

SUMMARY PROJECT FICHE

1. Basic Information

1.1 Désirée number: BG 0101.01

Twinning code: BG/IB/2001-FI-01

1.2 Title: Strengthening the institutional capacity of the central bank

1.3. Sector: FI

1.4. Location: Sofia, Bulgaria

2. Objectives

2.1 Overall objective

To prepare the central bank (Bulgarian National Bank) and the Bulgarian banking sector for smooth accession to the EU and assure full integration of the Bulgarian banking sector in the EU financial system.

2.2. Project purpose

To identify the options for improving the structure, organisation and operations of the BNB as Bulgaria prepares to join the EU.

To complete the harmonisation of the banking legislation with the EU *acquis communautaire*.

To implement the adjusted structure, organization and operations of the BNB and achieve a high level of qualification and expertise of the BNB's staff.

2.3. Accession Partnership and NPAA priority

The project will help achieve the following Accession Partnership and NPAA priorities:

➤ Short-term priorities:

- Internal market (Free movement of services) - Strengthen supervisory bodies;
- Ensuring the stability of the banking system through improvement of the efficiency of the prudential supervision on banking activities;
- Proving for effective implementation of the Foreign Exchange Law;
- Strengthening of the administrative structures (Improvement of qualification skills of the BNB's employees, assigned with functions under the Foreign Exchange Law).

➤ Medium-term priorities:

- Strengthen market economy institutions;
- Maintain overall macro-financial stability;
- Maintenance of the national currency stability under the Currency Board Arrangement;
- Internal market (Free movement of services) – complete alignment and implement banking law;

- Development of the financial market through providing stable banking activities covering the inherent credit risks;
- Monitoring the application of the foreign exchange legislation;
- Improvement of capital flows reporting system;
- Improvement of the payment system and implementation of a RTGS;
- Elaboration of necessary amendments to the national accountancy legislation (concerning banking accounting);
- Full compliance of the monetary and financial statistics and balance of payment statistics with EU requirements.

3. Description

3.1. Background and justification

The Republic of Bulgaria is strongly engaged with the transition towards a market-based economy and firmly committed to undergo the necessary steps towards smooth integration of the Bulgarian economy in the European Union. The banking and financial sector is a corner stone of every market economy. Therefore, the restructuring of the financial and banking system is given highest priority. A solid and trustworthy central bank, which operates efficiently, is the basis of a stable banking system.

The first step in the establishment of a two-tier banking system was made in 1987 with the creation of specialised banks with view of financing certain sectors of the economy. The process of decentralisation expanded after 1989 through the transformation of 59 BNB branches into autonomous commercial banks and the transfer of the foreign-exchange control function from the Bulgarian Foreign Trade Bank (BFTB) to the BNB.

The so established two-tier banking system, consisting of a central bank and universal commercial banks was regulated by the Law on the Bulgarian National Bank (1991) and the Law on Banks and Credit Activity (1992). According to the Law on the BNB (1991) the BNB had at its disposal the instruments to perform discretionary monetary policy.

On 1 July 1997 Bulgaria introduced (with the new Law on the Bulgarian National Bank) a new monetary system based on Currency Board principles. The Currency Board principles provide for fulfilment of the primary task of the BNB, i.e. to contribute to the maintenance of the stability of the national currency. Monetary policy tools application was considerably reduced. As a result of the Currency Board operation, Bulgaria succeeded in stabilising its financial system and dramatically reducing the rate of inflation over a relatively short period of time.

The management of the BNB is carried out by a Managing Board, the Governor and the three Deputy Governors elected to directly manage the Banking, Issue and Banking Supervision Departments. The structure of the BNB comprises the above mentioned departments, the Fiscal Services Department, six branches and the Printing Works. The BNB's current staff number, including the branches and the Printing works, is 1300.

The BNB now needs to identify and implement ways of improving its structure, organisation and operations with a view to increase its efficiency and assure smooth integration of the banking sector in the EU internal market. These ways for improvement should be clearly bound to the tendencies in the EU central banking community.

This project for increasing the efficiency of the BNB structure and operations will contribute for further strengthening of the banking and financial sector which is of crucial importance and a prerequisite for successful development of sound environment for financial markets and real

economy performance. The realisation of the project is also expected to promote for the preparation of the bank and banking sector for smooth accession to the EU and thus for membership in the European System of Central Banks as a country with derogation.

Banking Supervision

An efficient structure has been built and is operating within the BNB for banking supervision. A high level of adoption and implementation of the Basle Committee on Banking Supervision's Core Principles for Effective Banking Supervision has been reached. Further steps need to be taken to improve the banking legislation in order to achieve full harmonisation with the EU acquis communautaire.

The level of qualification and competence of the Banking Supervision Department's staff needs to be improved.

A complete review of the banking legislation in force should be undertaken and the non-conformities with relevant EU directives identified. Interpretation of EU directives when necessary shall be made and a schedule for the necessary legislative changes prepared. A new regulation of the BNB (or amendments to the existing regulation) on the capital adequacy of banks should be prepared in order to introduce provisions for market risks supervision in national legislation. The staff of the Banking Supervision Department should be trained and qualified in connection with assessment of market risks. Proposals for improvement of the supervisory practice need to be drafted.

The supervision over banks and non-bank financial institutions needs to be improved with particular regard to combating money laundering and other forms of financial crime, supported by well-qualified and trained staff. Methodological instructions should be worked out in order to assist the banks and financial houses to draft their internal rules for control and prevention of money laundering.

The Banking Supervision Department of the BNB performs the supervision of the banking sector. It also supervises financial houses concerning their foreign exchange activities. Supervision of the insurance sector is carried out by the National Council on Insurance and the Agency for Supervision over Insurance and Gambling. The Bulgarian National Securities Commission is the state regulator of the public securities market. It supervises and regulates the public offering and trade in securities, the regulated securities markets, the Central Depository, the investment firms, investment companies and management companies. The Ministry of Finance supervises Foreign Exchange Bureaux. The Financial Intelligence Agency is responsible for combating money laundering. In order to assure soundness of the financial system and effectiveness of the banking supervision, the BNB should further intensify the relationships and the information exchange with the other supervisory institutions in Bulgaria.

The BNB should improve links with supervisory authorities in other countries and international supervisory bodies and organisations for supervisory purposes as well as for the purpose of combating financial crime.

Issue Department

The main function of the BNB's Issue Department is to maintain full foreign exchange cover for the total amount of monetary liabilities of the BNB, by taking actions needed for the efficient management of the Bank's international foreign exchange assets.

The Issue Department has made significant progress in many areas of its operations, but especially in managing the foreign exchange reserves portfolios and risk management. The development of a computerised system for managing data flows is now a priority task, which should be carried out in co-operation with the Information and Communications Directorate.

The Issue Department is also assigned with tasks related to the issuance, circulation and withdrawal from circulation of banknotes and coins. The future introduction of the Euro banknotes and coins will be a real challenge for the Issue Department. The staff should be supplied with the adequate training and qualification.

Accounting Systems

The BNB keeps accounts and records in compliance with the Law on Accountancy and in compliance with International Accounting Standards.

We expect assistance for the establishment of a new accounting policy in accordance with International Accounting Standards and the accounting practice of the central banks.

The existing ledger software should be replaced with a new one - fully integrated and oriented towards central banking activities, once the organisation of accounting practice has been restructured and the BNB's information requirements have been clearly identified.

Payment Systems

According to the Law on the BNB, the main task of the BNB is to contribute to the maintenance of the stability of the national currency and "to assist in the establishment and functioning of efficient payment mechanisms".

Currently the Bulgarian payment system is in the process of development, aimed at achieving compliance with the principles for functioning of systematically important payment systems, defined by the BIS - Basle Committee on Payment and Settlement Systems, as well as with the principles, adopted by the European Central Bank. The new Real Time Gross Settlement (RTGS) payment system will be fully compliant with TARGET and EU central bank's practices.

The project for RTGS has been prepared and a tender has been announced in the first quarter of 2001. The system is expected to operate at full capacity in 2002 and the necessary legal changes will be adopted. Assistance will be necessary for the operating and further improvement of the payment system and practices aimed at alignment with the EU central bank practices in the payment system area. The BNB faces the need to adopt the necessary legislation and to introduce new payment instruments (e.g. e-money, e-commerce, e-signature).

Statistics

Under the Law on the BNB's provisions, the central bank is responsible for the preparation of the balance of payments of the country. The BNB also compiles data and publish monetary and banking statistics. Further development of a system for compilation and dissemination of statistical data is needed.

A well-functioning reporting system is a precondition for the full liberalisation of capital flows. All remaining restrictions on the free movement of capital are envisaged to be abolished by the end of 2002. Thus the BNB must improve its reporting system for cross border capital flows in order to meet all the statistical requirements of the European institutions (Eurostat and the ECB).

The purchase of specialised software (e.g. SAS), used for statistical purposes by many central banks in the ESCB, will be helpful.

Organisation and Management

Upon accession to the EU Bulgaria will become a member with derogation of the European System of Central Banks. Thus, by the date of accession to the EU, the BNB should be ready to implement the requirements of the Treaty with respect to monetary and exchange rate policy, which are matters

of common interest. With this regard many operational, organisational and legislative changes have to be undertaken before the date of accession to the EU.

An important issue under consideration in preparing a strategy for increasing the effectiveness of the BNB will be the separation of the non-core central banking functions and the concentration on core central banking activities. Duplicate or costly performance of functions should be eliminated.

Recently the possibilities for reducing the BNB's branches, and for structural separation of the Printing Works from the central bank, have been under discussion.

It is important that the BNB identifies some missing functions and units within the bank. Under the Currency Board Arrangement, the traditional monetary policy functions of the central bank are substantially reduced. With the view to the prospective membership in the ESCB and the Euro area the staff of the BNB should become acquainted with the ESCB's monetary policy instruments.

Finally it should be stressed that the eventual restructuring should be done with a care for the human resources involved. The central bank's staff should be well qualified and ready to meet the new requirements, arising from the membership in the EU. Thus the project is envisaged to emphasise on the qualification possibilities. The second stage is planned to include a complete training and qualification program, encompassing all departments of the BNB.

3.2. Linked activities

During the last decade the BNB and the Bulgarian banking sector have received technical assistance from the IMF, the European Commission and USAID.

The Monetary and Exchange Affairs Department of the IMF has provided technical assistance to the BNB over the period of transition. Since mid 1996 the program of the IMF for technical assistance to the BNB has been focused mainly on the preparation for the CBA. Besides this, the attention was drawn as well towards closure of insolvent banks before the CBA started, strengthening of banking supervision, strengthening the operations of the BNB, etc. During the last two years, IMF technical missions were focused on foreign exchange reserves management, information technologies, cash processing, organisation and management. Consultations were provided in the field of payment systems as well.

Two projects for the banking sector have been implemented and completed with the assistance of the European Commission (PHARE program). Beneficiaries of the assistance were commercial banks and the Association of Commercial Banks in Bulgaria, the International Banking Institute and the BNB. The "Financial Sector Development in Bulgaria" project (BG-9102) was implemented during 1993-1996. The main components referred to development of the International Banking Institute, restructuring and development of the State Savings Bank, diagnostic and financial audits of commercial banks, a study and a round table on the problems of the capital markets in Bulgaria, Information system for the creditworthiness of borrowers, establishment of Early Warning System within the Banking Supervision Department of the BNB and human resources management. The project "Technical assistance for consolidated banks" (BG-9306) has been implemented in 1996-1998 as a continuation of the first project. The project is implemented through two twinning arrangements (Agreement for long-term co-operation with Commercial Bank "Biochim" and Agreement for long-term co-operation with United Bulgarian Bank) and through training programs.

The BNB has also received technical assistance through the Phare-supported Structural Adjustment and Reform Assistance (SARA) Program. The project under SARA has been implemented in 1997-1999 and was focused on the Banking Supervision Department.

USAID has been providing technical assistance to the BNB Banking Supervision Department since October 1997, focusing on developing a risk-based in-site examination approach to supervision of commercial banks, and combating money laundering. The project will end in February 2002.

Although the received technical assistance has played an important role in improving the performance of the BNB and the stability of the banking and financial sector, the BNB still needs technical assistance for realisation of the purposes of this project.

3.3. Results

Sub-project 1: Development of a strategic plan (including human resource development plan) to direct the future development of the Bank and equip it to discharge its responsibilities most effectively in the pre-accession period and after joining EU.

- Strategic plan prepared for adjustment of the BNB's structure and operations agreed with BNB senior management, including:
 - Identifying weaknesses in the current organisation, structure and operations;
 - Different scenarios for improving the structure, organisation and operations of the BNB;
- Preparation of a training and qualification programme;
- Identification of priority areas for the equipment element of this project.

Sub-project 2: Implementation of the strategy, training and equipment

- Implementation of the strategic plan, resulting in:
 - Adoption of a new mission statement, objectives and organisational structure for the BNB;
 - Implementation of necessary changes in organisational structure;
 - Preparation of draft legislation in the banking sector to harmonise Bulgarian legislation fully with the EU acquis and best international practice;
 - Full compatibility and harmonisation with the European and international standards and practices in the field of central banking, banking supervision, statistics, accounting and payment systems;
 - Well-developed and functioning links between the BNB and other national and international supervisory bodies and other institutions combating money laundering;
 - Improvement of a strategic capability of the BNB to promote the development of the Bulgarian financial sector and capital markets;
 - The BNB's staff (including regional branches) fully trained and qualified to discharge effectively their functions.
- Procurement and installation of equipment in priority areas identified in sub-project 1.

3.4. Activities

Sub-project 1:

- Visits by Twinning Partner's experts to the BNB (there will not be a resident PAA during this sub-project);

- Review of strategic and operational strengths and weaknesses of the BNB;
- Preparation of the report for adjustment of the structure, the organisation and the functioning of the BNB;
- Analysis of the BNB staff skills and qualification and preparation of both a management and skill-specific training programme;
- Identification of equipment needs and priority areas. The main areas for supply of equipment, mentioned in section 3.1 are: a computerised system for managing data flows, new accounting software, specialised software for statistical purposes. We expect the Twinning Partner to suggest the priority areas and the type of equipment on the basis of the prepared report for the adjustment of the structure, organisation and functioning of the BNB;
- Organisation of workshops where necessary;
- Supply of documentation relevant to the project.

Sub-project 2: Implementation of the strategy, training and equipment

- Choice of optimal strategy for adjustment of the structure and operations by the BNB's management;
- Implementation of the strategic plan;
- Intensified programme of assistance by Twinning Partner at the BNB, including resident PAA;
- Study visits of the BNB's experts to relevant departments of the Twinning Partner, where appropriate;
- Organisation of workshops;
- Training in strategic, management, operational and general skills;
- Organisation of tender procedure for selection of equipment supplier;
- Supply of equipment, including hardware and software. The precise scope of the equipment to be procured will depend on the advice provided by the Twinning Partner to the BNB on the priority needs. The co-financing from the BNB's budget for the purchase of equipment is assured.
- Supply of documentation relevant to the project;

4. Institutional Framework

The project will be implemented entirely within the BNB, which is located in Sofia and its regional branches in Bulgaria. The BNB is the central bank of the Republic of Bulgaria. The BNB is a fully independent entity and reports its activities to the National Assembly. Three basic departments are established at the BNB: Issue Department, Banking Department and Banking Supervision Department. The main function of the Issue Department is to maintain full foreign exchange cover for the total amount of the monetary liabilities of the BNB and to manage the Bank's international foreign exchange assets. The cash turnover of Bulgarian currency and cash management also lie in the scope of responsibility of the Issue Department. The Banking Department is responsible for the development of the payment instruments and payment system, for monitoring the financial markets and for the systemic stability of the banking system. The Banking Supervision Department supervises and regulates the whole activities of the commercial banks in Bulgaria. The BNB regulates non-banking financial institutions for their foreign exchange activities. The BNB through its Fiscal Services Department acts as an agent for public debts and for debts guaranteed by the

State. The BNB is the official depository of the State. The BNB organises and executes the cash performance of the State budget.

The project will be implemented under the supervision of the Project Steering Committee (PSC).

The PSC shall consist at least of following members:

- The BNB Deputy Governor in head of the Banking Department – Mr. Bojidar Kabaktchiev;
- The Director of “International relations and EU Integration” - Ms. Lucia Christova (Project Team Leader);
- The Directors of the Statistics, Banking Policy, Accounting, Supervisory policy and methodology, Cash management Directorates;
- The Member State Project Leader and/or Pre-Accession Adviser;
- A representative of the Delegation of the European Commission to Bulgaria.

A representative of the CFCU can be invited if necessary.

The PSC will be established before selection of the Twinning Partner and will meet regularly during project implementation.

5. Detailed budget

	Phare Support				
	Investment Support	Institution Building	Total Phare (=I+IB)	National Cofinancing	TOTAL
Twinning covenant	-	MEUR 1.1	MEUR 1.1	-	MEUR 1.1
Equipment supply	MEUR 0.3	-	MEUR 0.3	MEUR 0.1	MEUR 0.4
Total	MEUR 0.3	MEUR 1.1	MEUR 1.4	MEUR 0.1	MEUR 1.5

Notes:

The same Twinning Partner will deliver the two sub-projects described in section 3.3.

The Twinning Partner will advise the BNB on the procurement and installation of the equipment, depending on the priorities identified in the strategy. The PHARE contribution for the equipment will be 75% of its cost, with a maximum of PHARE contribution of 0.3 MEUR. If the total cost of the equipment exceeds 0.4 MEUR, the BNB will provide additional co-financing from its own resources to finance the contract.

6. Implementation Arrangements

6.1. Implementing Agency

The BNB is the beneficiary of this project. The Implementing Agency is the Central Financing and Contracts Unit (CFCU) in the Ministry of Finance, which will handle tendering and contracting matters in close consultation with the BNB.

6.2. Twinning

The project will be delivered by twinning. The entire technical assistance will be received by the Bulgarian National Bank. The same Twinning Partner should deliver the two sub-projects. The BNB expects the Twinning Partner to be one or more EU central banks. The lead partner should ideally be a central bank from a Member State participating in the euro. The BNB could also benefit from the experience of the central banks of EU Member States who have not yet adopted the Euro, as well as from the European Central Bank or the Bank for International Settlements.

In all twinning projects, success in delivering a guaranteed result will depend on the coherence of a number of successive inputs, the continuity of those inputs, and steady progress. Every twinning project will therefore include a Member State Project Leader, who continues to work in his/her Member State administration but who devotes some of his/her time to conceiving, supervising and coordinating the overall thrust of the project. S/he will always be complemented by at least one full-time expert, known as a Pre-Accession Advisor (PAA), from a Member State to work on a day-to-day basis with the beneficiary in the candidate country and accompany the implementation of the twinning project.

The PAA should have consulting experience in the banking sector as well as in the central banking, and ideally experience in managing organisational change. He/she should be experienced in the management of international projects and should possess abilities to coordinate the project and to facilitate the relationship between the institutions involved in the project (the BNB, the Twinning Partner and the European Commission).

There may be an interval of several months between the end of sub-project 1 and the commencement of sub-project 2, while BNB prepares to implement the new strategy drawn up in sub-project 1. For this reason, project implementation envisages that the PAA will only take up full-time duties in Sofia at the commencement of sub-project 2. However, the PAA should be identified and agreed when the twinning covenant is prepared, and he/she should participate fully in the implementation of sub-project 1.

The Twinning Partner's experts should have consulting experience, be well aware of the current trends in the central banking activities, be familiar with the changes in the EU Member States' central banks. The Twinning Partner's experts should be employees of the twinning central banks or could be from other Member States central banks. The experts should possess expertise in central banking, banking legislation, payment systems and payment instruments, banking supervision, cash management, IT systems, human resource development.

In the event that no suitable twinning proposal is forthcoming, this component of the project will instead be implemented through conventional technical assistance.

The contact person for the project is: Ms. Lucia Christova, Director "International relations and EU Integration", Bulgarian National Bank, Sofia 1000, 1 Alexander Battenberg Sq., tel.: + 359 2 9145 1290, fax: + 359 2 980 2425, or + 359 2 9145 1363, e-mail: Christova.L@bnbank.org.

7. Implementation schedule

The selection of the Twinning Partner is expected to take place by 2001 Q3. The BNB and the Twinning Partner will then prepare and sign the covenant.

The project will commence in 2002 Q1 with a first round of twinning partner experts' visits. The experts will work on sub-project 1 for approximately five months to prepare, in full consultation with the BNB's senior management, a draft strategic plan by the end of 2002 Q2, including an identification of equipment needs. The PAA will participate in sub-project 1 but need not be resident full-time in Sofia during this phase. Following a period of internal reflection on the draft plan by the BNB's senior management and further consultation with the Twinning Partner, sub-project 1 will conclude in 2002 Q3 with the formal adoption of the final version of the strategic plan.

Sub-project 2, which is concerned with the implementation of the agreed strategic plan, will start no later than 2003 Q1 and will last up to 18 months. The PAA will work full-time on the project in Sofia during sub-project 2. An early priority will be the tendering, procurement and installation of the equipment element of the project.

The project is scheduled to end by 2004 Q2.

8. Equal opportunity

Men and women will have an equal opportunity to participate in all phases of the project's implementation.

9. Conditionality and sequencing

The successful implementation of the project requires the full commitment of the BNB senior management. In addition, the BNB (the beneficiary) will provide the Twinning Partner with all the information, materials, interpretation and office facilities to operate effectively.

List of annexes

1. Logframe matrix
2. Detailed implementation chart.
3. Quarterly contracting and disbursement schedule.

Annex 1: Phare log frame matrix

I. Overall objective	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> To prepare the Bulgarian National Bank and the Bulgarian banking sector for smooth accession to EU and assure full integration of the Bulgarian banking sector in the EU financial system. 	<ul style="list-style-type: none"> The banking laws and regulations comply with requirements of the EU legislation; The Law on the BNB complies with the EU and EMU requirements; Macro-economic indicators and money and banking statistical indicators. 	<ul style="list-style-type: none"> Bulgarian banking laws and regulations, EU directives, BNB monthly, quarterly, semi-annual and annual reports. BNB statistics, BNB monthly, quarterly, semi-annual and annual reports, Regular report of the EU Commission 	The Bulgarian political priority to enter the EU and EMU is irrevocable.
II. Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> To identify the options for improving the structure, organization and operations of the BNB as Bulgaria prepares to join EU. To complete the harmonization of the banking legislation with the EU Acquis Communautaire. To implement the adjusted structure, organization and operations of the BNB and to achieve a high level qualification and expertise of the BNB staff. 	Structure and organization of operations of the BNB.	<p>The Project Report</p> <p>The Law on the BNB, Treaty establishing the European Community, Statute on the ECB and the ESCB.</p>	The BNB management and staff are committed to the implementation of the project.
III. Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p><i>Sub-project 1: Development of strategic plan</i></p> <ul style="list-style-type: none"> Strategic plan prepared for adjustment of the BNB's structure and operations agreed with BNB senior management, including: Preparation of a training and qualification programme; Identification of priority areas for the equipment element of this project. <p><i>Sub-project 2: Implementation of the strategy, training and equipment</i></p> <ul style="list-style-type: none"> Implemented strategic plan Procurement and installation of equipment in priority areas identified in sub-project 1 	<ul style="list-style-type: none"> Strategy prepared. Shortages identified. Scenarios elaborated Key staff participation 	<p>The Project Report, the presentations and workshop materials, the international standards, codes and practices, Reports and bulletins of the ECB and the EU member States' central banks.</p>	The BNB senior management is fully committed to the implementation of the project and for the achievement of its purpose. The BNB provides the twinning-partner(s) with the necessary documentation, materials and office facilities, to operate effectively.

IV. Activities	Objectively verifiable indicators	Sources of verification	Assumptions
<p><i>Sub-project 1:</i></p> <ul style="list-style-type: none"> • Visits by Twinning Partner's experts to the BNB; • Review of strategic and operational strengths and weaknesses of the BNB; • Preparation of the report for adjustment of the structure, the organisation and the functioning of the BNB; • Analysis of the BNB staff skills and qualification and preparation of a training programme; • Identification of equipment needs and priority areas. • Organisation of workshops where necessary; • Supply of documentation relevant to the project. <p><i>Sub-project 2:</i></p> <ul style="list-style-type: none"> • Choice of optimal strategy for adjustment of the structure and operations by the BNB's management; • Implementation of the strategic plan; • Intensified programme of assistance by Twinning Partner at the BNB; • Study visits of the BNB's experts to relevant departments of the Twinning Partner, where appropriate; • Organisation of workshops; • Training in strategic, operational and general skills; • Organisation of tender procedure for selection of equipment supplier; • Supply of equipment, including hardware and software. • Supply of documentation relevant to the project; 	<p>Twinning covenant</p> <p>Documentation delivery</p> <p>Report prepared</p> <p>Workshops conducted</p> <p>Project Steering Committee established</p> <p>Training provision</p> <p>-seminars</p> <p>-workshops</p> <p>-on-the-job training</p> <p>-supply of documentation</p> <p>Service provision</p> <p>Equipment delivery</p> <p>Documentation delivery</p>	<p>Reports of PSC and monthly reports of the twinning partner</p>	<p>The BNB senior management is fully committed to the implementation of the project and for the achievement of its purpose.</p> <p>The BNB provides the twinning-partner(s) with adequate qualified staff and office facilities to operate effectively.</p> <p>The Bulgarian political priority to enter EU and EMU is irrevocable.</p> <p>Key staff participates in the training</p>

Annex 2: Detailed Implementation Schedule

2001				2002												2003				2004	
1 Q	2 Q	3 Q	4 Q	J	F	M	A	M	J	J	A	S	O	N	D	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q
	xxx																				
		xxx																			
			xxx	xxx																	
				xxx	xxx	xxx	xxx	xxx	xxx												
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xxx	Appointment of Project-steering committee																				
xxx	Selection of Twinning Partner/TENDERING (T)																				
xxx	Covenant/CONTRACTING – Contract 1 (C)																				
xxx	Experts' visits, organisation of workshops where necessary																				
xxx	Elaboration of draft-report, containing the identified equipment needs																				
xxx	BNB management's remarks as to the draft-report																				
xxx	Delivery of final report																				
xxx	Preparation for stage of implementation																				
xxx	Implementation of the strategic plan / IMPLEMENTATION (I)																				
xxx	short-term visits , organisation of workshops, training and re-qualification of staff, seminars, supply of documentation, translation / IMPLEMENTATION (I)																				
xxx	Tender for equipment / TENDERING (T)																				
xxx	CONTRACTING – Contract 2 (C)																				
xxx	Equipment delivery / IMPLEMENTATION (I)																				

Annex 3 Contracting and disbursement schedule

	2002				2003				2004		Total
	I Q	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q	I Q	II Q	
Contract 1											
Sub-contract 1	EUR 100.000	EUR 50.000	EUR 50.000								EUR 200.000
Contract 2											
Sub-contract 2					EUR 200.000	EUR 140.000	EUR 140.000	EUR 140.000	EUR 140.000	EUR 140.000	EUR 900.000
Contract 2							EUR 150.000	EUR 150.000			EUR 300.000
Nat.co-financing							EUR 50.000	EUR 50.000			EUR 100.000
Total:	EUR 100.000	EUR 50.000	EUR 50.000		EUR 200.000	EUR 140.000	EUR 340.000	EUR 340.000	EUR 140.000	EUR 140.000	EUR 1.500.000

We expect one and the same Twinning Partner for Contract 1 (sub-contract 1 & 2)