

FINANCING MEMORANDUM

The European Commission, hereinafter referred to as "THE COMMISSION", acting for and on behalf of the European Community, hereinafter referred to as "THE COMMUNITY"

on the one part, and

The Government of the Republic of Bulgaria, hereinafter referred to as "THE RECIPIENT"

on the other part,

HAVE AGREED AS FOLLOWS:

The measure referred to in Article 1 below shall be executed and financed out of the budget resources of THE COMMUNITY in accordance with the provisions set out in this Memorandum. The technical, legal, and administrative framework within which the measure referred to in Article 1 below shall be implemented is set out in the General Conditions annexed to the Framework Agreement concluded between THE COMMISSION and THE RECIPIENT, and supplemented by the terms of this Memorandum and the Special Provisions annexed hereto.

ARTICLE 1 - NATURE AND SUBJECT

As part of its aid programme, THE COMMUNITY shall contribute, by way of grant, towards the financing of the following MEASURE:

<u>Programme number:</u>	BG 0002 to BG 0006
<u>Title:</u>	2000 Bulgaria National Programme
<u>Duration:</u>	Until 31 December 2002

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of € 65.72 million hereinafter referred to as "THE EC GRANT".

ARTICLE 3 - DURATION AND EXPIRY

For the present MEASURE, THE EC GRANT is hereby available for contracting until 31 December 2002 subject to the provisions of this Memorandum. All contracts must be signed by this date. Any balance of funds of the EC GRANT which have not been contracted by this date shall be cancelled. The deadline for disbursement of THE EC GRANT is 31 December 2003. All disbursements must be completed by the deadline for disbursement. THE COMMISSION may however, in exceptional circumstances, agree to an appropriate extension of the contracting period or of the disbursement period, should this be requested in due time and properly justified by THE RECIPIENT. This Memorandum shall expire at

the expiry of the disbursement period of the EC GRANT. All the funds which have not been disbursed shall be returned to the Commission.

ARTICLE 4 - ADDRESSES

Correspondence relating to the execution of THE MEASURE, stating THE MEASURE's number and title, shall be addressed to the following:

for the COMMUNITY:

Delegation of the European Commission
Interpred
World Trade Center
36 Blvd Dragan Tsankov
1040 Sofia
Bulgaria

Tel: (+359 2) 2-97 33240

Fax: (+359 2) 2-97 33872

for THE RECIPIENT:

Ministry of Foreign Affairs
Department for European Integration
2 Al. Jendov Str.
1040 Sofia
Bulgaria

Tel: (+ 359 2) 739 922

Fax: (+ 359 2) 971 2906

ARTICLE 5 - NUMBER OF ORIGINALS

This Memorandum is drawn up in duplicate in the English language.

ARTICLE 6 - ENTRY INTO FORCE

This Memorandum shall enter into force on the date on which it has been signed by both parties. No expenditure incurred before this date is eligible for the EC GRANT.

The Annexes shall be deemed an integral part of this Memorandum.

Done at SOFIA
Date 14.12.2000

Done at SOFIA -
Date 14.12.2000

for THE RECIPIENT


for THE COMMUNITY



Annex 1 Framework Agreement (Annexes A & B)
Annex 2 Special Provisions (Annex C)

ANNEX C TO THE FINANCING MEMORANDUM

Phare 2000 National Programme Bulgaria

STRATEGIC CONTEXT

This Financing Memorandum covers the Phare 2000 National Programme for Bulgaria. Separate Financing Memoranda cover Cross-Border Cooperation programmes between Bulgaria and both Greece and Romania; financial assistance for Bulgaria's participation in EC programmes; additional investment projects financed from the Phare reserve; and decommissioning of the Kozloduy nuclear plant and associated measures in the energy sector.

The overall aim of the National Programme is to assist Bulgaria's preparations for EU membership, on the basis of the priorities identified in Bulgaria's latest Accession Partnership, approved by the Council in December 1999. The Accession Partnership in turn reflected the findings of the Commission's Regular Report on Bulgaria's progress towards accession, published in October 1999.

Where appropriate, the National Programme also reflects priorities identified in the Government of Bulgaria's National Programme for the Adoption of the Acquis and preliminary National Development Plan.

The Bulgarian National Aid Coordinator played an active role in helping to identify programme priorities and potential projects. Counterparts throughout the Bulgarian administration were invited to prepare projects consistent with Accession Partnership priorities. In some cases, financial assistance was provided to assist with project preparation. The Commission maintained regular contacts with the IMF, World Bank, EBRD, EIB and bilateral aid agencies, to ensure adequate coordination of external assistance.

The main criteria used for selecting projects for support under the 2000 National Programme were the extent to which the projects help Bulgaria meet its Accession Partnership priorities (particularly the short-term priorities), the maturity of projects at the time that the programme was finalised in April 2000. Phare assistance is programmed on a multi-annual basis, so account was taken of past and ongoing support in each sector under previous year's National Programmes. Meanwhile, certain projects that the Commission might have wished to support have been postponed to the 2001 programme, to allow further time for developing them. In conformity with the Phare guidelines, a proper balance has been struck between institution building, investment in the acquis and investment in economic & social cohesion. Careful account has been taken of absorption capacity and the strength of implementation arrangements, especially in the area of economic & social cohesion, which will receive Phare support for the first time in 2000.

The National Programme has been designed to meet five main broad objectives, which have been chosen because they represent the areas in which the Commission believes that Phare support can most helpfully assist Bulgaria to meet the accession criteria.

- **Economic reform.** The Commission's 1999 Regular Report concluded that Bulgaria has continued to make progress in establishing a functioning market economy but further steps are needed and Bulgaria is not yet in a position to cope with competitive pressure and market forces within the EU in the medium term. The substantial Phare support under the 1997-99 National Programmes played a major role in facilitating privatisation and restructuring of the state sector. The 2000 National Programme includes a project to restructure the state-owned railway company. As the privatisation and restructuring process nears completion, the focus of Phare support will shift steadily towards helping create a favourable environment for

business, investment and the private sector. The 2000 National Programme therefore also includes an institution building project at the Ministry of Economy and post-privatisation support for enterprises.

- **Adoption of the acquis and strengthening the regulatory framework.** The Commission's 1999 Regular Report noted Bulgaria's determined efforts to adopt the acquis and put in place key elements of internal market legislation. But the screening exercise has drawn attention to several important areas where further work is needed to develop institutional capacity and transpose the acquis. The six projects in the 2000 National Programme have been selected to meet some of the most pressing priorities: conformity assessment, public procurement, institution building and adoption of the acquis in the area of the environment, and capacity building for the energy, energy efficiency and telecommunications regulatory bodies.
- **Economic & social cohesion** will be supported for the first time under the 2000 programme. It will probably grow in importance in subsequent years, in view of the profound economic and social challenges being experienced by Bulgaria and the need to prepare national and regional administrative structures to manage EU Structural Funds after accession. The four projects selected for the 2000 National Programme focus on SME development and vocational training in the two target regions identified in the preliminary National Development Plan.
- **Strengthening the rule of law and protection of vulnerable groups.** The Commission's 1999 Regular Report concluded that, while Bulgaria fulfils the Copenhagen political criteria, further efforts need to be undertaken to strengthen the rule of law and protect human and minority rights. Particular attention needs to be paid to the fight against corruption and improving the functioning of the judicial system. The 2000 National Programme includes three projects in the area of justice & home affairs: at the public prosecutor's office, border control, and the fight against drugs. In addition, the Programme includes a pro-active intervention to assist the authorities to improve policies towards socially marginalised children, one of the most vulnerable groups in Bulgarian society, following the adoption later this year of important new legislation in this area.
- **Public finance and management of EU funds.** The Commission's 1999 Regular Report commented that financial control in Bulgaria is not yet in line with good practice in EU Member States, and its improvement and strengthening is a crucial issue for Bulgaria to progress effectively in the pre-accession period. Meanwhile, the weak quality of statistics is hindering policymaking. The 2000 National Programme includes three projects in the related areas of internal financial control, independent external audit and tax administration. There are two projects aimed at improving the quality of statistics: one at the horizontal level and another in the agriculture sector. Finally, there are three projects to help improve the authorities' capacity to prepare, manage and implement projects financed by EU funds: strengthening the CFCU and SAPARD implementation capacity, and a Phare project preparation facility.

OBJECTIVES, DESCRIPTION AND CONDITIONALITIES

Objective 1: Economic reform

Project BG 0002.01: Strengthening the capacity of the Ministry of Economy

This project will develop and implement a medium-term strategy for the recently established Ministry of Economy. It will also help equip the Ministry to complete the remaining agenda of restructuring and privatisation, to develop and implement market-oriented enterprise and industrial policies, and to create a favourable business environment that will be its most important functions

in future. The project will involve institutional re-orientation and training as well as policy development. Phare assistance is conditional on the Government's continued commitment to economic reform, the adoption by the Ministry of the new medium-term strategy and objectives developed under the project, and the timely approval of all legislative and regulatory changes for implementing the strategy.

Project BG 0002.02: Further support for the Bulgarian Post-Privatisation Fund

The EU-EBRD Bulgarian Post-Privatisation Fund (BPPF) was established in 1998 to improve the performance of selected Bulgarian private sector enterprises by providing them with long-term equity finance and know-how, and thereby contribute to private sector development and Bulgaria's transition to a fully functioning market economy. The BPPF's equity capital of 40 million euro was provided by EBRD, with co-financing from the BPPF's Fund Manager. Phare funds are used to finance pre-investment due diligence and post-investment consultancy services, and thereby allow the commercially-oriented BPPF to invest in a wider range of enterprises than would otherwise be possible. Phare funds are programmed on an annual basis, according to need. A total of 5 million euro was provided under the 1997 and 1998 National Programmes. The allocation of 1.5 million euro under the 2000 programme will support the BPPF's activities from 2001 onwards. Phare assistance is conditional on the Bulgarian Government's continuing commitment to its privatisation programme and refraining from interfering in the operation of the BPPF.

Project BG 0002.03: Railway organisation restructuring

The forthcoming Bulgarian Law on Railway Transport foresees the restructuring of the railways sector, which is currently heavily dependent on state support. It is envisaged that state administered functions will be separated from commercial activities and a state-owned railway infrastructure company will be created, independent from passenger and freight transportation companies. This institution building project will support the creation of a management structure within the new rail infrastructure company. It will encourage development of a strong commercial and competitive spirit in all aspects of its operations, resulting in reduced dependency of the railway sector on state support. The project includes several components, including a review and analysis of the present situation, assistance in developing the legal framework, staff training and monitoring. The project is conditional on the early adoption of the railway law that will establish the railway infrastructure company as an independent company.

Objective 2: Adoption of the acquis and strengthening the regulatory framework

Project BG 0003.01: Strengthening the regulatory framework for Telecommunications

This project will ensure an effective and independent application of the regulatory framework as Bulgaria liberalises its telecoms sector. The project will help the newly-established State Telecommunications Commission (STC) develop and implement a strategic plan that covers internal restructuring, human resource development, development of the legal framework, and application of a comprehensive portfolio of regulatory policies and procedures. The project will enhance STC's capability to allocate frequencies and monitor frequency use, draft and administer licences, prepare a National Numbering Plan, regulate tariffs of dominant suppliers, ensure fair competition and resolve disputes, and regulate radio communications and network aspects of radio and television broadcasting. The project includes an investment component for the supply and installation of frequency monitoring equipment. The project is conditional on the Government's continued commitment to full liberalisation of the telecommunications sector by 1 January 2003, the progressive adoption by the Council of Ministers of necessary amendments to the legislation to bring it into line with the EU acquis, and respect for the independence of STC by all government entities.

Project BG 0003.02: Establishing a Conformity Assessment system

This project aims to assist Bulgaria in meeting its obligations under the Europe Agreement by establishing the institutional framework and service infrastructure for conformity assessment. It will establish international recognition of measurement and create the technical conditions to respond to service demand in certain industry sector and state executive bodies responsible for consumer protection. It will also assist in developing a network of independent and competing certification bodies with the capacity to establish the notified bodies necessary for implementing the New Approach Directives. The certification body of the State Agency for Standardisation and Metrology will be strengthened to attain the competence to become a multiplier in the field of product and quality system certification by establishing an accredited body for product and quality system certification. The project will establish in the field of metrology the conditions for international recognition of test and calibration results produced in Bulgaria, as well as of certification of products, quality systems, personnel and inspection, by bringing the Bulgarian Accreditation Service to European Cooperation for Accreditation levels. In the field of market surveillance, the project will establish a functioning system and institutional basis for effective market surveillance in the areas covered by the New Approach Directives. Phare assistance is conditional on the Government presenting later this year an acceptable plan leading to the segregation of the functions of certification, standardisation and market surveillance by the end of 2001, and the creation of a number of independent certification and testing bodies.

Project BG 0003.03: Implementing a Public Procurement system

This project will assist in implementing the newly adopted Public Procurement Law and develop the new system of public procurement in Bulgaria. It will help complete the approximation of public procurement legislation to the EU acquis and strengthen the institutional capacity, structures and procedures of the Public Procurement Directorate in the Council of Ministers and future procurement units in government spending centres. It will reinforce the professional skills of the staff of the Public Procurement Directorate and government spending centres. It will use a public awareness campaign to acquaint government spending centres, service providers, contractors, suppliers and the general public with the new concept of public procurement in Bulgaria including developing more detailed guidelines and manuals for public and private entities on procurement activities. The project is conditional on establishing an independent and effective public procurement body, with professional staff and clear responsibilities, and further improving the legal framework and practices for awarding public contracts in conformity with EU requirements.

Project BG 0003.04: Institution building at the State Energy Regulatory Commission

This project aims to strengthen the operation of the newly established State Energy Regulatory Commission (SERC) as an independent energy regulator. It will provide assistance in reviewing and further developing the legal framework, implementing a tariff and pricing methodology based on cost recovery, implementing a market monitoring system, preparing legal documents for investors in the energy sector, implementing an information management system, and training. SERC's functions include the development and implementation of licenses and permits for energy sector companies; the introduction of general rules for the operation of a wholesale and distribution market; the development and implementation of a tariff and price setting methodology for electricity, gas and heating; and monitoring compliance of energy sector companies with market rules, licensing conditions and the tariff and pricing regime. Phare assistance is conditional on the Government's continued commitment to restructuring the energy sector and adoption of a major part of the required secondary legislation by the end of 2000, and the establishment of SERC in independent premises under clear contractual arrangements and recruitment of at least

80% of its specialist staff by the end of 2000. The appointment of a Chairman for SERC is considered to be a necessary pre-condition for the achievement of this goal.

Project BG 0003.05: Institution building at the State Energy Efficiency Agency

This project will develop the capabilities of the State Energy Efficiency Agency (SEEA), which was established in 1999 with important new responsibilities relating to energy efficiency and the use of renewable energy sources. SEEA urgently needs to develop its capabilities and establish itself as a strong institution with policy-making capacity. The project will help SEEA strengthen both its policy-making capacity and its operational effectiveness to discharge its legal responsibilities, establish an energy efficiency and renewable energy sources information centre open to the public to increase public awareness of energy efficiency issues, and establish mobile measuring laboratories for energy efficiency audits, evaluations and investigations. Phare assistance is conditional upon the SEEA being adequately staffed and funded to perform the tasks given to it by the Energy and Energy Efficiency Law.

Project BG 0003.06: Environment sector acquis and institution building

This project addresses issues in five environmental sectors: water quality, nature protection, chemicals, industrial pollution control and radiation protection. The project comprises five corresponding sub-projects and aims to continue the transposition of the EU acquis, prepare detailed approximation programmes and implementation strategies, and strengthen national and local implementation capacity. It will benefit the following areas: drinking water, fish and shellfish water, bathing water, trade in species of wild flora and fauna, dangerous substances and preparations, chemical substances, integrated pollution and prevention control, and protection of the health of individuals exposed to ionizing radiation from medical activities. Phare assistance is conditional on a number of general conditions such as the provision by beneficiary institutions of adequate staffing, equipment, office accommodation for experts, and running costs provision, as well as the passage of legislation in specific areas.

Objective 3: Economic & social cohesion

Phare support for investment in economic & social cohesion is being provided for the first time in 2000. Programming has been conducted in the context of a preliminary National Development Plan prepared by the Government of Bulgaria in 1999, which will continue to evolve. The Plan identifies two of the six NUTS-II-type planning regions for the purposes of targeting Phare support: the North West and South Central regions, centred on Montana and Plovdiv respectively.

Phare assistance in 2000 will be focused on four carefully targeted projects, covering both regions, in the areas of SME and human resource development. The projects have been designed to achieve maximum impact in these two regions. Strong emphasis has been placed on achieving results linked to the priorities identified in the relevant regional development plans, robust implementation structures incorporating external technical assistance where appropriate, and clear and objective criteria for the transparent selection of beneficiaries under each project.

For all four projects, Phare support is conditional on the establishment of a new Implementing Agency for cohesion projects at the Ministry of Regional Development & Public Works; the signature of a Memorandum of Understanding between this Implementing Agency and the project implementation unit in the relevant line ministry; the elaboration of detailed operating guidelines for project implementation; and confirmation of the availability of national co-financing. All these conditions must be met before project implementation commences.

Project BG 0004.01: SME quality certification

This grant scheme will help SMEs to attain certification in internationally recognised ISO 9000 quality management standards. A range of services will be offered to selected SMEs, including consultancy, training and equipment related to quality certification. Building on experience gained from previous Phare projects in this sector, the objective is to make SMEs in the target regions more competitive and thus boost the regional economy.

Project BG 0004.02: SME business incubators

This project aims to support start-up and recently established SMEs by providing premises and a range of services for selected enterprises for a limited time, in order to ease their entry into markets at a vulnerable period of their development. Access to common services and equipment, business advice, information and counselling will enhance the survival rate of viable SMEs in the two regions. The project builds on experience gained from successful previous business incubator projects in Bulgaria.

Project BG 0004.03: Vocational training

The project aims to reduce the high level of structural unemployment in the two target regions by offering free, relevant vocational training to unemployed people, particularly young adults in the target regions, and, on a more restricted basis, employed persons. The project will be informed by labour market research to identify the most appropriate types of training to finance, and thereby ensure a better match between the skills of the local workforce and those sought by employers.

Project BG 0004.04: Renovating vocational training institutes

This project, which is linked to the previous project, aims to improve the currently poor state of selected vocational training centres by providing appropriate and modern training conditions and equipment. It will include an institution building element for teacher training and developing an up-to-date vocational training curriculum. The project will be informed by a study to select the vocational training institutes that will benefit from renovation, and will draw on previous experience gained in a variety of Phare-supported and other projects.

Objective 4: Strengthening the rule of law and protection of vulnerable groups

Project BG 0005.01: Strengthening the Public Prosecutor's office

This project supports the fight against organised crime and corruption and reflects the principles of the 1998 Pre-Accession Pact on Organised Crime between the EU Member States and applicant countries. The Government is implementing a “Common National Strategy for Combat Against Crime” which calls for the mobilisation and co-ordination of the efforts of the legislature, executive and the judiciary institutions as well as municipalities. The Public Prosecutor's Office (PPO) is a central element of Bulgaria's response to the increasing incidence of serious crime. The project will complete and implement an institution building plan for the PPO, at central, regional and local levels, and thereby enhance its capacity to combat organised crime and corruption. In order to determine the support required, there will be three discrete but closely related needs analysis exercises to assess the legal framework and make recommendations for strengthening inter-agency co-operation, to assess the training needs, and to assess equipment and IT requirements.

Project BG 0005.02: Modernising Border Police equipment at the Turkish border

This project aims to develop an integrated operational strategy in the Lubimetz border region, adjacent to Turkey, which is one of the most critical areas for cross-border criminality and a major transit route and conduit for illegal immigration. The project will focus on a 46 km stretch of border where the vast majority of illegal activity takes place. The strategy aims to achieve a significant reduction in border violations through the introduction of modern patrol vehicles, surveillance systems and communications networks into a single integrated operational plan for the region. The project will be the first of a phased strategy to enhance border management at all of Bulgaria's external borders, in particular those which will become the external borders of the EU after Bulgaria's accession. The multi-annual reform strategy produced by the Bulgarian Border Police foresees similar developments on the Black Sea coast, the borders with Yugoslavia and FYR Macedonia, and eventually all Bulgaria's borders. The project adopts an integrated approach to border management with three aspects: integrated technical solutions at operational level in the border region, greater inter-agency co-operation on the border, and co-ordinated approaches at national and international levels. Any further Phare support in this area will be conditional on strengthening the Border Police's multi-annual operational strategy.

Project BG 0005.03: Developing and implementing a national Anti-Drugs Strategy

This project will assist in the effective implementation of the new law on Drugs and Precursor Control. This law covers all aspects of the drugs problem and provides a framework for effective drug control and the legal basis for preventing illicit drug trafficking, in accordance with Bulgaria's obligations under the three UN Drug Conventions and the requirements for EU accession. Bulgaria's central location on the Balkan route makes it a major transit route for heroin and marijuana, as well as smaller quantities of cocaine and acetic anhydride. Heroin consumption within Bulgaria is growing, along with synthetic drugs such as amphetamines. The project will provide support and expertise to develop the required institutional framework, strategies, programmes, action plans and systems for combating drug trafficking and consumption. This will include the development of a comprehensive National Drug Strategy and sectoral strategies, action plans, implementation arrangements, an Inter-agency Drugs Intelligence Unit, strengthened inter-agency co-ordination and institutionalisation of the Focal Point.

Project BG 0005.04: Child Welfare reform

This ambitious and pro-active project aims to assist the authorities to improve policies towards socially marginalised children (including a significant number of Roma children), following the adoption later this year of important new legislation in this area. The project will provide support and training to new structures at national and regional levels, develop alternative forms of child care, and reform the management and care for disabled children in selected homes. The project will be implemented mainly by the Ministry of Labour and the new National Child Protection Agency and has been designed in close collaboration with the World Bank. Phare assistance is conditional on the early adoption of the Child Protection Act and Family Code, consistent with international standards, and the establishment of the National Child Protection Agency. The Bulgarian authorities will take full responsibility for the provision of financial support and appropriate services to foster families in the 10 pilot municipalities.

Objective 5: Public finance and management of EU funds

Project BG 0006.01: Strengthening Public Internal Financial Control

This project aims to strengthen the system of public internal financial control and thereby improve the management of public funds, including EU funds. It will improve the capacity of the State

Financial Control in the Ministry of Finance and its regional offices, and Internal Audit Units in government spending centres, to implement the new legal framework that has been developed in close collaboration with the Commission, OECD Sigma and the IMF. Phare assistance is conditional on the Government's commitment to implementing the Policy Paper on Public Internal Financial Control endorsed by the Minister of Finance in February 2000, the adoption of the new State Financial Control Act as well as associated secondary legislation to be drafted before the project commences.

Project BG 0006.02: Strengthening the Public External Audit institution

This project aims to strengthen the National Audit Office, the independent external audit institution that reports to Parliament. It should therefore complement the above project in improving the management of public funds. The legislative framework for audit will be developed, international audit standards and techniques adopted, and management and administrative capacity enhanced. The project will build on assistance being provided by OECD Sigma with Phare support. Phare assistance is conditional on the adoption of the new NAO Law by the end of July 2000 and the Government maintaining support for strengthening internal and external audit functions in public administration throughout the duration of the project.

Project BG 0006.03: Reform and modernisation of Tax Administration

This project aims to improve the performance of Bulgaria's tax administration. A Fiscal Blueprints (FBP) exercise was recently conducted in all candidate countries by the Intra-European Organisation of Tax Administrations (IOTA), with Phare support, to establish best-practice benchmarks for tax administration. Based on a common set of blueprints elaborated by the Commission and Member States, and a subsequent country-specific gap and needs analysis, IOTA has helped Bulgaria to draw up a Business Change Management Plan to prepare further administrative reform. This project is directed largely at implementing the recommendations of the FBP exercise. It will be implemented in the context of the creation later this year, with strong encouragement from the IMF, of a new Unified Revenue Collection Agency (URA) to act as a single, streamlined body for the administration and collection of all taxes, social security and other liabilities to the state. The project will help codify and harmonise tax legislation, establish methodologies and economic impact assessments, develop procedures for audit and risk management, and implement a unified human resources development strategy. Phare assistance is conditional on the approval by the Government of the URA concept, structure and functions, and the establishment of a donor co-ordination group by the end of July 2000. In addition, the Ministry of Finance will ensure that the legislative amendments necessary to achieve the results of the project are promptly presented to Parliament for approval.

Project BG 0006.04: Institution building and development of the National Statistics system

This project aims to strengthen the administrative capacity of the National Statistical Institute to incorporate the relevant acquis and ensure the provision of reliable and comparable statistics. The project will support the conduct of the population and housing census, harmonise financial accounts with EU requirements, improve the quality of foreign trade information, develop statistical classifications and nomenclatures, and improve the dissemination of statistical information. The results will be the provision of population information for beneficiary institutions, a methodology for recording financial transactions, accurate monthly values of imports and exports, unified system for classifications and nomenclatures and enlarged channels for dissemination of statistical products.

Project BG 0006.05: Restructuring the Agricultural Statistics system

This project is a continuation of previous Phare assistance for the implementation of the Multi-Annual Plan for the Development of Agricultural Statistics in Bulgaria, developed by the Ministry of Agriculture and Forestry. The project will continue to strengthen the structure of the agricultural statistics system and to establish a fully operating agricultural statistical network. Phare support is conditional on adequate staffing and resourcing of the Ministry's agro-statistics unit.

Project BG 0006.06: Strengthening SAPARD implementation capacity

The project aims at further preparing the Bulgarian authorities to manage SAPARD. It will strengthen the SAPARD Agency and associated bodies at central and regional levels to implement effectively the measures of the Rural Development Plan, and assist selected local administrations in preparing integrated rural development plans and identifying, preparing and monitoring associated projects. Phare assistance is conditional on adequate staffing and resourcing of the institutional structures that will benefit from the project. The project has been prepared on the basis that the SAPARD Paying Agency is accredited during the year 2000. If accreditation does not take place in 2000, the project will be re-oriented somewhat to ensure the Paying Agency is accredited at the earliest subsequent opportunity.

Project BG 0006.07: CFCU capacity building

The purpose of this project is to strengthen the capacity of the Central Finance & Contracts Unit (CFCU) in the Ministry of Finance, which administers tendering, contracting and payments for institution building and certain other projects. In view of the CFCU's important role in managing EU funds, the Commission has agreed to support it with technical assistance, on a degressive basis, until the end of 2003. Phare support will allow the recruitment and retention of suitably qualified staff. An important prior condition for signature of the Financing Memorandum for the Programme relates to the adequate staffing and resourcing of the National Fund and CFCU (see below). In this regard, the Ministry of Finance intends to establish and make fully operational during 2001 a new directorate within the Ministry to absorb the functions of the CFCU.

Project BG 0006.08: Phare Project Preparation Facility

This facility will strengthen the capacity of Bulgarian institutions to prepare projects for support under Phare programmes in subsequent years. The Commission itself has had to contract, on an ad hoc basis, considerable technical assistance in recent years for project preparation in Bulgaria. This facility will enable the Bulgarian authorities to take over this responsibility themselves and thus play a fuller partnership role in Phare programming. It should contribute to better project design. Technical assistance will be provided for feasibility studies, training in programming and project design, and the preparation of projects, technical specifications, procurement plans, tender dossiers and environmental impact assessments. The facility will be managed by the National Aid Coordinator. Applications for assistance will be invited from relevant counterparts in the Bulgarian administration and resources allocated in close consultation with the EC Delegation. Assistance will only be given for preparing projects linked to Accession Partnership priorities. There will be a strong emphasis on Bulgarian involvement in project preparation, in order to enhance progressively the capacity of domestic institutions to prepare their own projects.

Overall programme conditionalities

Before this Financing Memorandum is signed, the Government will provide the Commission with acceptable assurances that it is taking adequate steps to staff and resource the National Fund and CFCU, to ensure that these bodies continue to function effectively after Phare support for their operating costs is withdrawn.

Before this Financing Memorandum is signed, the Government will confirm the availability of the national co-financing indicated in each project fiche.

Projects to be implemented through twinning require the full commitment and participation of the senior management of the beneficiary institution. In addition to providing the twinning partner with adequate staff and other resources to operate effectively, the senior management must be whole-heartedly involved in the development and implementation of the policies and institutional change required to deliver the project results.

An environmental impact assessment will be carried out for all new investment projects. Equal opportunity for men and women to participate in all projects will be ensured. Indicators will be elaborated to assess the extent of women's participation in projects.

Further project-specific conditionalities are described in each project fiche.

BUDGET (million euro)

Code	Objective	Total Phare support	Institution Building	Investment
BG 0002	Economic reform	5.500	4.000	1.500
BG 0003	Adoption of the acquis & strengthening the regulatory framework	15.400	11.025	4.375
BG 0004	Economic & social cohesion	15.000	1.080	13.920
BG 0005	Strengthening the rule of law and protection of vulnerable groups	16.500	4.555	11.945
BG 0006	Public finance & management of EU funds	13.320	10.435	2.885
	TOTAL	65.720	31.095	34.625

A fuller budget breakdown by project is provided in annex 4.

IMPLEMENTATION ARRANGEMENTS

The programme will be managed in accordance with the Phare Decentralised Implementation System (DIS) procedures. The National Aid Co-ordinator (NAC) will have overall responsibility for programming, monitoring and implementation of Phare programmes.

The National Fund (NF) in the Ministry of Finance, headed by the National Authorising Officer (NAO), will supervise the financial management of the Programme, and will be responsible for financial reporting to the European Commission. Appropriate financial control shall be carried out by the competent National Control Authority with respect to the implementation of the programme.

The Commission will transfer funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Government of Bulgaria on 2 December 1998. Funds will be transferred following a request from the NAO. A payment of up to 20% of the funds to be managed locally will be transferred to the NF following signature of the Financing

Memorandum and the Financing Agreements between the NF and the Implementing Agencies (IAs)/Central Finance & Contracts Unit (CFCU). The provisions foreseen in articles 2 and 13 of the Memorandum of Understanding on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the PAOs and a description of the system put in place, highlighting the flow of information between the NF and the IAs/CFCU and the manner in which the payment function will be carried out.

Four replenishments will be made of up to 20% of the funds to be managed locally or the full balance of the budget, whichever is the lesser amount. The first replenishment will be triggered when 10% of the budget has been disbursed by the IAs and the CFCU. The second replenishment may be requested when 30% of the total budget in force has been disbursed. The trigger point for the third replenishment is 50%, and for the final fourth instalment when 70% is disbursed. Save for express prior authorisation from the Commission HQ, no replenishment request may be made if the aggregate of the funds deposited in the NF and the IAs exceeds 10% of the total budget in force of the commitment. Exceptionally, the NAO may request an advance payment of more than 20% in accordance with the procedures laid down in the aforesaid Memorandum of Understanding.

In the case of projects BG 0004.01 to 04, involving investment in economic & social cohesion, the EC Delegation must approve, before each project commences, any operating guidelines that are necessary, as well as the memoranda of understanding and other legal and institutional arrangements governing the bodies involved in project implementation.

In the case of projects involving twinning, commercial technical assistance may be contracted if no suitable twinning proposal is forthcoming from Member States.

The CFCU will be responsible for all projects in this Programme, with the exception of the following:

- Project BG 0002.02: the Commission will transfer funds directly to the European Bank for Reconstruction and Development, under the arrangements agreed when the project was established.
- Projects BG 0004.01-04: the IA will be the Ministry of Regional Development & Public Works.

The new IA at the Ministry of Regional Development & Public Works, which will deal specifically with the implementation of cohesion projects, must be established to the satisfaction of the EC Delegation before implementation of these projects commences.

To facilitate the tendering of small contracts for supplies of office and IT equipment, the CFCU may at its discretion launch joint tenders for such equipment covering equipment for more than one project.

The National Fund will transfer funds to IAs/CFCU in accordance with Financing Agreements signed between the NF and the IAs/CFCU where applicable. Each individual Financing Agreement will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the IA/CFCU, there will be no transfer of funds from the NF to the IA/CFCU. The CFCU and the IAs will each be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the relevant IA/CFCU.

A separate interest bearing account, denominated in euro, will be opened and managed by the NF in a separate accounting system in a bank agreed in advance with the Commission. Interest will be reported to the Commission. If the Commission so decides, on the basis of a proposal from the

NAO, interest may be reinvested in the Programme. The same procedures will apply to any funds transferred to an IA or the CFCU.

The NAO and the PAOs will ensure that all contracts are prepared in accordance with the procedures set out in the DIS Manual. All contracts will be greater than 2 million euro, except in projects involving institution building, where contracts for both services and supplies may be for lesser amounts.

All contracts must be concluded by 31 December 2002. All disbursements must be made by 31 December 2003.

Any funds not used by the expiry date of the programme will be recovered by the Commission.

For those contracts with funds retained for a warranty period extending beyond the end of the disbursement period of the programme, the overall total of funds related to those contracts, as calculated by the PAO and established by the Commission, will be paid to the IA/CFCU before the official closure of the programme. The IA/CFCU assumes full responsibility for depositing the funds until final payment is due and for ensuring that the said funds will only be used to make payments related to the retention clauses. The IA/CFCU further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Interest accrued on the funds deposited will be paid to the Commission after final payment to the contractors. Funds not paid out to the contractors after final payments have been settled shall be reimbursed to the Commission. An overview of the use of funds deposited on warranty accounts - and notably of the payments made out of them - and of interest accrued will be provided annually by the NAO to the Commission.

MONITORING AND ASSESSMENT

A Joint Monitoring Committee (JMC) will be established. It will include the NAO, the NAC and the Commission. The JMC will meet at least once a year to review all Phare funded programmes in order to assess their progress towards meeting the objectives set out in the Financing Memoranda and the Accession Partnership. The JMC may recommend a change of priorities and/or the reallocation of Phare funds.

The JMC will be assisted by Monitoring Sub-Committees (MSC) and will include the NAC, the PAO of each IA (and of the CFCU where applicable), and the Commission Services. The MSC will review in detail the progress of each programme, including its components and contracts, on the basis of regular Monitoring and Assessment reports produced with the assistance of external consultants (in accordance with the provisions of the DIS Manual), and will put forward recommendations on aspects of management and design, ensuring that these are effected. The MSC will report to the JMC, to which it will submit overall detailed reports on all Phare financed programmes.

AUDIT AND EVALUATION

The accounts and operations of the National Fund, and where applicable the CFCU and all relevant Implementing Agencies, may be checked at the Commission's discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Union's Court of Auditors as referred to in the General Conditions relating to the Financing Memorandum attached to the Framework Agreement.

The Commission services shall ensure that an ex-post evaluation is carried out after completion of the Programme.

VISIBILITY AND PUBLICITY

The appropriate Programme Authorising Officer will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the Programme. This will be done in close liaison with the EC Delegation. Further details are at the annex “Visibility/Publicity”.

SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons which are within the control of the Government of Bulgaria, the Commission may review the programme with a view, at the Commission’s discretion, to cancelling all or part of it and/or to reallocating unused funds for other purposes consistent with the objective of the Phare programme.

ANNEXES

1. Summary Project Fiches
2. Cumulative Quarterly Contracting and Disbursement
3. Visibility/Publicity
4. Budget Breakdown by Project
5. Summary of activities financed by Phare in previous years in the sectors to be financed under this Programme
6. Article 118 Summary for Official Journal.

ANNEX 1

SUMMARY PROJECT FICHES

BG 0002.01	Strengthening the capacity of the Ministry of Economy
BG 0002.02	Further support for the Bulgarian Post-Privatisation Fund
BG 0002.03	Railway organisation restructuring
BG 0003.01	Strengthening the regulatory framework for Telecommunications
BG 0003.02	Establishing a Conformity Assessment system
BG 0003.03	Implementing a Public Procurement system
BG 0003.04	Institution building at the State Energy Regulatory Commission
BG 0003.05	Institution building at the State Energy Efficiency Agency
BG 0003.06	Environment sector acquis and institution building
BG 0004.01	SME quality certification
BG 0004.02	SME business incubators
BG 0004.03	Vocational training
BG 0004.04	Renovating vocational training institutes
BG 0005.01	Strengthening the Public Prosecutor's office
BG 0005.02	Modernising Border Police equipment at the Turkish border
BG 0005.03	Developing and implementing a national Anti-Drugs Strategy
BG 0005.04	Child welfare
BG 0006.01	Strengthening Public Internal Financial Control
BG 0006.02	Strengthening the Public External Audit institution
BG 0006.03	Reform and modernisation of Tax Administration
BG 0006.04	Institution building and development of the National Statistics system
BG 0006.05	Restructuring the Agricultural Statistics system
BG 0006.06	Strengthening SAPARD implementation capacity
BG 0006.07	CFCU capacity building
BG 0006.08	Phare project preparation facility

ANNEX 2

CUMULATIVE QUARTERLY CONTRACTING SCHEDULE

	2001				2002				2003			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
BG 0002: Economic reform	3,5	5,5	5,5	5,5	5,5	5,5	5,5	5,5	5,5	5,5	5,5	5,5
BG 0003: Adoption of the acquis and strengthening the regulatory framework	10,5	15,4	15,4	15,4	15,4	15,4	15,4	15,4	15,4	15,4	15,4	15,4
BG 0004: Economic & social cohesion	10,0	15,0	15,0	15,0	15,0	15,0	15,0	15,0	15,0	15,0	15,0	15,0
BG 0005: Strengthening the rule of law and protection of vulnerable groups	10,0	16,0	16,5	16,5	16,5	16,5	16,5	16,5	16,5	16,5	16,5	16,5
BG 0006: Public finance & management of EU funds	8,0	11,0	12,0	12,0	12,5	12,5	13,0	13,3	13,3	13,3	13,3	13,3
TOTAL CUMULATIVE	42,0	62,9	64,4	64,4	64,9	64,9	65,4	65,7	65,7	65,7	65,7	65,7

CUMULATIVE QUARTERLY DISBURSEMENT SCHEDULE

	2001				2002				2003			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
BG 0002: Economic reform	0,3	0,6	2,1	2,6	2,9	4,5	4,8	5,1	5,5	5,5	5,5	5,5
BG 0003: Adoption of the acquis and strengthening the regulatory framework	1,6	3,2	4,8	6,4	8,0	9,6	10,8	12,4	14,0	15,4	15,4	15,4
BG 0004: Economic & social cohesion	1,0	2,5	4,0	5,5	7,0	8,5	10,0	11,5	13,0	14,5	15,0	15,0
BG 0005: Strengthening the rule of law and protection of vulnerable groups	1,6	3,2	4,8	6,4	8,0	9,6	10,8	12,4	14,0	16,0	16,5	16,5
BG 0006: Public finance & management of EU funds	0,8	1,8	3,1	4,05	5,2	6,4	7,6	8,7	9,8	11,0	12,2	13,3
TOTAL CUMULATIVE	5,3	11,3	18,8	24,95	31,1	38,6	44,0	50,1	56,3	62,4	64,6	65,7

ANNEX 3

INFORMATION AND PUBLICITY FOR THE PHARE PROGRAMME OF THE EUROPEAN COMMUNITIES

1. Objective and scope

Information and publicity measures concerning assistance from the European Community Phare Programme are intended to increase public awareness and transparency of EU action and to create a consistent image of the measures concerned in all applicant countries. Information and publicity shall concern measures receiving a contribution from the Phare Programme.

2. General principles

The appropriate Programme Authorising Officer in charge of the implementation of Financing Memoranda, and other forms of assistance shall be responsible for publicity on the spot. Publicity shall be carried out in co-operation with the EC Delegations, which shall be informed of measures taken for this purpose.

The competent national and regional authorities shall take all the appropriate administrative steps to ensure the effective application of these arrangements and to collaborate with the EC Delegations on the spot.

The information and publicity measures described below are based on the provisions of the regulations and decisions applicable to the Structural Funds. They are :

- Art. 32 of Regulation (EEC) No 4253/88, as amended by Regulation (EEC) No 2082/93, Official Journal of the European Communities No L193/20, 31 July 1993;
- Commission Decision of 31 May 1994; Official Journal of the European Communities No L 152/39, 18 June 1994.

Information and publicity measures must comply with the provisions of the above mentioned regulation and decision. A manual on compliance is available to national, regional and local authorities from the EC Delegation in the country concerned.

3. Information and publicity concerning Phare programmes

Information and publicity shall be the subject of a coherent set of measures defined by the competent national, regional and local authorities in collaboration with the EC Delegations for the duration of the Financing Memorandum and shall concern both programmes and other forms of assistance.

The costs of information and publicity relating to individual projects shall be met from the budget for those projects.

When Phare programmes are implemented, the measures set out at (a) and (b) below shall apply:

- (a) The competent authorities of the applicant countries shall publish the content of programmes and other forms of assistance in the most appropriate form. They shall ensure that such documents are appropriately disseminated and shall hold them available for interested parties. They shall ensure the consistent presentation throughout the territory of the applicant country of information and publicity material produced.
- (b) Information and publicity measures on the spot shall include the following :

(i) In the case of infrastructure investments with a cost exceeding EUR 1 million :

- billboards erected on the sites, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.
- permanent commemorative plaques for infrastructures accessible to the general public, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

(ii) In the case of productive investments, measures to develop local potential and all other measures receiving financial assistance from Phare:

- measures to make potential beneficiaries and the general public aware of Phare assistance, in accordance with the provisions cited at paragraph 3(b)(i) above.
- measures targeting applicants for public aids part-financed by Phare, ISPA or SAPARD in the form of an indication on the forms to be filled out by such applications, that part of the aid comes from the EU, and specifically, the Phare Programmes in accordance with the provisions outlined above.

4. Visibility of EU assistance in business circles and among potential beneficiaries and the general public

4.1 Business circles

Business circles must be involved as closely as possible with the assistance which concerns them most directly.

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to potential beneficiaries, particularly SMEs. These should include an indication of the administrative procedures to be followed.

4.2 Other potential beneficiaries

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to all persons who benefit or could benefit from measures concerning training, employment or the development of human resources. To this end, they shall secure the co-operation of vocational training bodies involved in employment, business and groups of business, training centres and non-governmental organisations.

Forms

Forms issued by national, regional or local authorities concerning the announcement of, application for and grant of assistance intended for final beneficiaries or any other person eligible for such assistance shall indicate that the EU, and specifically the Phare Programme, is providing financial support. The notification of aid sent to beneficiaries shall mention the amount or percentage of the assistance financed by the Phare Programme. If such documents bear the national or regional emblem, they shall also bear the EU logo of the same size.

4.3 The general public

The media

The competent authorities shall inform the media in the most appropriate manner about actions co-financed by the EU, and Phare in particular. Such participation shall be fairly reflected in this information.

To this end, the launch of operations (once they have been adopted by the Commission) and important phases in their implementation shall be the subject of information measures, particularly in respect of regional media (press, radio and television). Appropriate collaboration must be ensured with the EC Delegation in the applicant country.

The principles laid down in the two preceding paragraphs shall apply to advertisements such as press releases or publicity communiqués.

Information events

The organisers of information events such as conferences, seminars, fairs and exhibitions in connection with the implementation of operations part-financed by the Phare Programme shall undertake to make explicit the participation of the EU. The opportunity could be taken of displaying the European flags in meeting rooms and the EU logo upon documents depending on the circumstances. The EC Delegation in the applicant country shall assist, as necessary, in the preparation and implementation of such events.

Information material

Publications (such as brochures and pamphlets) about programmes or similar measures financed or co-financed by Phare should, on the title page, contain a clear indication of the EU participation as well as the EU logo where the national or regional emblem is used.

Where such publications include a preface, it should be signed by both the person responsible in the applicant country and, for the Commission, the Delegate of the Commission to ensure that EU participation is made clear.

Such publications shall refer to the national and regional bodies responsible for informing interested parties.

The above-mentioned principles shall also apply to audio-visual material.

5. **Special arrangements concerning billboards, commemorative plaques and posters**

In order to ensure the visibility of measures part-financed by the Phare Programme, applicant countries shall ensure that the following information and publicity measures are complied with:

Billboards

Billboards providing information on EU participation in the financing of the investment should be erected on the sites of all projects in which EU participation amounts to EUR 1 million or more. Even where the competent national or regional authorities do not erect a billboard announcing their own involvement in financing the EU assistance must nevertheless be announced on a special billboard. Billboards must be of a size which is appreciable to the scale of operation (taking into account the amount of co-financing from the EU) and should be prepared according to the instructions contained in the technical manual obtainable from EC Delegations, referred to above.

Billboards shall be removed not earlier than six months after completion of the work and replaced, wherever possible, by a commemorative plaque in accordance with the specifications outlined in the technical manual referred to above.

Commemorative plaques

Permanent commemorative plaques should be placed at sites accessible to the general public (congress centres, airports, stations, etc.). In addition to the EU logo, such plaques must mention the EU part-financing together with a mention of the Phare Programme .

Where a national, regional or local authority or another final beneficiary decides to erect a billboard, place a commemorative plaque, display a poster or take any other step to provide information about projects with a cost of less than EUR 1 million, the EU participation must also be indicated.

6. Final provisions

The national, regional or local authorities concerned may, in any event, carry out additional measures if they deem this appropriate. They shall consult the EC Delegation and inform it of the initiatives they take so that the Delegation may participate appropriately in their realisation.

In order to facilitate the implementation of these provisions, the Commission, through its Delegations on the spot, shall provide technical assistance in the form of guidance on design requirements, where necessary. A manual will be prepared in the relevant national language, which will contain detailed design guidelines in electronic form and this will be available upon request.

ANNEX 4

BUDGET BEAKDOWN BY PROJECT (million euro)

Project code	Objective and projects (short title)	Total Phare support	Institution Building	Investment
	Economic reform	5.500	4.000	1.500
0002.01	Strengthening the Ministry of Economy	2.000	2.000	0.000
0002.02	Further support for Bulgarian Post-Privatisation Fund	1.500	0.000	1.500
0002.03	Railway organisation restructuring	2.000	2.000	0.000
	Adoption of the acquis & strengthening the regulatory framework	15.400	11.025	4.375
0003.01	Strengthening regulatory framework for telecoms	2.450	1.750	0.700
0003.02	Establishing a conformity assessment system	3.000	2.325	0.675
0003.03	Implementing a public procurement system	1.300	1.000	0.300
0003.04	Institution building at the energy regulator	1.100	1.000	0.100
0003.05	Institution building at energy efficiency agency	2.200	1.600	0.600
0003.06	Environment acquis and institution building	5.350	3.350	2.000
	Economic & social cohesion	15.000	1.080	13.920
0004.01	SME quality certification	5.000	0.200	4.800
0004.02	SME business incubators	3.000	0.320	2.680
0004.03	Vocational training	5.000	0.240	4.760
0004.04	Renovating vocational training institutes	2.000	0.320	1.680
	Strengthening the rule of law and protection of vulnerable groups	16.500	4.555	11.945
0005.01	Strengthening the public prosecutor's office	3.000	1.200	1.800
0005.02	Border police equipment at Turkish border	9.000	0.500	8.500
0005.03	Developing a national anti-drugs strategy	1.000	0.705	0.295
0005.04	Child welfare reform	3.500	2.450	1.050
	Public finance & management of EU funds	13.320	10.435	2.885
0006.01	Strengthening public internal financial control	2.000	1.500	0.500
0006.02	Strengthening the public external audit institution	2.000	1.400	0.600
0006.03	Reform and modernisation of tax administration	2.000	1.800	0.200
0006.04	Institution building & development of national statistics	2.000	1.315	0.685
0006.05	Restructuring agro-statistics	2.000	1.200	0.800
0006.06	SAPARD implementation capacity	1.000	0.900	0.100
0006.07	CFCU capacity building	0.320	0.320	0.000
0006.08	Phare project preparation facility	2.000	2.000	0.000
	TOTAL	65.720	31.095	34.625

ANNEX 5

Summary of activities financed by Phare in previous years in sectors to be financed under this Programme

Fuller details are provided in the relevant project fiche for the 2000 Programme

Economic reform

The 1997, 1998 and 1999 Phare programmes included substantial support for enterprise and banking sector restructuring and privatisation, foreign direct investment attraction, management training, and national and regional capacity building for SME support.

Adoption of the acquis & strengthening the regulatory framework

The 1999 programme included assistance for reinforcing capacity to manage competition policy and control state aids. The 1998 and 1999 programmes included support to align both agricultural and environmental legislation and strengthen institutional capacity, as well as specific investments in the acquis.

Economic & social cohesion

Phare will finance investment in economic & social cohesion for the first time in 2000. Previous support for regional policy included the Special Preparatory Programme for Structural Funds under the 1998 programme. Previous support for SME development is shown under economic reform, above. Previous support for labour market development included the Beautiful Bulgaria temporary employment and training schemes and the steel & mining areas employment programme under the 1998 and 1999 programmes. Previous support for vocational training (infrastructure) was given under the 95 programme (Vocational Education and Training, Education Reform, Science and Technology (VETERST) programme.

Rule of law and protection of vulnerable groups

The 1999 programme included support to strengthen border management, police and the judiciary. The 1999 programme included measures to improve education, living standards and access for jobs for the minority Roma population.

Public finance and management of EU funds

The 1997, 1998 and 1999 programmes included support to strengthen the national institute for public administration and EU integration, develop the Bulgarian Customs Administration, improve national and agricultural statistics, and strengthen the capacity of the Ministry of Finance, public sector internal financial control and independent public external audit.

ANNEX 6
Article 118 Summary for Official Journal

PHARE - National Programme for Bulgaria

Project BG 0003.04: Energy regulator

The European Commission has adopted the 2000 National Programme for Bulgaria in the framework of the Phare programme. The European Community will contribute up to a maximum of € 65.72 million from budget line B7-030 to this programme, which must be implemented by 31 December 2003.

The main components of this programme are as follows:

Project BG 0002.01: Ministry of Economy

The project will strengthen the Ministry's capacity to develop and implement market-oriented enterprise and industrial policies.

Project BG 0002.02: Post-Privatisation Fund

The project will provide further grant funds for the EU-EBRD Post-Privatisation Fund to facilitate its investments in medium-sized private enterprises.

Project BG 0002.03: Rail restructuring

The project will support the creation and strengthen the capacity of the new state-owned railway infrastructure company.

Project BG 0003.01: Telecoms regulation

The project will ensure effective and independent application of the regulatory framework by strengthening the State Telecoms Commission.

Project BG 0003.02: Conformity assessment

The project will establish a conformity assessment system, including the upgrading of metrology laboratories and strengthening the accreditation system and conformity assessment bodies.

Project BG 0003.03: Public procurement

The project will support the implementation and further approximation of the public procurement legislation as well as the institutional strengthening the Public Procurement Directorate.

The project will strengthen the capacity of the new independent energy regulatory authority and help develop the legal framework for the energy sector.

Project BG 0003.05: Energy efficiency agency

The project will strengthen the capacity of the new energy efficiency agency and help promote awareness of energy efficiency issues.

Project BG 0003.06: Environment acquis

The project will assist the transposition and implementation of EU acquis and strengthen institutional capacity in the areas of water quality, nature protection, chemicals, industrial pollution and radiation protection.

Project BG 0004.01: SME quality certification

The project will improve the competitiveness and export capability of manufacturing SMEs by assisting them to obtain ISO 9000 certification.

Project BG 0004.02: SME business incubators

The project will establish seven business incubators aiming at supporting start-up enterprises to overcome difficulties in the start-up phase.

Project BG 0004.03: Vocational training

The project will provide vocationally relevant training that to unemployed and other disadvantaged groups in order to improve their competitiveness in the labour market

Project BG 0004.04: Training institutes

The project will improve the quality of vocational training provision by the refurbishment of vocational training institutions as well as by the provision of appropriate training facilities

Project BG 0005.01: Public prosecutor's office

The project will complete and implement and IB plan for the PPO which should result in the enhancement of its operational capacities in terms of combating crime and corruption.

Project BG 0005.02: Border police equipment

The project will bring the equipment of the Bulgarian border police up to Schengen standards at the Turkish-Bulgarian border (Lubimetz area)

Project BG 0005.03: Anti-drugs strategy

The project will develop and implement a National Strategy to combat drugs abuse and drugs trafficking, including strengthening the capacities of all institutes involved.

Project BG 0005.04: Child welfare

The project will assist the implementation of legislation in child welfare mainly by giving institutional support to the planned National Child Protection Agency and its regional counterparts.

Project BG 0006.01: Public financial control

The project will strengthen public internal financial control by improving the capacity of State Financial Control to implement the new legal framework.

Project BG 0006.02: Public external audit

The project will strengthen independent public external audit by improving the capacity of the National Audit Office to implement the new legal framework.

Project BG 0006.03: Tax administration

The project will modernise tax administration of the new Unified Revenue Collection Agency, by implementing the outcome of the recent fiscal blueprints exercise.

Project BG 0006.04: National statistics system

The project will support the conduct of the census, harmonise financial accounts, improve the quality of foreign trade statistics and the dissemination of information.

Project BG 0006.05: Agro-statistics

The project will improve the quality of agricultural statistics and establish a fully operational agricultural statistics network.

Project BG 0006.06: SAPARD capacity building

The project will prepare the SAPARD Agency and other bodies to implement the National Rural Development Plan using SAPARD funds.

Project BG 0006.07: CFCU capacity building

The project will strengthen the capacity of the Central Finance & Contracts Unit that administers much Phare tendering, contracting and payments.

Project BG 0006.08: Project preparation facility

The project will provide training and short-term assistance to improve the ability of institutions to prepare well-designed Phare projects.

Contracting Authority (except as below)

CFCU, Ministry of Finance
102 Rakovski Str, 1000 Sofia, Bulgaria
Tel. +359 2 9859 2771
Fax. +359 2 9859 2773

Contracting Authority (BG 000401-04)

Phare Implementing Agency
Ministry of Regional Development
17-19 Kiril I Metodi Str, 1202 Sofia, Bulgaria
Tel. +359 2 940 5439
Fax. +359 2 987 5917

Further information about this programme can be obtained from the Contracting Authority (as above) and the Phare Internet site at:
<http://europa.eu.int/comm/enlargement/pas/phare/index.htm>.

In accordance with the Phare procurement rules, only part of this programme will be procured by restricted tender. Further tender opportunity details will be available as follows: (a) for service tenders from the Phare Internet site at the above address; for tenders above € 10 million, details will also appear in the Official Journal of the European Communities; (b) for all supply tenders over € 300,000 and for all work tenders above € 10 million from the Official Journal of the European Communities.

Tenders opportunities below these amounts will also be published, but this may be done only locally.