

SUMMARY PROJECT FICHE

Project number: BG981002

Title: Project preparation facility (PPF) for projects and measures under ISPA and SAPARD

Objectives:

The objectives are to strengthen the capacity for:

- project preparation in the field of environment and transport to be financed under the Instrument for Structural Policies for Pre-Accession (ISPA) from year 2000, and
- developing measures in the field of agriculture and rural development to be financed under the Special Accession Programme for Agriculture and Rural Development (SAPARD) from year 2000.

The outputs are eligible projects and measures identified, selected, prepared, and proposed for funding under ISPA and SAPARD in the period 2000-2006.

Description:

The ISPA will provide assistance to contribute to the preparation for accession to the European Union of Bulgaria and other applicant countries. ISPA is intended to contribute to the objectives laid down in the Accession Partnership for Bulgaria and to the corresponding national programmes for the improvement of the environment and of transport infrastructure. ISPA will mirror the Cohesion Fund that is available to Objective 1 Member States.

The SAPARD aims to provide support for sustainable agriculture and sustainable rural development for the pre-accession period for Bulgaria and other applicant countries. This support complies with the conditions laid down in the framework of the Accession Partnerships and the National Programme for the Adoption of the *Acquis*.

If Bulgaria is to benefit fully from the ISPA and SAPARD funds from the moment they become available, there is an immediate requirement to identify and select projects and measures, and to begin detailed preparation. The procedure for project and measures preparation needs to be closely co-ordinated with the national budget preparation process in order to ensure that co-financing obligations are met by the Government of Bulgaria and that investments are properly identified in the government budget to aid transparency and accountability.

Given the total expected resources from ISPA and SAPARD for Bulgaria, additional financing of project preparation will also be required from other sources. Close coordination to this effect will be maintained with the process of preparation of projects to be financed by the Large Scale Infrastructure Facility, the Cross-Border-Cooperation programme between Bulgaria and Greece and by the International Financial Institutions.

Actions foreseen under the project preparation facility are complimentary to the Special Preparatory Program for the Structural Funds for Bulgaria (SPP).

Preparation of projects for ISPA:

- Environment

For the environment sector, projects identification will be carried out by the National Environment Protection Fund (NEPF) based on a national investment strategy and project selection procedures to be prepared and established with assistance from the 1998 national Phare environment programme and the SPP. Before the adequate strategy and selection procedures are in place, the relevant Ministry can propose a list of projects for ISPA financing. Projects indicated on this list needs to correspond to the criteria indicated in the proposal for ISPA regulation, and correspond to the Bulgarian national priorities for the environment.

Priority projects will focus on water and air pollution, waste management, productive investment in the field of environment as well as environmental protection.

- Transport

For the transport sector, priority projects will be determined by the ongoing screening exercise conducted in close cooperation with the Ministries of Transport and Regional Development and Public Works. The output of this first exercise will be the establishment of a short list of projects for further preparation under the project preparation facility.

For both environmental and transports sectors, projects will be selected for preparation on the basis of an assessment of their eligibility and on a provisional assessment of their quality according to the criteria described in the ISPA draft regulation.

Project preparation will include all activities necessary to assess the quality of projects and to make decisions. It will include preparation of feasibility studies, preliminary design, and detailed design to a level sufficient to allow the preparation of tender documents. It will also include preparation of documentation necessary to launch of an international tender for project implementation under ISPA. Environmental impact assessments will be prepared in accordance with the Bulgarian law and relevant EU directives, where these have not already been fully transposed and applied.

The balance of resources for project preparation under this facility between the transport and environment sectors may be adjusted taking into account the state of preparedness of projects in both sectors for financing under ISPA and the need to maintain an appropriate balance between the sectors in the total value of projects ultimately financed by ISPA.

Preparation of measures for SAPARD:

The SAPARD measures will be the subject of a plan drawn up to cover the geographical areas designated to receive assistance, and will be for a duration of seven years from 1/1/2000. Priorities will be drawn up from measures listed in art. 2 of the SAPARD regulation, in compliance with the provisions on the protection of the environment. On the basis of this plan, an operational Programme for Rural Development will be submitted to the Commission by the Bulgarian authorities.

Technical assistance will be provided to the Ministry of Agriculture under the Phare National Programme 1998 to set up the relevant structures to manage the SAPARD: preparation of a plan, capacity for identification and implementation of the measures on a national and regional level.

Measures will be selected for preparation under the facility based on the above mentioned plan priorities and subject to the assessment criteria defined in the draft regulation for SAPARD. In the selection of the measures, co-financing will also be considered as an important criteria as the SAPARD contribution will be up to 75% of public expenditure, and in exceptional cases up to 100% of the expenditures. When the private sector is involved, the public grant raises up to 50% of the eligible investment costs.

Institutional framework:

The Central Co-ordination Unit (CCU):

The project preparation facility will be under the overall policy responsibility of the Central Co-ordination Unit, which will be established by the Bulgarian Government under the SPP, before September 1998.

The CCU will be staffed on the basis of merit with representatives of at least the Ministries of Finance, Transport, Environment and Water, Foreign Affairs, Agriculture, Forestry and Agrarian Reform (including Fisheries), Labour, Education, Regional Development and Public Works, and a representative from the Prime Minister's office. The Director of the CCU will be appointed by the Bulgarian Government. The CCU will be strengthened by long-term detachments of officials from the EU national administrations with experience in objective 1 type programmes of the Structural Funds and the Cohesion Fund (both national sectoral programmes and regional and large projects).

The CCU will create sub-Units as special Task Forces to prepare for ISPA and SAPARD.

The CCU will undertake the essential programming and planning co-ordination activities (establishment of the essential legal framework, National Economic Development Plan, sound financial management and control systems, etc.) necessary for the Pre-Accession Instruments (ISPA and SAPARD) and, subsequent to accession, the Structural Funds and the Cohesion Fund. Priorities for the sectors covered by ISPA and SAPARD will be established and agreed within the CCU.

The CCU will meet periodically and at least once a month. Representatives of the European Delegation to Sofia, of DG IA, DG XVI, DG V, DGVI, DG XIV and from other sectoral DGs shall be invited to participate to the meetings of the CCU.

Steering Programming and Monitoring Committee for the Programme (SPMC):

The SPMC - established in the context of the SPP, and composed of members of the CCU, representatives of the ISPA and SAPARD Task Forces, and representatives of the European Commission - will monitor the individual priority projects and measures to benefit from this facility.

Budget (in MECU):

	Institution building	Investment DIS	Total Phare DIS	TOTAL

	DIS			
Project Preparation in Environment	0	1.0	1.0	1.0
Project Preparation in Transport Infrastructure	0	1.0	1.0	1.0
Project Preparation in agriculture and rural development	0	1.0	1.0	1.0
TOTAL	0	3.0	3.0	3.0

Implementation arrangements:

~~The Ministry of Regional Development and Public Works is the designated Implementing Agency for the Project Preparation Facility and shall assure the implementation in accordance with standard Phare rules and procedures.~~ The ISPA and SAPARD Task Forces will be responsible for the management of the day-to-day activities under the project preparation facility including preparation of terms of reference and monitoring of implementation. The Central Finance and Contracts Unit (CFCU) will be responsible for carrying out of tendering, contracting and payments.

It is envisaged that the facility will be contracted as one or maximum two framework contracts involving international consortia of consultants possessing the range of expertise required.

Implementation schedule:

	Start of Tendering	Start of Project Activity	Completion
Project Preparation for ISPA and SAPARD	Oct 1998	January 2000	December 2001

Environment:

Project preparation will include environmental impact assessments where required. Under ISPA, up to 50% of the project preparation activity will be focused on preparing projects with positive environmental impacts as a primary objective.

Equal opportunity:

Equal opportunity will be taken into account in the preparation of tender dossier and in the recruitment of personnel, through the placement of appropriate wording.

Conditionality and sequencing:

- Establishment by the Bulgarian Government of the Central Co-ordination Unit adequately staffed and supported, covered by the Phare 1998 Special Preparatory Programme (to be established by September 1998).
- Establishment of operational ISPA Task Force in the Ministry of Regional Development and Public Works, and SAPARD Task Force in the Ministry of Agriculture, covered by the Phare 1998 Special Preparatory Programme (to be established as soon as possible).
- Establishment of a national investment strategy for environment and strengthening of management capacity within the NEPF in the Ministry of Environment and Water, supported

by the Phare 1998 Institution Building project for Environment, and eventually the Phare 1998 Special Preparatory Programme,

- Establishment of relevant national and regional structures for preparation of the National Plan for Rural Development with the capacity for identification and implementation of SAPARD measures on a national and regional level, covered by the Phare 1998 Agricultural Programme.

- Full coordination shall be assured with respect to project identification, selection and preparations in relation to other Phare instruments and the IFIs.

Annexes

1. Logframe Matrix
2. Implementation chart
3. Contracting and disbursement schedules.
4. ISPA and SAPARD measures for the preparation of projects and measures.

ANNEX 1

BG981002 LOGFRAME MATRIX for the Project Preparation Facility			Total Budget	3,00 MECU PHARE
Wider Objective	Indicators of Achievement	Sources of Information	Assumptions and Risks	
<ul style="list-style-type: none"> Economic and social cohesion Contribute to the preparation of Bulgaria for accession to the EU 	<ul style="list-style-type: none"> Implementation of EU policies, currently applied in EU objective 1 member states Positive EC opinion on progress in cohesion. 	<ul style="list-style-type: none"> European Commission 	<ul style="list-style-type: none"> Continued political and economical stability Adoption of ISPA and SAPARD regulations by EC. 	
Immediate Objective	Indicators of Achievement	Sources of Information	Assumptions and Risks	
<ul style="list-style-type: none"> Provide capacity to prepare projects for ISPA and SAPARD ready to be tendered 	<ul style="list-style-type: none"> Functional ISPA and SAPARD Task Forces utilising methods for selection, preparation, implementation and monitoring principles, corresponding to EU objective 1 approach. 	<ul style="list-style-type: none"> Reports of the ISPA and SAPARD Task Forces Reporting of the Steering Programming and Monitoring Committee of the Programme 	<ul style="list-style-type: none"> SPP implemented (establishment and effective functioning of the relevant operational structures) 	
Outputs	Indicators of Achievement	Sources of Information	Assumptions and Risks	
<ul style="list-style-type: none"> List of projects for environment, transport and measures for agriculture and rural development corresponding to the ISPA and SAPARD criteria, and ready to be tendered. 	<ul style="list-style-type: none"> Proposals proposed to the EC Investment decisions under ISPA and SAPARD. 	<ul style="list-style-type: none"> Reporting from the CCU SPMC meetings and reporting. 	<ul style="list-style-type: none"> None 	
Inputs	Indicators of Achievement	Sources of Information	Assumptions and Risks	
<ul style="list-style-type: none"> MECU3 in technical assistance. 	<ul style="list-style-type: none"> Contracting and disbursement. 	<ul style="list-style-type: none"> Project reports by the Ministry of Regional Development and Public Works Evaluation and audit reports Reports of contractor. 	<ul style="list-style-type: none"> None. 	

ANNEX 2

BG981002 Implementation Chart

	1998	1999				2000				2001			
Month	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Project Preparation Facility	T	I	I	I	I	I	I	I	I	I	I	I	I

Notes:

T= Tendering
I=Implementation

ANNEX 3

BG981002 Cumulative Quarterly Contracting Schedule (MECU)

1Q 99	2Q 99	...	4Q 01	Total
3	3		3	3
100%	100%		100%	100%

Cumulative Quarterly Disbursement Schedule (MECU)

1Q 99	2Q 99	3Q 99	4Q 99	1Q 00	2Q 00	3Q 00	4Q 00	1Q 01	2Q 01	3Q01	4Q01	Total
0.9	0.9	1.2	1.2	1.5	1.5	1.8	2.0	2.3	2.7	2.9	3.0	3
30%	30%	10%	40%	50%	50%	60%	66%	77%	90%	97%	100%	100%

Annex 4

ISPA

Assistance under ISPA will be provided for the following:

- environmental measures enabling Bulgaria to comply with the requirements of Community environmental law and with the objectives of the Accession Partnership;
- transport infrastructure measures which promote sustainable mobility, and in particular those that constitute projects of common interest based on the criteria of Council Decision 1692/96 and those that enable the beneficiary countries to comply with the objectives of the Accession Partnerships; this will include inter-connection and inter-operability of national networks as well as with the trans-European networks together with access to such networks.

ISPA will be available in 2000 with resources being divided approximately in the ratio 50:50 between transport infrastructure and the environment field in order to ensure an appropriate balance. The total cost of each measure should exceed ECU 5.0 million.

Project selection and approval will be based on national programmes for transport and environment included within the National Programme for the Adoption of the Acquis that is one of the main elements of the Accession Partnership. These programmes should contain specific strategies for environment and transport and address the trans-national dimension necessary for the development of future trans-European networks. Other criteria are specified to ensure the high quality of projects so that the final list of assessment criteria to be applied is as follows:

- their economic and social benefits, including their potential for leverage of private financing, which shall be commensurate with the resources deployed; an assessment shall be made in the light of a cost-benefit analysis;
- the arrangements for ensuring effective management of the measures;
- the priorities established by the Accession Partnerships for the areas of intervention;
- the contribution which measures make to the implementation of Community policy on the environment;
- the contribution of measures to trans-European networks and common transport policies;
- the establishment of an appropriate balance between the fields of the environment and transport infrastructure.

The applications for funding under ISPA will be expected to contain the following information:

- the body responsible for implementation, the nature of the measure and a description thereof;
- its costs and location, including, where applicable, an indication of the inter-connection and inter-operability of measures situated on the same transport axis;
- the timetable for implementation of the work;
- a cost-benefit analysis, including the direct and indirect effects on employment;
- assessment of the environmental impact similar to the assessment provided for in directive 85/337/EEC;
- information on the place and priority within the national environmental strategy as laid down in the National Programme for the Adoption of the Acquis;
- information on the national transport development strategy and the place and priority of the measures within that strategy;
- information on compliance with competition law and public contract rules;

- the financing plan including, where possible, information on the economic viability of the measure, and the total financing the beneficiary country is seeking from ISPA, the European

Investment Bank (EIB) including its pre-accession facility and any other Community or Member State source, the European Bank for Reconstruction and Development (EBRD), and the World Bank;

- the compatibility of measures with Community policies;
- information on the arrangements for ensuring the efficient use and maintenance of facilities.

SAPARD

Assistance under SAPARD will be provided for the following:

- investment in agricultural holdings,
- improving of the processing and marketing of the agricultural and fishery products,
- improving the structures for the quality, veterinary and plant-health controls,
- agricultural production methods designed to protect the environment and maintain the countryside,
- development and diversification of economic activities, providing for multiple activities and alternative income,
- setting up farm relief and farm management services,
- setting up producer groups,
- renovation and development of villages and the protection and conservation of the rural heritage,
- land improvement and reparation,
- establishment and updating of land registers,
- improvement of vocational training,
- development and improvement of rural infrastructure,
- water resources management,
- forestry, including afforestation, investments in forest holdings owned by private forest owners and processing and marketing of forestry products,
- technical assistance for the measures covered by the SAPARD regulation including studies to assist the preparation and monitoring of the programme, information and publicity campaign.