;
- a partnership at project level where, within the framework that is created, individual actors come together to identify project ideas and initiatives, to pool expertise and resources and ultimately to develop project proposals that both correspond to the needs identified in the strategic exercise and, by their scale or nature, promise a broad economic or social benefit rather than serve a more narrow financial return or interest.

Thus a process of partnership development at both a strategic level and at a more operational project level can develop longer-range capacity that will provide conditions for a sustainable development process that absorbs available funds in an effective manner.

The need for the above mentioned institutional capacity building activities is indicated in the experience of Bulgaria with Phare ESC 2000-2003 ESC programming and implementation. Potential beneficiaries have strong willingness to prepare projects, have good ideas, but there is a serious lack of proper experience and knowledge on how to justify the idea and how to prepare a project proposal. There is a need for well-elaborated regional development planning documents. In addition, the experience with Phare ESC shows the lack of understanding regarding the partnership principle in the elaboration of the project proposals. Under Phare ESC grant schemes there were a number of similar project proposals submitted from neighbouring areas addressing the same issue. Besides the partnership between potential beneficiaries (incl. municipalities), a strong cooperation between regional/local authorities and socio-economic partners (NGOs and entrepreneurs) lacks and needs to be promoted as well.

The preparations to achieve full administrative capacity at all levels (including the final beneficiaries) will continue until accession and beyond. The 2003 Phare ESC IB projects are providing assistance mainly at the central level, i.e. the Managing and Paying authorities level, while also assisting in identification and appointing the Intermediate Bodies. The target of present 2004-5 project is the Intermediate Bodies preparation for assisting future OPs Managing Authorities, as well as the final beneficiaries’ level, concentrating more on their role as promoters of development projects and providing the bulk of relevant training. On the other hand, the responsible regional structures to be involved in SF programming, implementation and monitoring need substantial support to improve their administrative capacity and be full-technically equipped to undertake the forthcoming responsibilities.

The advanced top-down and bottom-up capacity at central and regional level addressed with the a.m. projects, the operational partnership structures, the identified and well-prepared project proposals (pipeline) will successfully result in adequate absorption of SF-type interventions starting with the planned integrated regional development scheme envisaged for the Phare 2005-2006 pipeline and smoothly bridging to SF OPs implementation on accession and beyond.

Moreover, in the course of this particular project special attention and emphasis will be given to local experts/officials and organizations in order to gain enough relevant expertise as trainers and advisors for disseminating knowledge and know-how. In this respect, targeted trainees will be duly selected so as to hopefully provide the best multiplier effect possible.

3.2 Sectoral rationale

N/A

3.3 Results

Phase 1:

- 6 Regional Development plans for the 2007-2013 period prepared in line with the partnership principle by the third quarter of 2005
- Action Plan for ERDF and ESF participation elaborated
- Package of some 150-200 viable project ideas identified as a result of screening by the end of phase 1
- Comprehensive training programme developed and exercised with key regional partners and stakeholders
- Large number of local and regional development actors improved skills and expertise as trainers (e.g. in strategic planning, project preparation and partnership)
- Multifaceted information and awareness campaign on SF participation progressed
- Tools (i.e. manuals, handbooks, guideline, etc.) provided for responsible bodies and potential SF beneficiaries
- 6 directorates at NUTS II level and 28 units at NUTS III level technically equipped by mid 2005

Phase 2:

- The best for value number of ERDF and ESF projects identified
- Project pipeline developed eligible for potential ERDF and ESF funding upon accession
- 70-90 project proposals for ERDF funding fully ready for submission in 2007
- 4-8 large ESF projects (schemes) prepared for launching in 2007
- 250-500 potential ESF project proposals prepared
- Manuals for preparation of ERDF and ESF projects elaborated
- Checklists concerning projects to be financed under ERDF and ESF prepared,
- Some 150-300 final beneficiaries gained skills in preparing investment project documentation at the level of those in the member states

3.4 Activities

Phase 1 (FM 2004) Partnership for regional cooperation and development

Component (1) Assistance for strategic regional policy and project capacity development

Sub-component 1.1.: Preparation of regional development plans 2007-2013

- Review of the existing strategic documents (RDPs and if appropriate district plans and municipal strategies):
 - analysis of previous evaluation results
 - analysis of the continuing validity of the analysis of the strengths, weaknesses and potential of the region
 - assessment of the continuing relevance and the consistency of the strategic papers
 - quantification of objectives - outputs, results and impacts
 - evaluation of effectiveness and efficiency to date and expected socio economic impacts and, on this basis, evaluation of the policy and financial resources allocation
 - quality of implementation and monitoring arrangements
 - conclusions and recommendations
- Revision/ re-formulating of strategic documents and elaboration of Regional Development Plans:
 - Socio-economic analysis of the existing situation
 - Preparation of detailed SWOT analysis
 - Formulating mid-term priority objectives and development strategy
 - Setting out development priorities for inter-regional cooperation projects (NUTS II level)
 - Preparation of indicative financial plans
 - Ex-ante evaluation of strategic documents
- Study/assessment of the institutional capacity of the regional structures (region, district, municipality), as well as the mechanisms for inter-regional cooperation and partnership

Sub-component 1.2.: Elaboration of Action Plan for ERDF and ESF participation

“Action Plan for ERDF and ESF participation” will be elaborated through a joint exercise involving all responsible ministries. The Action Plan will encompass coherent inputs from both the regional (RDPs) and national/horizontal strategic documents. Its purpose will be to stimulate the project development capacity and increase the number of qualitative projects to be developed in close consultation with the relevant stakeholders and partners. At a minimum, the Action Plan will need to determine:

- the participating partners (development animators (public, private), final beneficiaries);
- the overall project capacities (project capacity, broader development capacity, number and nature of ‘ready’ projects, number and nature of project ideas);
- the methods for defining ideas and their transformation into projects
- the optimum flow of information and contacts between established structures (Intermediate Bodies, governmental offices and others) and the identified potential project promoters;
- clear structure of assistance for potential project promoters or partnerships, leading to tailored support and ‘hands-on’ coaching to each identified initiative and intervention area;

- clear, quantified and qualified performance targets for all activities and consistence with ROP/SOP development;

The Action Plan for ERDF and ESF participation will also include:

- a training plan to support the project promoters and partners;
- a training plan for project assessors;
- an implementation plan for ‘hands-on’ assistance and coaching.
- data-base information on screened/identified relevant, feasible and sustainable project ideas appropriate to result in mature, viable and well-prepared project proposals.

The second step will ensure Action Plan is drawn up, widely consulted and approved and consequently implemented in line with agreed strategy for delivery of the inputs.

Sub-component 1.3.: Capacity building for relevant partners in the regions

The technical assistance will also contribute to develop programme implementation capacity at regional and district level in compliance with EU Structural Funds regulations and criteria. A comprehensive training programme will contribute for:

- preparation of mature project proposals and ToRs for requesting preparatory assistance to ensure a functional project pipeline at regional level
- ability to identify priorities in social and economic aspects and the integration of these with EU horizontal issues
- Wide-spread and uniform level of knowledge disseminated in Bulgarian regions about opportunities and requirements with regard to EU structural policies and instruments
- Qualitative appraisal of project ideas and project proposals

Partnership elements will be stressed throughout the whole training programme and specific modules will be delivered. Furthermore, the training will cover selected representatives of all key players at regional/district level. Emphasis will be given to the regional development agencies. Participants will be identified by training needs assessment, however expected main recipients are:

- Secretariats of the Regional Development Councils (NUTS II) and Intermediate Bodies staff responsible for info and publicity tasks including responding to FAQs and respecting other feedback from final beneficiaries and the general public.
- Regional Development agencies and their members
- Elected members of municipal self-governments
- Representatives of the business life (entrepreneurs, SME-promoting institutions such as chambers of industry and commerce. etc.)
- Staff of local government administrations
- Staff of decentralized branches of various governmental services
- Social and economic partners

The assistance will preferably focus on “training of trainers” modules, thus ensuring sustainability, dissemination of knowledge and know-how. Furthermore, training materials and handbooks will be prepared and distributed to a large audience. All trainings will be implemented in Bulgarian, all information/training materials must be made available in the Bulgarian language. The involvement of a sufficient number of local experts/advisors will be purposefully sought so as to ensure that upon completion of the project a number of local consultants would have active experience in SF-related consultancy work.

Sub-component 1.4.: Preparatory information campaign

Partnership is also to be strengthened by effective dissemination of information. Aside from the means of training by which know-how is being transferred, an up-to-date information on SF, opportunities to apply for funding and all the related issues should be made available to the largest possible number of stakeholders.

An information campaign will be organised by the ROP and SOPs Managing Authorities, involving the respective intermediate bodies and other relevant institutions, in order to familiarise the stakeholders with the possibilities offered by Structural Funds.

The campaign will include the following activities:

- organisation of information days, regional seminars
- media participations at central and regional level
- preparation and dissemination of information leaflets and brochures
- seminars and workshops on raising public awareness
- elaborating the procedures on dissemination of information, publicity and communication strategy,
- information web-site for regional development and SF

The content of the web-site will include in the first place technical information on the operation of SF such as rules and regulations and access information. The web-site will also give up-to-date information on regional development issues in the country.

The information campaign will also provide awareness on the following issues:

- Strategies set by the National Development Plan/Community Support Framework
- Proposed content of the Operational Programmes. Implementation mechanisms
- Relevant aspects of SF regulations
- Possibilities offered to potential final beneficiaries, including project-generation instruments
- Best practices, types of SF projects, case studies from Bulgaria and EU Member States.

During the information activities, attention will be drawn to combine assistance from ESF and ERDF, and the possible synergies that occur from complex project ideas. The information campaign will be the initial phase of the programme but will not end when the first set of project ideas for elaboration is selected.

Component (2) Equipping offices for ROP-related regional structures

Presently, the institutionalization of regional structures to participate in future ROP implementation is underway. These structures will definitely need technical outfit to improve capacity and duly fulfill their forthcoming duties. In this respect, this small supplies component will help equipping with PCs, faxes, printers/copiers and other facilities the offices of:

- 28 district units of DG “Programming of Regional Development” (MRDPW) designated to be future ROP Managing Authority and
- 6 directorates at planning region level (NUTS II) to be designated as secretariats for the Regional Development Councils

The activities included for Phase 1 of the project will be implemented through two contracts:

Service contract for Component 1 (m€ 2,450)

The contractor is to provide hands on expertise in analysis, awareness, benchmarking, policy design, training and facilitation of development processes at regional level. It is expected that services will be delivered by consortium, selected through an international tender. The consortium should include member state partners and Bulgarian partners with proven experience in generation of projects eligible for SF. A variety of inputs will be given to this component among which are:

- TA training group
- Specialist seminars, workshops, internships, information dissemination on the practical aspects of developing and managing regional development plans and operational programmes, particularly relating to the Structural Funds procedures and systems
- Organisation and execution of the training programmes, elaboration of training materials (content to be consulted with Phare 2003 twinning), etc. performed by professional trainers.
- Multi-faceted technical expertise (short and mid-term) provided by TA team which could indicatively be composed of:
 - Team Leader (EU long-term expert) experienced in strategic development and SF management in member states
 - Two Coordinators (one in each NUTS I region, local long-term experts) with proven experience in the pre-accession period to adequately assist the Team Leader
 - Regional Experts (one in each NUTS II region, local long-term experts)
 - A pool of EU and local mid-term and short-term expertise to encompass the bulk of specific issues to be addressed

This team composition is not exhaustive and will be further précised while preparing the ToR for the assignment.

Supplies contract for Component 2 (m€ 0,100)

The supplier will deliver technical devices/facilities for equipping the offices of ROP-related regional structures/units.

Phase 2 (FM 2005 early) – Creating the project pipeline for SF applications

This phase will be implemented through three separately contracted components, which will follow the outcomes of Phase 1 and of Phare 2001-2003 twinning projects at Ministry of Labour and Social Policy, Ministry of Finance, Ministry of Economy and Ministry of Regional Development and Public Works, which were aimed at preparing them to acting as future Managing Authorities, as well as the pilot Phare 2003 Grant scheme for integrated regional development actions in NE region. Project promoters and partners identified during Phase 1 will be closely involved.

The *project elaboration components* will be financed from Phare allocation in the form of two service contracts. The contractor will provide services for the elaboration of previously selected project ideas under the Operational programmes respectively.

The *quality control component* will be financed from Phare resources in the form of one service contract. The project documents elaborated under the first component will undergo a quality check. Payment of the services provided under the second component will be

conditional upon a positive decision of the relevant authorities on the basis of the quality check.

It will be ensured that the project proposals to be elaborated in the framework of this project will be registered in an appropriate database.

Component (1) Elaboration of ERDF-type project proposals

Project ideas elaborated will contribute to the realisation of SF-type of measures with a clear link to regional/local development while complementing measures at national level. Examples include development of local business activities; regional development of transport and communications technologies; improvement of the environment in municipalities and regions; revitalisation of industrial areas; development of tourism and spa treatment, etc. Elaborated project proposals will contribute to the realisation of one of the ERDF-funded Operational Programmes of the NDP. The measures to be supported within the framework of this project will be selected from those of SF Operational Programmes. The beneficiaries of assistance will be selected on the basis of a fully open and competitive procedure organised by the relevant Managing Authority with the involvement of sectoral and regional partners.

Support to the final beneficiaries of potential SF projects will be provided through an international service tender. Services provided by the contractor can include the following based on identified needs:

1) Preliminary Project Preparations:

- Methodological support for project development and management
- Presentation of successful case studies
- Initial project design

2) Preparation of Pre-feasibility and Feasibility Studies

- Pre-feasibility Studies
- Feasibility Studies (Economic and Technical)
- Financial Plan
- Detailed Project Design
- Background studies and rules for the preparation of aid schemes and financial support tools.

3) Preparation of Technical Studies

- Environmental Impact Studies
- Technical Studies
- Architectural and engineering design
- Preparations of tendering documents and bills of quantities

For each project supported, the final objective of the assistance provided will be no less than the *full* elaboration of all documentation required for a funding decision. Furthermore, the beneficiary will receive an useful capacity building input in the course of preparing the project documentation and the project proposal.

Complementary set of activities to be provided by the service contractor will be related to **assistance for procedures and training** for the ERDF-related MAs and their intermediate bodies on how to work with final beneficiaries. The training will cover following areas:

- checking and elaboration of needed documentation with gap-assessment analysis

- providing guidance and support on the funding process such as application and claims process, selection criteria, eligibility and project evaluation, benchmarking, co-financing
- further development and introduction of manuals and check-lists for use by the institutions involved in tender procedure verification and monitoring
- training on preparation of the project supporting documentation.

Component (2) Elaboration of ESF-type project proposals

Assistance to elaborate SF-type projects will be implemented through an international service contract. In the context of project preparation the following activities can be supported on the basis of identified needs:

- 1) Project preparation workshops with the assistance of local experts
- 2) Assessment of the project proposals and feedback to the potential final beneficiaries in the framework of evaluation seminars. Training of assessors.
- 3) Preparation of studies required for the identification, design and justification of the project (e.g. demand analysis, economic feasibility and budget analysis, ex-ante evaluation etc.)
- 4) Final design of Aid schemes and their implementation procedures;
- 5) Preparation of public procurement documentation if necessary for project implementation

For each project supported, the final objective of the assistance provided would be no less than the *full* elaboration of all documentation required for a funding decision. Furthermore, the beneficiary will receive a useful capacity building input in the course of preparing the project documentation and the project proposal.

Special attention will be paid to provide assistance for the elaboration of project proposals of municipalities, associations of municipalities and NGOs, which often lack funding and experience.

Component (3) Quality Control

All documentation prepared by the consultants under the two project elaboration contracts will undergo a quality check. The quality control will be organised under a separate service contract. Companies involved in the service contracts for assistance in project elaboration will be automatically excluded from participation in the service contract for the quality control. The quality control declarations will be approved and co-signed by the relevant OP Managing Authority in respect of the provisions explained in the implementation arrangements section.

The QC contractor is to prepare a detailed methodology on quality control of ERDF and ESF applications. During the quality control check, poor quality applications involving inaccuracies and sections inadequately completed will be referred back to the respective Managing Authority, which will raise them with the ERDF/ESF contractor and the applicant for revision. The payment to the consultants under ERDF/ESF TA cannot be dependent on elements within the responsibility of the beneficiary. It will be the responsibility of the applicant to provide sufficient information to allow prompt quality control to take place.

In order to ensure that project development takes into account the OPs priorities, all project will have to satisfy the core criteria in order to be selected within a package and proceeded to full quality control by the respective MA. The intention is to ensure that projects are eligible

and take key themes (e.g. eligibility, environmental issues, equal opportunities, etc.) into account at the development and implementation stage. However, if a project fails the core criteria, it should not be quality controlled further, but should be immediately referred to the MA.

The Managing Authority is particularly concerned to ensure that money destined for projects which aim to leave a legacy for the future is not jeopardized by a failure to incur expenditure timely. This will be reflected in the QC process by a strong focus to the contractor on ensuring that project proposals are sound. The contractor must notify the MA if certain conditions – co-financing, planning consents, etc. – are not in place (or at a minimum, guaranteed) before certifying the project as satisfactory.

3.5 Linked Activities:

Relationship of proposed project with current or proposed Phare projects in this sector, and progress with implementing previous Phare projects:

Current Phare Assistance:

Twinning covenant (UK, Germany, Italy)

Twinning Code: BG03/IB-SPP-01 for setting up a coherent system for the Structural Funds and the Cohesion Fund in Bulgaria for the Managing Authority of the Community Support Framework (CSF) and the single Paying Authority for the Structural Funds (SF) and the Cohesion Fund (CF)

Twinning Code: BG03/IB-FI-03 for strengthening the capacity of the MoE to manage the Operational Programme ‘Development of the Competitiveness of the Bulgarian Economy’ under EU Structural Funds

Twinning Code: BG03/IB-SPP-02 for preparing MRDPW’s central and regional structures for managing future ERDF-type programs and projects

BG0103.09 Improving the management of EU Funds

The project is designed to improve the management of EU funds and co-financing resources in Bulgaria in preparation for extended decentralization of Phare and ISPA implementation by strengthening the capacity of the National Fund and the Implementing Agencies to manage EU funds and co-financing resources in preparation for extended decentralization.

BG 0103.01 Strategic policy-making and co-ordination

The general objective of this project is to strengthen the capacity and ability of the public administration to use modern methods for policy making, coordination, impact assessment and evaluation of implementation. It is expected that sub-national levels of government will also benefit this project when relevant.

Various Grant Schemes (on-going and under programming) within the Ministry of Economy, Ministry of Regional Development and Public Works, Ministry of Labour and Social Policy (e.g. cultural tourism, eco-tourism, municipal roads for access to tourist sites, water-supply for sites of tourist interests, labour market initiatives, social inclusion schemes, etc.)

Previous Phare assistance:

Phare assistance in the field of Institutional Building for regional development dated from the early 90s, when certain funds have been allocated to support the establishment of Regional Development Agencies (RDA) in Bourgas and in Smolian (FM9105). However, the RDAs

were insufficiently versed in regional development techniques, and so the emphasis in the programme switched to SME development through building up Business Support Centres (BSC) within their own activity framework in order to develop sources of fee income. In the case of Rousse (FM9204), the lack of such Phare resources reduced the role of the municipality to the status of a non-participant in local economic development and turned over its local development activities to the Phare supported BSC.

Regional development policy support in Bulgaria, GTAF-BG9704

The objective of this project was to support development and consolidation of modern approach to regional development policy, with special emphasis on preparing Bulgaria to manage integrated regional and local development programmes. However, the project (started in October 1998) took over the initial implementation of the Phare Special Preparatory Programme (SPP), in particular – the assistance for establishment of inter-ministerial Central Coordination Unit (CCU) and production of a preliminary National Economic Development Plan (NEDP). Additionally (late 1999), the project concentrated on two planning regions (North-West and South-Central) and produced draft regional development plans for each of them.

Twinning Covenant BG98/IB/SPP/01 (Spain) provided further assistance and training to reinforce the institutional capacities on central, regional and local levels for planning and programming.

Technical Assistance Contract SPP/BG 9810-01-01-0005 has established the institutional framework and the administrative capacity for EU regional and structural policies and financial instruments, strategic planning, project development and financial management. The project provided technical assistance and training on the EU Pre-Accession Instruments and Structural Funds, including advice on the preparation of Regional Development Plans and Operational Programs, preparation of the National Economic Development Plan, implementation processes and procedures.

BG 0102.07 Preparing for future ESF-type programmes

The project aims at preparing the Ministry of Labour and Social Policy (MLSP) to function as an Implementing Agency (IA) for European Social Fund (ESF) programmes. It is designed as to increase the effectiveness in organizing, implementing and controlling the project cycle management (PCM) in the MLSP as well as in the National Employment Agency (NEA) and the Ministry of Education and Science (MES) by providing to the MLSP, NEA and MES the organizational capacity and skills necessary to manage the PCM.

3.6 Lessons learned:

The analysis of the situation in the last 3 years indicates that the role of the NUTS II regions is somehow marginal. This problem will find some solutions with the newly adopted Regional Development, which establishes new structures at NUTS II level.

In 2000, the Commissions for ESC were intensively involved in the preparation of regional development plans. However, the Synthesis paper (2001) gave a strong recommendation to prepare a single regional operational program. Although it was based on the regional development plans, regional actors involved in the previous work were disappointed. During the Phare 2003 programming the Ministry of Regional Development tried to involve the CESC in preliminary project selection and identification of viable project ideas but the attempt was unsuccessful. The Commissions did not make a real selection or submitted conformable project proposals. the Ministry received hundreds of project ideas and had to

restart the exercise on a top-down basis. The role of planning regions and their Commissions (already RD Councils) in partnership building and improving coordination is to be addressed.

In this respect strengthening the role of the regions and their institutional capacity in line with the partnership principle at policy-making and project development level remains crucial for successful SF participation. On the other hand, the so far completed institution building and investment projects have made a positive but only partial contribution to the process of meeting the wider and immediate objectives of the programmes.

The outputs of the technical assistance and twinning measures have had a positive impact on both planning capacity of the Bulgarian administration, and their awareness of the Structural Funds and the principles of their operation, nationally and regionally. Project outputs have made essential contribution to assisting Bulgaria to prepare integrated NEDP.

However, given the structural weakness in the public administration, inadequate number of qualified personnel, and high variation of staff, the short-term achievements cannot be considered sustainable, and may not result in the organisational changes required for implementation on the basis of a Structural Fund approach.

This project will help overcoming the existing and potential gaps in management and control with a view to efficient preparation for the implementation of integrated development programmes at beneficiary level according to Structural Funds standards. This will include creation of methodological framework, enhanced strategic policy-making and coordination capacities of the local and regional level, consolidation of institutions at regional/local level to ensure proper partnership at the programming level and adequate project pipeline preparation. Thus, the bottom-up development capacity will be put in place for needs and partnership-based project development, increasing the competition for resources under EU Funds and improving quality of generated projects for potential funding resulted in an established project pipeline.

4. Institutional Framework

The Ministry of Regional Development and Public Works has the leading role in defining and implementing regional development policy. The Ministry carries out the state policy and develops the objectives and priorities of the state strategy for regional development; organises the elaboration, implementation and control of the regional development strategies, plans and programmes; submits the annual reports for their implementation to the Council of Ministers; and provides methodological support to municipalities and other institutions for their elaboration and implementation. The Ministry is also responsible for organisation and co-ordination of the activities related to European integration in the field of regional development and co-ordination of EU structural instruments, for approving programmes and projects selected by the regions subject to coordination with the interested institutions and social partners, and is acting as an implementing agency for the Phare economic & social cohesion and cross-border investment projects.

For ensuring a wide and effective association of all relevant partners in the preparation of the Regional Development Plans and the Regional OP, the Law on Regional Development amended in February 2004 regulates the establishment of Regional Development Councils as consultative bodies in the planning regions (NUTS II level) which main role will be to ensure the involvement and participation of all relevant stakeholders, especially at regional/ local level, in the process of programming, financing, monitoring and assessment of integrated regional development measures. Furthermore, the Regional Development Councils will be

operationally supported by directorates within the administration of the district governors in the centers of the planning regions.

These structures are to be developed to facilitate the effective implementation of the project and should help foster continuous improvements of administrative capabilities and any related appropriate changes to the institutional framework for Structural Funds implementation in Bulgaria. The involvement of regional representatives and the social partners will create a partnership-type implementation structure similar to those involved in the implementation of EU supported projects in the Member States, and introduces the partnership principle in the area of institution building.

The institutional framework and coordination will be channeled through the following institutions (especially in phase 2):

Future CSF Managing Authority: Management of EU Funds Directorate in the Ministry of Finance. It will be responsible for the general co-ordination of the management of Structural Funds assistance;

Future Managing Authority of the Regional Operational Programme (ROP): Programming of Regional Development Directorate General (DG PRD) in the Ministry of Regional Development and Public Works;

Future Managing Authority of Development of the Competitiveness of the Bulgarian Economy Operational Programme: Pre-Accession Programmes and Projects Directorate in the Ministry of Economy;

Future Managing Authority of Human Resources Development Operational Programme: Pre-Accession Funds and International Programmes and Projects Directorate in the Ministry of Labour and Social Policy;

Future Managing Authority of Agriculture and Rural Development Operational Programme: Rural Development and Investment Directorate in the Ministry of Agriculture and Forestry.

Future Managing Authority of Transport Operational Programme: Ministry of Transport and Communication

Future Managing Authority of Environment Operational Programme: Ministry of Environment and Waters.

5. Detailed Budget

	Phare Support			National Co- financing	IFI	TOTAL
	Investment Support	Institution Building	Total Phare (=I+IB)			
Year 1/Phase 1	Preparing RDPs, promotion of partnership and cooperation					
TA Contract (RDPs and partnership)		M€2.450	M€2.450			M€2.450
Supplies Contract (equipment for reg. structures)	M€0.075		M€0.075	M€0.025		M€0.100
Total Phase 1	M€0.075	M€2.450	M€2.525	M€0.025		M€2.550
Year 2/Phase 2	Creating the project pipeline for SF applications					
TA Contract (ERDF proposals)		M€4.625	M€4.625			M€4.625
TA Contract (ESF proposals)		M€1.875	M€1.875			M€1.875
TA Contract (Quality Control)		M€0.200	M€0.200			M€0.200
Total Phase 2		M€6.700	M€6.700			M€6.700
Total	M€0.075	M€9.150	M€9.225	M€0.025		M€9.250

The Phare contribution for investment costs will be no more than 75% of eligible public expenditure, the balance having to be covered by the national co-financing. The national co-financing will be provided by the National Fund Directorate at the Ministry of Finance. All operational and running costs and the maintenance of the equipment will be provided by the final beneficiaries.

6. Implementation Arrangements

6.1 Implementing Agency

The Implementing Agency of the Project is the Central Finance and Contracting Unit (CFCU). The CFCU will be the Contracting Authority and in that capacity will launch and evaluate tenders, conclude contracts and authorize the treasury to make contractually related payments.

Starting with Phase 1 (FM 2004), a Steering Committee will be established and chaired by the Ministry of Regional Development and Public Works including representatives of:

- DG "Programming of Regional Development" (MRDPW)
- Strategic Planning Directorate (MRDPW)
- Ministry of Economy
- Ministry of Labour and Social Policy
- Ministry of Education and Science
- Ministry of Transport and Communications
- Ministry of Environment and Waters
- Ministry of Finance
- Regional Governors in the central districts of NUTS II regions
- Bulgarian Association of Regional Development Agencies
- National Association of Municipalities
- Social and economic partners

The technical implementation will be delegated to the responsible departments within MRDPW, whose main functions will be the day-to-day co-ordination and implementation of project activities.

Furthermore, the six Technical Support, Coordination and Management of Regional Plans and Programmes Directorates at NUTS II level will be closely involved in project activities. These directorates will be designated as secretariats of the Regional Development Councils. Full participation of relevant regional/local actors will ensure successive approach, as well as continuity in project phasing, sequencing and results.

During Phase 2 the Steering Committee will continue to work for both components (ESF and ERDF). However, the chairmanship will be delegated to the CSF Managing Authority and including the representatives of the OP's Managing Authorities. The SC will also include a representative of the Implementing Agency (CFCU) and the TA contractors. The EC Delegation will be invited at the Committee as an observer.

The Steering Committee is responsible for the overall co-ordination of the project selection process and to ensure that projects approved for assistance are eligible under SF. In case of horizontal or integrated project proposals the Steering Committee will ensure that the synergy effect of the project proposals will be taken into account during the selection process.

The CSF Managing Authority will provide the secretariat to the Steering Committee. The ToRs for the two TA contractors will be prepared in line with the SF OPs measures and approved by the Steering Committee.

Selection of projects ideas for elaboration

Following the information campaign envisaged in phase 1, a call for project ideas covering ERDF and ESF type projects will be launched for the selection of project ideas to be developed in project proposals. Potential beneficiaries are project holders with ideas eligible for SF funding at different stages of readiness. The selection criteria will be pre-defined and published along with the call for ideas to secure transparency of the process. The Delegation of the European Commission will receive for information the English translation of the call for proposals including the selection criteria.

The Managing Authorities will be responsible for the management of the selection process, including the elaboration and publication of the call for proposals, the formal and professional assessment of the applications. In course of the assessment, the MAs will consider the coherence of the project idea with the OPs, preparedness of elaboration etc.

The project ideas submitted should already include an indication of the assistance required for the finalisation of the project. After the selection of the project ideas, the potential final beneficiaries define their needs in detail concerning the elaboration of their project ideas in the form of a Terms of Reference to be approved by the relevant Managing Authority.

On completion and reporting (relevant both for ERDF and ESF contracts) the contractor will prepare:

- a proposal in the form of an inception report (based on the project ToRs) for the services to be provided throughout the elaboration of the project proposal
- the interim and final report to be accepted by the Steering Committee
- the inception and final project reports

The following documents will be adopted under the responsibility of the relevant Managing Authority with the involvement of the Intermediate Bodies:

- the ToRs submitted by the potential final beneficiaries for the services
- the Inception Project Report submitted by the contractor after consultation with the potential final beneficiaries
- the final project reports submitted by the contractor after consultation with the potential final beneficiaries
- The quality control declarations
- all documents prepared for the projects by the contractor after passing the quality control

The relevant Managing Authorities propose the following documents for the approval of the Steering Committee:

- the final list of project ideas to be elaborated
- the inception, interim and the final reports submitted by the contractor

The Steering Committee adopts:

- the final list of project ideas to be elaborated
- the inception, interim and the final reports submitted by the contractor

6.2 Twinning

N/A

6.3 Non-standard aspects

Since phase 1 is of high priority and results should be delivered in short terms, the TA tender procedure will be launched prior to the conclusion of FM 2004. PRAG opportunity for tendering with “suspension clause” will be used, thus ensuring contracted service provider by the end of 2004.

6.4 Contracts

The project will be implemented through 4 contracts for Technical assistance and one for supplies according the tendering rules of PRAG with total value M€9,250.

6.5 Sequencing

Preparation of the Regional Development Plans is priority and should start as quickly as possible. Given that the PRAG gives opportunity for “suspension clause” contracting, the TA contractor is expected to be at hand right after signing the FM 2004.

RDPs will be ready by the third quarter of 2005 providing the base for SF ROP measures in compliance also with the top-down programming process for NDP 2007-2013 and the SF OPs preparation. SF ROP preparation will be assisted by BG03/IB-SPP-02 twinning project and is scheduled to be ready by the end of 2005 (Chapter 21 agreements)

Sequencing is very important because activities of phase 1 (RDPs) complemented by SF ROP preparation (twinning) is pre-condition for project pipeline preparation. Therefore, it is considered that preparation of the project pipeline (ERDF+ESF) should be reasonably referred to FM 2005 (early) allocation for the reason that all necessary arrangements will be in place and the pipeline will be in compliance with the new SF ROP measures.

7. Implementation Schedule

7.1 Start of tendering/call for proposals

June 2004	TA Contract (RDPs and partnership)
January 2005	Supplies Contract (equipment for the regional structures)
January 2006	TA Contract (ERDF proposals)
January 2006	TA Contract (ESF proposals)
October 2006	TA Contract (Quality Control)

7.2 Start of project activity

January 2005	TA Contract (RDPs and partnership)
May 2005	Supplies Contract (equipment for the regional structures)
August 2006	TA Contract (ERDF proposals)
August 2006	TA Contract (ESF proposals)
December 2006	TA Contract (Quality Control)

7.3 Project completion

June 2006	TA Contract (RDPs and partnership)
August 2005	Supplies Contract (equipment for the regional structures)
September 2007	TA Contract (ERDF proposals)
September 2007	TA Contract (ESF proposals)
September 2007	TA Contract (Quality Control)

8. Equal Opportunity

The project will be implemented according to the regulations of Bulgarian law providing equal opportunities for men and women.

9. Environment

The resultant pipe-line of projects will have no negative impact on the environment.

10. Rates of return

N/A

11. Investment criteria

11.1 Catalytic effect

N/A

11.2 Co-financing

The investment component of the program is based upon co-financing between Phare and the National Government on a 75:25 basis.

11.3 Additionality

No other finances will be displaced by this Phare intervention.

11.4 Project readiness and size

N/A

11.5 Sustainability

N/A

11.6 Compliance with state aids provisions

12. Conditionality and sequencing

The project will start after the signing the Financial Memorandum for 2004.

It is crucial that the necessary capacity building takes place to ensure that the respective state administration is well positioned to assume their planned roles in full.

ANNEXES TO PROJECT FICHE

1. Logframe in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule, by quarter, for full duration of project

ANNEX 1

LOGFRAME PLANNING MATRIX FOR Project Title: SUPPORT TO MOBILISING BOTTOM-UP DEVELOPMENT AND PROJECT CAPACITY AS PART OF STRUCTURAL FUNDS PREPARATIONS IN BULGARIA		Programme name and number	
		Contracting period expires Phase 1 - November 2006 Phase 2 – November 2007	Disbursement period expires Phase 1 – November 2007 Phase 2 – November 2008
		Total budget: Phase 1: M€2,550 Phase 2: M€6,700	Phare budget: Phase 1: M€2,525 Phase 2: M€6,700
Overall objectives	Objectively verifiable indicators	Sources of Verification	
<ul style="list-style-type: none"> Ensuring advanced capability to undertake EU membership obligations in the area of regional policy and co-ordination of structural instruments for economic and social cohesion aiming to support regional and economic development. 	<ul style="list-style-type: none"> Positive assessment that economic and social cohesion objectives in the frame of AP priorities are met 	Regular report on Bulgaria's progress towards accession Statistics – EUROSTAT, NSI	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> To develop appropriate skills and expertise among sufficient number of regional stakeholders in elaborating qualitative needs-oriented regional strategic documents in line with the partnership principle, in order to fully justify future SF measures and result in mature ready-to-go project applications for ERDF and ESF funding. 	<ul style="list-style-type: none"> Improved quality of strategic planning documentation with viable and sustainable priorities and measures at regional level Existing and effectively working formal and informal networks of project developers and promoters active Number of projects eligible for EU financing increased – project pipeline 	Independent interim evaluation reports by EC Project final report	<ul style="list-style-type: none"> Continuous support on regional development as key focus of the Government socio-economic policy Legal framework for the future participation in SF is adopted and consolidated
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Phase 1: <ul style="list-style-type: none"> Regional Development plans for the 2007-2013 period prepared in line with the partnership principle Action Plan for ERDF and ESF participation elaborated Package of viable project ideas identified Comprehensive training programme developed and exercised with key regional partners and stakeholders Large number of local and regional development actors improved skills and expertise as trainers (e.g. in strategic planning, project preparation and partnership) Multifaceted information and awareness campaign on SF participation progressed Tools (i.e. manuals, handbooks, guideline, etc.) provided for responsible bodies and potential SF beneficiaries ROP-related bodies technically equipped 	Phase 1: <ul style="list-style-type: none"> Six RDPs prepared by the third quarter of 2005 150-200 viable project ideas identified No of developers in each NUTS II region trained No of staff of the different bodies NUTS II/III trained No of seminars, workshops organised 6 directorates at NUTS II level and 28 units at NUTS III level equipped 	Project progress reports Monitoring and evaluation reports	<ul style="list-style-type: none"> The Phare 2003 IB twinning projects are successfully implemented Effective information and communication flow between the various stakeholders at national and regional level. Effective implementation mechanism at national and regional level is set out.

Phase 2: <ul style="list-style-type: none"> The best for value number of ERDF and ESF projects identified Project pipeline developed eligible for potential ERDF and ESF funding upon accession Manuals for preparation of ERDF and ESF projects elaborated Checklists concerning projects to be financed under ERDF and ESF prepared, Final beneficiaries gained skills in preparing investment project documentation 	Phase 2: <ul style="list-style-type: none"> 70-90 project proposals for ERDF funding fully ready for submission in 2007 4-8 large ESF projects (schemes) prepared for launching in 2007 250-500 potential ESF project proposals prepared 		
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Activities	Means	Assumptions
PHASE 1: Component (1) Assistance for strategic regional policy and project capacity development 1.1. Preparation of regional development plans 2007-2013 <ul style="list-style-type: none"> Review of the existing strategic documents (RDPs and if appropriate district plans and municipal strategies) Revision/ re-formulating of strategic documents and elaboration of RDPs Study/assessment of the institutional capacity of the regional structures (region, district, municipality), as well as the mechanisms for inter-regional cooperation and partnership 1.2 Elaboration of Action Plan for ERDF and ESF participation <ul style="list-style-type: none"> ERDF and ESF Action Plan Training plan to support project promoters and partners Implementation plan for 'hands-on' assistance and coaching Screening/identification of viable project ideas 1.3. Capacity building for relevant partners in the regions Delivery of a comprehensive training programme is envisaged for: <ul style="list-style-type: none"> Secretariats of the Regional Development Councils (NUTS II) and Intermediate Bodies staff responsible for info and publicity tasks including responding to FAQs and respecting other feedback from final beneficiaries and the general public. Regional Development agencies and their members Elected members of municipal self-governments Representatives of the business life (entrepreneurs, SME-promoting institutions such as chambers of industry and commerce. etc.) Staff of local government administrations Staff of decentralized branches of various governmental services Social and economic partners 	Phase 1: Technical Assistance contract (m€2, 450): Supplies contract (m€0,100): Phase 2: Technical Assistance contracts ERDF proposals (m€4,625) ESF proposals (m€1,875) Quality control (m€0,200)	<ul style="list-style-type: none"> On-time service contracting of Phase 1 Commitment of the institutions involved to participate in the fulfilment of the projects tasks. Good co-operation and co-ordination between the beneficiary institutions involved in the various related project activities. Clear setting the boundaries of the current project in respect of other related on-going projects, and coordinated activities with them.

<p>1.4. Preparatory information campaign</p> <ul style="list-style-type: none"> - organisation of information days, regional seminars - media participations at central and regional level - preparation and dissemination of information leaflets and brochures - seminars and workshops on raising public awareness - elaborating the procedures on dissemination of information, - - publicity and communication strategy, information web-site for regional development and SF <p>Component(2) Equipping ROP-related regional structures</p> <p>PHASE 2:</p> <p><u>Component (1)</u> Elaboration of ERDF project proposals</p> <p><u>Component (2)</u> Elaboration of ESF project proposals</p> <p><u>Component (3)</u> Quality Control</p>		
<p>Preconditions</p> <ul style="list-style-type: none"> ■ Legislative framework for regional development finalised and establishing proper mechanism and structures for cooperation ■ Intermediate bodies at regional level designated 		

ANNEX 2 IMPLEMENTATION CHART

Project title: SUPPORT TO MOBILISING BOTTOM-UP DEVELOPMENT AND PROJECT CAPACITY AS PART OF STRUCTURAL FUNDS PREPARATIONS IN BULGARIA

	2004												2005												2006												2007											
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
PHASE 1 (FM 2004)																																																
Signing FM 2004																																																
Drafting ToR (RDPs)																																																
Tendering (RDPs)																																																
Signing TA Contract																																																
Preparation of RDPs																																																
Awareness campaign and training																																																
End																																																
Preparation of ROP (BG03/IB-SPP-02)																																																
SF OPs ready and agreed																																																
Tendering supplies for reg. structures																																																
Delivery of equipment																																																
PHASE 2 (FM 2005)																																																
Signing FM 2005 (early)																																																
Drafting ToR (ERDF pipeline)																																																
Tendering (ERDF pipeline)																																																
Signing Contract																																																
Preparation of ERDF pipeline																																																
End																																																
Drafting ToR (ESF pipeline)																																																
Tendering TA (ESF pipeline)																																																
Signing Contract																																																
Preparation of ESF pipeline																																																
End																																																
Drafting ToR (Quality control)																																																
Tendering TA (Quality control)																																																
Signing Contract																																																
Quality Control																																																
End																																																

ANNEX 3: Contracting and disbursement schedule by quarter

Project title: SUPPORT TO MOBILISING BOTTOM-UP DEVELOPMENT AND PROJECT CAPACITY AS PART OF STRUCTURAL FUNDS PREPARATIONS IN BULGARIA															
Contracting	Cumulative contracting schedule by quarter in €m (provisional)														Total
	2004		2005				2006				2007				
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
TA Contract (RDPs and partnership)			2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450
Supplies Contract (equipment for reg. structures)				0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Total Contracting Phase 1			2.450	2.550	2.550	2.550	2.550	2.550	2.550	2.550	2.550	2.550	2.550	2.550	2.550
TA Contract (ERDF proposals)									4.625	4.625	4.625	4.625	4.625	4.625	4.625
TA Contract (ESF proposals)									1.875	1.875	1.875	1.875	1.875	1.875	1.875
TA Contract (quality control)										0.200	0.200	0.200	0.200	0.200	0.200
Total Contracting Phase 2									6.500	6.700	6.700	6.700	6.700	6.700	6.700
Total contracting:			2.450	2.550	2.550	2.550	2.550	2.550	9.050	9.250	9.250	9.250	9.250	9.250	9.250
Disbursement	Cumulative disbursement schedule by quarter in €m (provisional)														Total
	2004		2005				2006				2007				
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
TA Contract (RDPs and partnership) - Phare			0.630	0.970	1.150	1.290	1.535	1.790	1.930	1.990	2.160	2.340	2.450		2.450
Supplies Contract (equipment) - Phare					0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075		0.075
Supplies Contract (equipment) – Nat. co-financing					0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025		0.025
Total Disbursement Phase 1					1.250	1.390	1.635	1.890	2.030	2.090	2.260	2.440	2.550		2.550
TA Contract (ERDF proposals) – Phare									2.920	3.340	3.745	4.162	4.625		4.625
TA Contract (ESF proposals) – Phare									1.250	1.410	1.520	1.687	1.875		1.875
TA Contract (quality control) – Phare										0.120	0.120	0.120	0.200		0.200
Total Disbursement Phase 2									4.170	4.870	5.385	5.969	6.700		6.700
Total disbursement:			0.630	0.970	1.250	1.390	1.635	1.890	6.200	6.960	7.645	8.409	9.250		9.250